Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021, 2020 and 2019, and Independent Auditor’s Report Dated March 30, 2022

Monex, S.A.B. de C.V. and Subsidiaries

Independent Auditor's Report and Consolidated Financial Statements for 2021, 2020 and 2019

Table of contents	**Page**

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Independent Auditor's Report to the Board of Directors and Stockholders of Monex, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Monex, S.A.B. de C.V. and subsidiaries (Monex, S.A.B.), which comprise the consolidated balance sheets as of December 31, 2021, 2020 and 2019, and the related consolidated statements of income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, as well as the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of Monex, S.A.B. were prepared, in all material respects, in accordance with the accounting criteria (the "Accounting Criteria") established by the National Banking and Securities Commission of Mexico (the "Commission") in the "General Provisions Applicable to Financial Groups, Credit Institutions, Brokerage Houses, Mutual Funds and Companies that Provide Services Thereto" (the "Provisions").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Monex, S.A.B. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants (IMCP Code), and we have complied with all other ethical responsibilities in accordance with the IESBA Code and IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Translation into English-The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Unaudited information - The notes to the attached financial statements include unaudited financial information required pursuant to the Provisions established by the Commission.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.

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a) Management of securities transactions

The process in place for managing the investment in securities is a key audit matter because a significant part of management's processes are performed manually. Management has implemented several manual and/or semiautomatic controls to ensure the completeness, accuracy, cutoff and presentation of the financial information. The main processes affected are the valuation of investments securities, the interest calculation for the securities transactions and repurchase agreements, and the determination of the gain or loss on the sales of securities. The consolidated financial statements items that are directly related to such processes are: a) investment in securities, b) receivables from repurchase agreements, c) payables from repurchase agreements, d) collateral delivered and received in repurchase agreements and collateral sold or pledged in repurchase agreements, e) valuation of securities transactions, f) interest receivable on securities transactions, g) interest receivable on repurchase agreements, and h) result from sales transactions involving securities and repurchase agreements.

Monex, S.A.B.'s accounting policies are established in Note 3 of the consolidated financial statements.

Our audit procedures addressing this key audit matter included the following:

1. To ascertain the flow of transactions from origination until its recording in the accounting records, we inquired with the personnel involved in each of the processes through which the transactions pass and obtained evidence of the flow of the transactions.

2. For each key control implemented by management in each stage of the investment in securities transaction, we carried out an evaluation of its design, implementation and operating effectiveness.

3. We validated that the security position in the accounting records matched with the position reported in the operating system and that it was reconciled with the depositary institution Indeval, S.A. (Indeval) as of December 31, 2021.

4. We recalculated the investment in securities valuation validated in the preceding point using the market price reported by the price supplier Valuación Operativa y Referencias del Mercado, S.A. de C.V. (Valmer) as of December 31, 2021.

5. We verified that the collateral delivered and received in repurchase agreements presented in the consolidated balance sheet matched with the information in the operating system as of December 31, 2021. Also, we confirmed that securities delivered as collateral were restricted within investments in securities.

6. We validated that as of December 31, 2021, receivables and payables from repurchase agreements recorded in the accounting records matched the purchases and sales from repurchase agreements in the operating system. On a test basis, we reviewed the settlement on the date of maturity.

7. The detailed procedures performed for each type of revenue are illustrated below:

   Interest income -

   i. For interest on securities transactions and repurchase agreements, on a test basis, we noted that the information provided matches the accounting records on an accrual basis.

   ii. Based on a selection of days, we recalculated the interest on securities transactions and repurchase agreements and compared it with the corresponding determined and recorded in the same period by management.

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Valuation income -

iii. We recalculated the valuation of the securities position based on the market price reported by the price supplier Valmer as of December 31, 2021.

Realized gains and losses -

iv. On a test basis, we noted that the result on sales transactions involving securities and repurchase agreements matched the difference between cash proceeds received less the sum of the cost and accrued interest.

We did not identify any exceptions in our tests of controls and substantive tests.

b) Goodwill of Tempus, Inc.

The impairment analysis which management must apply to the goodwill generated on the acquisition of Tempus in accordance with Bulletin C-15 "Impairment in the value of long-lived assets and their disposal" of Mexican Financial Reporting Standards ("MFRS" or "NIF"), is a key audit matter because this estimate generally involves management judgment, and must also comply with finance methodologies commonly accepted and applied, assumptions of projections, discount rates, selected multiples of comparable companies, etc.

Our procedures addressing this key audit matter included the following:

I. We involved internal specialists from our valuation area and conducted a technical analysis of the calculations prepared for the value estimate and those used in the impairment test, as well as the results obtained, including:

   a. We ascertained the methodologies which use an income approach (cash flows) and a market approach (public companies and transactions).
   b. We confirmed that the assumptions and methodologies were accepted under Mexican Financial Reporting Standards.
   c. We estimated a discount rate range using a weighted average cost of capital (WACC) methodology.
   d. We recalculated the models to check the arithmetic.
   e. We compared consistency with previous years regarding the methodology and assumptions used.
   f. We analyzed supporting information provided by Monex, S.A.B.

II. We conducted a sensitivity analysis on the most significant valuation projections and/or assumptions which might have a greater impact on the conclusion of the impairment test.

We did not identify any exceptions in our tests of controls and substantive tests.

Information other than the consolidated financial statements and the Auditor's Report

Management is responsible for this information. Other information comprises the information included in the annual report that the Bank is obliged to prepare in accordance with Article 33 Section I, paragraph b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and other Participants in the Securities Market in Mexico and the Instructions that accompany those Provisions. The Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements will not cover the other information and we will not express any form of assurance about it.

In connection with our audit of the consolidated financial statements, our responsibility will be to read the other information, when available, and when we do so, consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material error in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance of Monex, S.A.B. for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the Accounting Criteria, 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 Monex, S.A.B.'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 Monex, S.A.B. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Monex, S.A.B.'s financial reporting process.

Auditor's 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 auditor's 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 taken 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 asses 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Monex, S.A.B.'s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 conditions that may cast significant doubt on Monex, S.A.B.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Monex, S.A.B. to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Monex, S.A.B. 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Jorge Adrián Ramírez Soriano
Mexico City, Mexico

March 30, 2022

Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Balance Sheets

As of December 2021, 2020, and 2019
(In millions of Mexican pesos)

Assets

Assets	2021	2020	2019
Funds available	$ 21,188	$ 14,579	$ 18,536
Margin accounts	1,299	1,957	1,587
Investment in securities:			
Trading securities	85,379	66,329	34,185
Securities available for sale	463	901	1,450
Securities held to maturity	2,965	2,516	3,077
	88,807	69,746	38,712
Repurchase agreements	4,199	1,000	4,509
Derivatives:			
Trading purposes	3,926	6,492	4,626
Hedging purposes	21	-	15
	3,947	6,492	4,641
Valuation adjustment for hedging financial asset		16	-
Performing loan portfolio:			
Commercial loans -			
Commercial or corporate activity	20,842	20,602	21,238
Loans to financial entities	2,253	1,548	1,978
Loans to government entities	2,175	1,483	4
	25,270	23,633	23,220
Housing loans -			
Remodeling or improvement with guarantee of the housing subaccount	1,369	1,102	95
Total performing loan portfolio	26,639	24,735	23,315
Non-performing loan portfolio:			
Commercial loans -			
Commercial or corporate activity	289	491	528
Housing loans -			
Remodeling or improvement with guarantee of the housing subaccount	4	3	2
Total non-performing portfolio	293	494	530
Total loan portfolio	26,932	25,229	23,845
Allowance for loan losses	(987)	(973)	(433)
Loan portfolio (net)	25,945	24,256	23,412
Other receivables (net)	32,259	28,160	15,701
Foreclosed assets	114	13	-
Property, furniture and equipment (net)	804	744	783
Investments in shares of associates	168	134	135
Deferred taxes and PTU (asset)	1,188	1,557	1,003
Other assets:			
Goodwill	1,168	1,138	1,068
Deferred charges, advance payments and intangibles (net)	2,589	2,044	1,868
Other assets	151	148	153
	3,908	3,330	3,089
Total assets	$ 183,826	$ 151,984	$ 112,108

Liabilities

Liabilities	2021	2020	2019
Deposits:			
Demand deposits	$ 31,713	$ 28,612	$ 17,725
Time deposits -			
General public	11,669	12,273	25,060
Money market	2,179	2,700	3,395
Debt securities	1,265	767	877
Global account for inactive deposits	3	3	3
	46,829	44,355	47,060
Securitization certificates	1,504	1,500	1,518
Bank loans and other loans:			
Bank demand loans	1,250	-	-
Short-term loans	466	479	1,191
Long-term loans	18	78	235
	1,734	557	1,426
Liabilities arising from sale and repurchase agreements	79,541	50,760	17,531
Collateral sold or pledged in guarantee:			
Repurchase agreements	3,635	592	4,239
Securities lending	-	2,999	-
	3,635	3,591	4,239
Derivatives:			
Trading purposes	3,418	5,837	3,506
Hedging purposes	-	65	14
	3,418	5,902	3,520
Fair value adjustment for financial liability hedge	11	-	7
Other payables:			
Income taxes payable	151	105	302
Employee profit sharing payable	212	582	446
Obligations arising from settlement of transactions	23,560	24,071	20,359
Payables from margin accounts		2	363
Liabilities arising from cash collateral received	3,221	3,497	2,771
Sundry creditors and other payables	6,868	5,635	2,212
	34,012	33,892	26,453
Deferred taxes and profit sharing (net)	193	211	176
Deferred charges and income received in advance	516	396	354
Total liabilities	171,393	141,164	102,284

Stockholders' equity

Stockholders' equity	2021	2020	2019
Contributed capital:			
Capital stock	2,055	2,055	2,055
Additional paid-in capital	763	763	763
	2,818	2,818	2,818
Earned capital:			
Capital reserves	499	600	533
Retained earnings	6,662	5,863	4,622
Result from valuation of securities available for sale	(23)	(75)	(62)
Translation effects of foreign subsidiaries	938	862	610
Result from hedging instruments at fair value	8	(8)	-
Remeasurement of defined employee benefits	(170)	(155)	(110)
Net income	1,654	878	1,380
	9,568	7,965	6,973
Non-controlling interest	47	37	33
Total stockholders' equity	12,433	10,820	9,824
Total liabilities and stockholders' equity	$ 183,826	$ 151,984	$ 112,108

Memorandum accounts

Transactions on behalf of third parties	2021	2020	2019
Customer current accounts:			
Customer banks	$ 322	$ 482	$ 145
Customer securities:			
Customer securities in custody	71,370	71,352	73,456
Securities received from customers abroad	16,830	12,126	10,057
	88,200	83,478	83,513
Transactions on behalf of customers:			
Customer repurchase agreements	49,743	57,982	38,213
Customer loan securities transactions	-	-	138
Customer collateral received in guarantee	9,993	1,573	1,101
Customer collateral sold or pledged in guarantee	-	-	156
Derivatives purchase transactions:			
Customer futures and advance contracts (notional amount)	60,423	44,412	60,384
Options	30,228	20,771	40,605
Swaps	248,551	166,052	165,655
Derivatives sale transactions:			
Sale transactions of futures and advance contracts (notional amount)	54,547	40,501	64,430
Customer options	33,236	26,781	44,931
Swaps	10,112	7,523	-
	496,833	365,595	415,613
Total on behalf of third parties	$ 585,355	$ 449,555	$ 499,271

Proprietary transactions	2021	2020	2019
Contingent assets and liabilities	$ 117	$ 116	$ 147
Assets in trust or mandate:			
Held in trusts	204,019	180,556	153,194
Custody and management assets	13,431	12,199	11,746
Loan commitments	8,942	10,330	11,906
	226,392	203,085	176,846
Collateral received by Monex, S.A.B.:			
Government debt	36,550	52,252	18,687
Banking debt	13,274	11,919	22,341
Other debt securities	21,221	23,798	12,317
	71,045	87,969	53,345
Collateral received and sold or pledged as guarantee by Monex, S.A.B.:			
Government debt	36,546	50,461	14,506
Banking debt	13,112	11,913	21,396
Other debt securities	20,610	21,747	11,540
	70,268	84,121	47,442
	141,312	172,090	100,787
Uncollected interest earned on non-performing loan portfolio	130	96	103
Other record accounts	218	199	66
Total proprietary transactions	$ 368,170	$ 375,586	$ 277,949

The accompanying notes are part of these consolidated financial statements.

Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2021, 2020 and 2019
(In millions of Mexican pesos)

	2021	2020	2019
Gain/losses on financial assets and liabilities:			
Foreign exchange	$ 3,851	$ 3,677	$ 2,878
Derivative instruments	1,652	2,789	2,807
Debt securities	717	170	535
Equity instruments	(16)	(9)	26
Gain/losses on financial assets and liabilities (net):	6,204	6,627	6,246
Interest income	5,969	5,764	6,422
Interest expense	(4,365)	(3,676)	(4,960)
Financial margin	1,604	2,088	1,462
Allowance for loan losses	(235)	(920)	(281)
Financial margin after allowance for loan losses	7,573	7,795	7,427
Commission and fee income	1,014	879	810
Commission and fee expense	(390)	(291)	(302)
Results from operating leases	118	28	136
Participation in the result of unconsolidated subsidiaries and associates	-	(1)	-
Results from operations	8,315	8,410	8,071
Services income	2	-	-
Other operating (expense) income	713	(430)	(22)
Administrative and promotional expenses	(6,846)	(6,728)	(6,134)
Income before income taxes	2,184	1,252	1,915
Current income taxes	(291)	(788)	(762)
Deferred income taxes (net)	(233)	412	230
	(524)	(376)	(532)
Net income	$ 1,660	$ 876	$ 1,383
Controlling interest	$ 1,654	$ 878	$ 1,380
Non-controlling interest	$ 6	$ (2)	$ 3

The accompanying notes are part of these consolidated financial statements.

Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2021, 2020 and 2019
(In millions of Mexican pesos)

	Capital contributed		Earned capital								
	Capital stock	Additional paid-in capital	Capital reserves	Retained earnings	Result from valuation of securities available for sale	Translation effects of foreign subsidiaries	Result from hedging instruments at fair value	Remeasurement of defined employee benefits	Net income attributable to controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2018	$ 2,055	$ 763	$ 514	$ 3,812	$ (114)	$ 668	$ 114	$ (56)	$ 1,116	$ 30	$ 8,902
Entries approved by stockholders-											
Transfer of results from prior years	-	-	-	1,116	-	-	-	-	(1,116)	-	-
Capital reserve	-	-	56	(56)	-	-	-	-	-	-	-
Dividends paid	-	-	-	(250)	-	-	-	-	-	-	(250)
Others	-	-	(37)	-	-	-	-	-	-	-	(37)
Total entries approved by stockholders	-	-	19	810	-	-	-	-	(1,116)	-	(287)
Comprehensive income -											
Net income	-	-	-	-	-	-	-	-	1,380	3	1,383
Result from valuation of securities available for sale	-	-	-	-	52	-	-	-	-	-	52
Result from hedging instruments at fair value	-	-	-	-	-	-	(114)	-	-	-	(114)
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	(54)	-	-	(54)
Translation effects of foreign subsidiaries	-	-	-	-	-	(58)	-	-	-	-	(58)
Total comprehensive income	-	-	-	-	52	(58)	(114)	(54)	1,380	3	1,209
Balances as of December 31, 2019	2,055	763	533	4,622	(62)	610	-	(110)	1,380	33	9,824
Entries approved by stockholders-											
Transfer of results from prior years	-	-	-	1,380	-	-	-	-	(1,380)	-	-
Capital reserve	-	-	69	(69)	-	-	-	-	-	-	-
Dividends paid	-	-	-	(70)	-	-	-	-	-	-	(70)
Others	-	-	(2)	-	-	-	-	-	-	-	(2)
Total entries approved by stockholders	-	-	67	1,241	-	-	-	-	(1,380)	-	(72)

	Capital contributed		Earned capital								
	Capital stock	Additional paid-in capital	Capital reserves	Retained earnings	Result from valuation of securities available for sale	Translation effects of foreign subsidiaries	Result from hedging instruments at fair value	Remeasurement of defined employee benefits	Net income attributable to controlling interest	Non-controlling interest	Total stockholders' equity
Comprehensive income -											
Net income	-	-	-	-	-	-	-	-	878	(2)	876
Result from valuation of securities available for sale	-	-	-	-	(13)	-	-	-	-	-	(13)
Result from hedging instruments at fair value	-	-	-	-	-	-	(8)	-	-	-	(8)
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	(45)	-	-	(45)
Translation effects of foreign subsidiaries	-	-	-	-	-	252	-	-	-	6	258
Total comprehensive income	-	-	-	-	(13)	252	(8)	(45)	878	4	1,068
Balances as of December 31, 2020	2,055	763	600	5,863	(75)	862	(8)	(155)	878	37	10,820
Entries approved by stockholders-											
Transfer of results from prior years	-	-	-	878	-	-	-	-	(878)	-	-
Capital reserve	-	-	10	(10)	-	-	-	-	-	-	-
Dividends paid	-	-	-	(70)	-	-	-	-	-	-	(70)
Others			(111)	1							(110)
Total entries approved by stockholders	-	-	(101)	799	-	-	-	-	(878)	-	(180)
Comprehensive income -											
Net income	-	-	-	-	-	-	-	-	1,654	6	1,660
Result from valuation of securities available for sale	-	-	-	-	52	-	-	-	-	-	52
Result from hedging instruments at fair value	-	-	-	-	-	-	16	-	-	-	16
Remeasurement of defined employee benefits	-	-	-	-	-	-	-	(15)	-	-	(15)
Translation effects of foreign subsidiaries	-	-	-	-	-	76	-	-	-	4	80
Total comprehensive income	-	-	-	-	52	76	16	(15)	1,654	10	1,793
Balances as of December 31, 2021	$ 2,055	$ 763	$ 499	$ 6,662	$ (23)	$ 938	$ 8	$ (170)	$ 1,654	$ 47	$ 12,433

The accompanying notes are part of these consolidated financial statements.

Monex, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2021, 2020 and 2019
(In millions of Mexican pesos)

	2021	2020	2019
Net income	$ 1,660	$ 876	$ 1,383
Adjustment for items that do not require cash flows:			
Depreciation	367	342	192
Amortization	132	131	128
Current and deferred income taxes	524	376	532
Provisions	-	642	-
Others	-	-	-
Adjustment for items that do not require cash flows	2,683	2,367	2,235
Operating activities:			
Change in margin accounts	658	(370)	(792)
Change in investments in securities	(19,035)	(31,021)	(7,466)
Change in debtors repurchase agreements	(3,199)	3,509	(3,072)
Change in derivatives, net	147	496	(61)
Change in hedging instruments	10	(32)	(264)
Change in loan portfolio, net	(1,689)	(844)	92
Change in foreclosed assets (net)	(101)	(13)	-
Change in other operating assets	(4,489)	(12,873)	1,165
Change in deposits	2,474	(2,705)	3,341
Change in bank and other loans	1,177	(869)	(337)
Change in collateral sold or pledged in guarantee	45	(649)	3,969
Change in liabilities arising from sale and repurchase agreements	28,781	33,228	(290)
Change in other operating liabilities	25	6,234	4,848
Others	(177)	(2)	-
Net cash flows from operating activities	7,310	(3,544)	3,368
Investing activities:			
Payments for acquisition of property, furniture and equipment	180	(387)	(12)
Proceeds from sale of property, furniture and equipment	(431)	85	(525)
Payments for acquisition of intangible assets	(213)	(185)	(97)
Other investing activities	(31)	-	-
Net cash flows from investing activities	(495)	(487)	(634)
Financing activities:			
Repurchase of own shares	(111)	(2)	(37)
Dividends paid	(70)	(70)	(250)
Interest paid	-	-	(167)
Debt payments	(106)	(113)	(500)
Net cash flows from financing activities	(287)	(185)	(954)
Net (decrease) increase in funds available	6,528	(4,216)	1,780
Effects from changes in value of funds available	81	259	(59)
Funds available at the beginning of the year	14,579	18,536	16,815
Funds available at the end of the year	$ 21,188	$ 14,579	$ 18,536

The accompanying notes are part of these consolidated financial statements.

1. Activities, regulatory environment and significant events

Monex, S.A.B. de C.V. and subsidiaries, hereinafter denominated with its subsidiaries as Monex, S.A.B., was established on July 10, 2007. Its purpose is to operate as a holding company and promote, establish, acquire, arrange, and manage operating any kind of commercial or civil companies.

Monex, S.A.B.'s subsidiaries operate mainly within the financial services industry offering a full line of banking services and brokerage services.

Significant events in 2021, 2020 and 2019-

a. *Close of business exchange rate*

Through the Federal Official Gazette, on December 14, 2021, the Commission issued amendments to the "General Provisions Applicable to Groups, Credit Institutions (the "Provisions")providing that, as of that date, to establish the equivalence of Mexican peso with the US dollar, Management must use the close of business exchange rate in effect at the date of the transaction or preparation of the financial statements instead of the Fixed exchange rate, as had been the case until that date. As of December 31, 2021, the close of business exchange rate per US dollar was $20.5075 pesos. Therefore, at the 2021 close, the Fixed exchange rate was $20.4672. Management considers that this amendment will not have any significant effect on the Monex, S.A.B.'s financial information.

b. *Portfolio Reserve*

During 2020, Banco Monex, S.A., Institution of Multiple Banking, Grupo Financiero Monex (hereinafter the "Bank") (indirect consolidated subsidiary), generated a charge to results of $911 for credit reserves; this amount is 224% higher than the $281 recorded for this concept in 2019. Of the total credit reserves generated in 2020, $500 correspond to general additional reserves not directly related to the qualification of the portfolio which were notified to the National Banking and Securities Commission (the "Commission").

During 2021, the Bank did not establish additional reserves, nor did it release reserves. The Bank generated a charge to results of $235 for credit reserves by reporting $987 in the allowance for loan losses.

c. *Purchase of Arrendadora Monex S.A. de C.V* (*hereinafter "Arrendadora"*)

On July 31, 2019 Monex S.A.B. made a capital contribution of $152, increasing its participation percentage to 91.29%

d. *Bitso*

Monex S.A.B. invested in Bitso $250 thousand dollars in May 2016 and $150 thousand dollars in October 2019. During the month of July, 2021 Monex S.A.B. sold 57% of its participation in Bitso for $13 million dollars. This operation generated an income in pesos of $256 and a profit of $178.

e. *Dividend paid*

On April 26, 2021 a dividend payment of $70 was made to shareholders from years prior to 2020.

f. *Issuance of securitization certificates-*

– Monex, S.A.B.

On June 17, 2019 Monex, S.A.B. successfully made the second Public Offering of securitization certificates under the ticker symbol MONEX 19, by placing on the market $1,500 at a TIIE28 rate for a term of 5 years, based on the program of loan-term securitization certificates.

On October 21, 2019 Monex, S.A.B. prepaid $500 related to the issuance of securitization certificates made in 2017.

On June 20, 2019, Monex S.A.B. prepaid $1,000 for the issuance made in 2017 under the ticker symbol MONEX 17.

On May 27, 2021, the Bank received authorization from the Commission to establish a revolving program of long-term bank stock certificates for a total amount of up to $8,000, or its equivalent in UDIs or in any other currency.

On June 1, 2021, Monex, S.A.B. successfully completed the third Public Offering of securitization certificates under the ticker symbol MONEX 21, by placing in the market the total of $1,500 million pesos at a TIIE28 rate + 150 bp for a term of 4 years, based on the long-term securitization certificate program.

On June 17, 2021, Monex, S.A.B. carried out the total voluntary early amortization of the MONEX 19 securitization certificates issued on June 20, 2019 for an amount of $1,500 million pesos.

g. ***Disclosures and actions generated by the pandemic, COVID-19 effects (unaudited)***

On March 23, 2020, the General Health Council recognized the COVID-19 disease epidemic in Mexico as a serious priority care disease. Due to the measures adopted in this regard, various sectors of the economy are impacted. On March 11, 2020 a Global Pandemic was declared by the World Health Organization, and its recent global expansion has motivated a number of measures in the operation of Monex, S.A.B. as follows:

Treasury:

During 2021 and 2020 there was high inflation and reductions in the credit spreads of corporate and bank issuers, generating profit-taking on these types securities. At the same time, the surcharges became less attractive. Towards the end of 2021, and derived from the expectations of a rise in the reference rate in the United States by 2022, Mexico has begun a cycle of increases in its reference rate, which will be of vital importance when diversifying its own position to prioritize the liquidity, profitability and risk levels of the institutional portfolio.

From a qualitative point of view, there was a conservative policy on risk-taking and the liquidity of Monex, S.A.B. was prioritized. Therefore, surplus investment in dollars with national banking development and government securities in national currency (which have no credit exposure) continued.

On the other hand, it participated in the temporary liquidity facilities that Banco de México (hereinafter "the Central Bank") granted as part of the mechanisms to promote the healthy development of the market:

- Facility 4 refers to government reporting.
- Facility 5 allows securities lending (the Central Bank lends government securities in exchange for granting eligible securities as collateral).

Credit Risk:

To mitigate the effects originated by the pandemic derived from COVID-19, support programs were implemented for Monex, S.A.B.'s borrowers, benefiting 235 customers through restructurings and renewals for a total of $4,826, integrated as follows: 167 customers are Small Entities (SMEs) for $243 and 68 customers are Corporate Entities for $4,583. At the end of December 2021, the balance of this portfolio is as follows: 18 customers for a total of $53 (15 customers are SMEs for an amount of $16 and 3 customers are corporate with an amount of $37).

These support programs were carried out under special accounting criteria issued by the Commission. If these special accounting criteria had not been considered at the end of December 2021, there would have been an increase in the allowance for loan losses for credit risks of $3.

Additionally, generic additional reserves of $500 were established at the end of December 2020 to cover the risks of the loan portfolio.

***Risk Management*:**

Based on the development and implementation of the module of Potential Future Exposure (PFE) / Credit Valuation Adjustment (CVA) from Murex system, both for customers and financial counterparties, Comprehensive Risk Management Unit ("UAIR") is performing the impact assessment of the CVA component on the MTM (Derivatives Market Valuation) of the Bank's derivatives positions, both with customers and with financial counterparties.

UAIR action during COVID-19:

The most important actions taken by the UAIR in the COVID-19 period were as follows:

a) A timely risk report was generated, which, in addition to the daily report, allowed to monitor the main risk indicators in an Action Group meeting (with the General Management), where credit management and management were importantly seen and the evolution of the result of business units and the main market risk, liquidity, credit and regulatory indicators.
b) In addition, strict compliance with risk exposure limits for different business units were maintained, allowing to avoid unwanted surprises in the results of the business roundtables.
c) At all times it sought to generate timely metrics for those decision-makers for business units.
d) It participated in the analysis and evaluation of the implementation of the Commission's facilities about various topics, such as credit, liquidity and capitalization.
e) The UAIR generated the risk dashboard, where the main indicators of profitability and risks for different business units are presented in a summary and in a timely manner.
f) To improve the control of the different risks assumed in the subsidiaries, Management worked with the risk team to extend the Risk Dashboard to international businesses.

After 20 months into the pandemic, the Mexican financial system, and specifically Monex S.A.B., continues to show resilience and has maintained a solid position, with higher capital and liquidity levels that comfortably meet regulatory minimums.

To deal with the effects of the COVID-19 pandemic on the financial system, Banxico and other financial authorities implemented and, where appropriate, extended a series of measures aimed at continuing to promote orderly behavior in financial markets, strengthening credit granting channels and providing liquidity for the healthy development of the financial system. In this regard, during the second half of 2021, most of the implemented measures expired.

Regarding Monex S.A.B., the measures have been oriented towards maintaining prudence in taking risks in the market areas and great caution has also been maintained in the granting of loans and preventive measures have been taken related to maintaining additional reserves for the loan portfolio

***Human Resources*:**

Monex, S.A.B. has continued its strategy for prevention and control in all its branches in the Mexican Republic, which include:

a) Keep all collaborators informed with reliable and timely data transparency about the virus and pandemic.
b) Communication campaigns for collaborators, which include topics on:

   i. The pandemic in general, mode of transmission and symptoms.
   ii. Prevention measures, hand washing and healthy distancing.
   iii. Home office, tips to carry out remote work.

c) It has been reinforced through talks and communications on hygiene measures, vaccines, prevention measures in the office and other aspects related to care in the face of the pandemic.
d) Online courses were scheduled for employees and their families on issues of handling the pandemic and emotional well-being.
e) Psychological support: In the face of the uncertainty and anxiety that pandemic and quarantine may cause, communications on the support they can obtain through the Support Program for the Employee (Orienta PAE) were strengthened.
f) Following of:

   - Contingency Working Group: it was created in order to address questions that arise and carry out the necessary activities to ensure business continuity and protect collaborators.
   - Tracking System: has the objective to keep timely control of both: home office staff, staff who are traveling or are in contact with travelers and positive coronavirus cases.

g) Action protocols were defined, we have 4 protocols that guide us in the following aspects: Organization, Health, Visits and Cleaning.

   - The vaccination schedule for staff and reinforcement has been given on time through an application on our Intranet.
   - Vulnerable personnel have been identified to reinforce actions and preventive measures.
   - Continuous cleaning roles with chlorinated water in workplaces were implemented; as well as a deep cleaning on the weekends.
   - Sanitary filters were implemented in all branches and we have maintained strict adherence to the protocols indicated by the Federal Government and State Governments.
   - Weekly tests have been applied in Mexico City (“CDMX”) in order to detect new cases and break chains of contagion.
   - The application of influenza vaccines was promoted in CDMX, Monterrey and Guadalajara for both staff and their direct family members.

h) The traffic light system was continued in each branch to determine the percentage of employees who will be able to go to work in person in order to avoid risks.
i) All necessary actions are being taken to ensure the operation, either remotely or in person.

Systems and Technological Development:

The technological infrastructure was designed to be able to operate in case of a contingency, so when the pandemic arrived and remote work schemes were implemented, the work of the technology area was oriented to increase the services previously enabled. During 2021, the remote work scheme was maintained and actions continued in order to strengthen the technological infrastructure on essential issues such as security, capacity, and monitoring of the operation.

During 2021, a renovation process was concluded in the Monex, S.A.B. data center, the technological processes were updated and new solutions for monitoring and virtualization tasks were integrated. In addition, virtual desktops were implemented to replace the VPN. At the end of 2021, there is a total of 1,048 users with access to a virtualized desktop.

The fundamental tool used to work in a team and remotely was Microsoft Teams, so all users have the support of this tool from the different work environments, whether local or remote. At the end of 2021, Monex has 2,543 active Teams licenses.

In 2021, the service desk offered support to staff both in local and remote work schemes, a total of 54,043 service tickets were handled. This year, the Service Now tool was also implemented in Monex for this service, allowing the control of calls to be consolidated in a service managed by Monex and allowing the integration of other sources of requests and incidents for proactive decision-making.

Internally in Monex, S.A.B, there is a Bot chat called ALX, which was programmed to be able to address questions associated with the new employee work environment and release the calls to the service table. In many cases it was necessary to provide computers to the staff to work from home, taking care of the image standards with security and necessary and sufficient access.

The mobile version of the application called MonexNet already existed, which is the main operating tool of the sales force. In this period it became necessary to install it among more personnel who at the moment did not see its use being at home was a mandatory tool for maintaining business productivity.

The approximate value of the investment to support the growth of existing infrastructure and be able to give the service to the demand for use, amounted to $7, distributed in security products, license programs, increased capacity of communications links and external resources.

Concept		
Additional external staff for technical support at Torre Monex	$	2
Consumption use of Azure cloud. Billed as "Overage Azure Services"		
Hire of new links from computing centers to the Azure cloud		
Internet bandwidth increase		
Professional Services		2
Resources for attention at Torre Monex, computer delivery and migration virtual desktops.		1
Double RSA factor		1
Forescout security module		1
Total	$	7

Comptroller and Anti Money Laundering:

a) *Internal Control*:

During 2021, considering the problems that represented the confinement required by the contingency generated by SARS-CoV-2 (COVID-19), Monex, S.A.B., sought to maintain the service and operation required by our customers, as well as, taking care of the health of its staff, implemented remote working measures, such as the following:

- In 2021, the impossibility of recording calls received outside Monex facilities was corrected, with the implementation of the Micollab technological tool. This tool allows you to receive calls from Monex on the staff's mobile equipment (laptop, tablet or cell phone).
- An internal publicity campaign was performed on written media with which customers could instruct their operations.
- A robot was established for sending confirmations to customers, who during the contingency have fully instructed transactions with letter instruction.
- All areas of Monex, S.A.B. reinforced the internal controls implemented to give continuity to their operation in remote work.

It is important to note that customer services had no negative impact due to unavailability of service channels in any Monex, S.A.B. entities.

b) *Security Information*:

- Since March 2020, a campaign was launched to assign portable devices for the personnel, configured with internal security measures, for example: VPN, hard drive encryption of the device, preventing disclosure of information in case of theft or loss by personnel.
- Implementation was accelerated and the use of the Microsoft Teams tool was promoted as an Institutional media to carry out videoconferences and allowing communication between personnel and/or service providers, authorities etc
- In order to support the remote work scheme, in 2021, the Monex Infrastructure team initiated the rollout of Virtual Desktops project, which has been defined as the new work environment for both internal and external collaborators. This rollout is planned in phases and, at the 2021 yearend close, has reached an estimated 60% of the total users included in its scope.

c) *Business Continuity*:

In the area of Business Continuity, in accordance with established Operational Continuity plans, various measures were launched as of February 2020 aimed to reduce the impact of the pandemic on the business processes of the organization and safeguard the integrity of its collaborators. Among the main measures adopted are the following:

- Closure of floors in head offices.
- Redistribution of working stations in head office to maintain healthy distancing.
- Adherence to government provisions and preventive measures issued in the Daily Official Journal
- Use of the Alternate Operations Center to take care of the healthy distancing of personnel which operate critical processes and cannot carry them out at home office.
- Internal publicity campaigns of preventive measures were carried out and recommended by the Ministry of Health.
- Sanitary equipment was distributed to all branches for personnel use during their stay in offices.
- A station for mandatory medical review was established at the head office for personnel who needed to go to work physically.
- The QR code was generated for mandatory access registration to enter the facilities.
- Support for personnel with private transportation to/from offices to avoid the use of public transport.
- Establishment of a health filter with temperature and symptom verification before the access to the facilities.
- Mandatory use of mask at all times within the facilities.
- Periodic sanitization of the facilities.

- Social distancing through staggering personnel attendance.
- A gradual return to facilities program was established according to the contingency traffic light and limits of people in each office.
- As a result of the rollout of the Virtual Desktops project, the number of positions at the Alternate Operating Center was reduced, thereby making the use of this resource more efficient.

With the measures taken it was not necessary to declare Operative Contingency for any of the business units, since the impact on the operative, support and business areas were minimal, and the electronic channels of customer service remained operating in an uninterrupted way during the pandemic and as of today.

d) *Anti Money Laundering*

Temporary facilities to receive certain formats such as KYC (Know Your Customer) and visit report, without the signature of customers. Temporary facilities for the validation of homes visited through electronic media such as Google Maps and customer websites.

Arrendadora Monex, S.A de C.V.

a) *Health crisis affecting the portfolio during the pandemic months*

During 2021, placements and new leases increased; at the end of December, the placement amounted to $573 with 1,597 leases in force, with an average monthly placement of $48 above the levels reached during 2020.

	2021	**2020**
No. Customers	635	558
No. Contracts	1,597	1,236
No. Cars under lease	1,025	866

b) *Strategy year 2020*

Given the uncertainty that prevailed during the pandemic, together with the behavior of credit markets and their liquidity, Arrendadora Monex has focused on giving timely follow-up to customers facing payment difficulties to continue providing rescheduling or restructuring support to any customers requesting it. However, as of 2021, this support was reduced due to the gradual reopening of certain sectors of the economy other than those classified as essential by the authorities. In this regard, customers still requiring support were granted the option of making a sufficient agreed payment, unlike at the start of the pandemic when loans were rescheduled with zero payments. Accordingly, revenues were generated during 2021, which have helped offset the associated cost based on the collection of payment deferral commissions. In addition, attention is maintained towards new lease requests, giving priority to those that present a solid credit risk profile and preferably to existing clients with good payment history, thus generating a portfolio at the end of the year of $1,438.

c) *Detail of supports granted at the end of 2021*

i. Rescheduled income:

Fixed asset category	Rescheduled amount 2021
Transportation equipment	$ 3
Additional transportation equipment	-
Sports equipment	-
Computer equipment	1
Furniture and equipment	-
Kitchen equipment	-
Specialized equipment	6
Machinery and equipment	3
Security Equipment	-
Subtotal	13
Value Added Tax	2
Total	$ 15

ii. Revenue Recovery

	2023	2024	2025	2026	2027	Amount re-calendarized in 2021
Transportation equipment	$ 1	$ 1	$ 1	$ -	$ -	$ 3
Additional transportation equipment	-	-	-	-	-	-
Sports equipment	-	-	-	-	-	-
Computer equipment	1	-	-	-	-	1
Furniture and equipment	-	-	-	-	-	-
Kitchen equipment	-	-	-	-	-	-
Specialized equipment	2	1	-	1	2	6
Machinery and equipment	-	1	1	1	-	3
Security equipment	-	-	-	-	-	-
Subtotal	4	3	2	2	2	13
Value Added Tax	1	1	-	-	-	2
Total	$ 5	$ 4	$ 2	$ 2	$ 2	$ 15

d) *Prevention actions for portfolio impairment*

During 2020 and 2021, the lessor has privileged those customers with a good payment history in their lease who required additional support to reschedule their payments. As it was handled since the beginning of the pandemic, the daily attention and follow-up to all our clients have been maintained, both to sensitize their ability to pay and to immediately attend to any request for extension, restructuring or rescheduling. The leasing company has continued its permanent communication with customers, which has allowed it to observe customer behavior and payment conduct, while also permitting the early detection of difficulties.

Similarly, emphasis has been given to the message sent to different product promotion channels within the organization regarding new portfolio generation operations adapted according to the desired credit risk parameters.

Monex Europe Holdings Limited ("Monex Europe")

a) *Assess level of operational disruption*

Management's priority was to implement a robust business continuity plan. The safety of all areas was the priority in defining this plan. As part of this plan, Monex Europe ensured that it had a strategy and resources to enable it to work remotely for all the personnel in the UK and abroad (Spain and Holland). This strategy involved sourcing laptops and IT equipment for the personnel where necessary and implementing alternative supervisory and security systems to ensure the security of clients when executing FX trades and payments.

As a result, Monex Europe continues to operate fully and to date, there have been no disruptions to services for customers. All key personnel and heads of departments continue to carry out their duties and teams have available channels to facilitate both internal and external communication.

The organization has adopted a flexible working model for back office staff to facilitate return to the office whilst offering flexibility to work remotely for few days a week. Monex Europe continues to operate under these arrangements and to date there have been no disruptions to the services to the clients. All key personnel and heads of departments continue to carry out their duties and teams have available channels to facilitate both internal and external communication even when working remotely. The executive management continues to monitor the situation very closely and follows the public health advice.

b) *Legal and contractual framework*

The executive management is confident that Monex Europe will continue to meet its regulatory and legal obligations under the current business continuity plan. As note above, alternative security measures are in place to ensure the secure execution of transactions. Compliance, legal and risk departments are functioning as normal without any capacity constraints. The executive management is aware of the measures taken by the regulators and the UK Government to support businesses affected by COVID-19. To this end, the executive management is confident that the organization is in the position to work with the regulators and relevant stakeholders, wherever necessary, to continue operations.

c) *Liquidity and working capital*

The executive management is aware that in the current economic environment, maintaining sufficient liquidity and working capital is of utmost importance. For this purpose, Monex Europe has available line of credit with the holding company in Mexico. The executive Management is confident that in the current scenario, the available resources are sufficient to continue operations for at least the next 12 months.

d) *Access to capital*

Monex Europe has no external debt and covenants. As mentioned above, the organization has access to sufficient liquidity.

e) *Asset valuation*

The executive management has considered if there are any impairment indicators for Goodwill and intangibles and the response is as follows:

f) *Goodwill:*

Management considers that there are no indicators for impairment resulting from COVID-19. The organization has been working under alternative plans since March 2020 and there has been no disruptions in trading. Due to the countercyclical nature of the business, any volatility in foreign exchange markets continue to represent opportunities for demand of our services as customers seek to protect themselves against foreign exchange risk, as well as capitalize the opportunities that the foreign exchange market may present. As a result, the executive management believes that there is no objective evidence to indicate impairment.

g) *Intangible assets other than goodwill:*

This concept represents the development of the internal trading database software. As noted above, there are no disruptions in the trading activities of the Monex Europe. In addition, there have been no disruptions to the operation or change of use of this software. The executive management believes there is no objective evidence of impairment.

The impact of COVID-19 on the UK and European economies and markets has been considerable. While most of the impact occurred in the first half of 2020, the volatility in financial markets and uncertainty around the macroeconomic outlook remain elevated. Subsequent COVID-19 waves continue to pose a threat to economic recoveries, which have been boosted by unprecedented tax and monetary incentives packages. The distribution of vaccine and the safe reopening of economies continue to sit at the top of the priority list. The strains in financial markets have abated substantially since the credit restriction and liquidity crunch witnessed in the first half of the year.

The Executive Management is confident in the resilience of Monex Europe's business and agility to adapt to fast changing environment. The key factors are:

- The majority of the cost base relates to staff costs, which is largely commission-based. The business will be able to reduce these costs in the worst-case economic scenarios.

- The size of work the force of the business puts it in a good position to adapt to changing working environments swiftly. This is evident from the successful roll-out of remote and flexible working for the entire work force..

- The key suppliers continue to provide services remotely without disruption.

- There is a sufficient credit line available from the parent group in short to medium term.

- Strong measures taken by the UK government to support businesses and collaborators in a time of need.

- The overall quality of life and well-being of employees reinforced by uncomplicated operation and performance resulting from the implementation of remote working.

Monex USA, Inc, (formerly Tempus Inc.) ("Tempus")

Tempus is focused on serving more than 3,080 corporate clients through its offices in the US. Its main business is to carry out foreign exchange transactions and payments. In 2021, it processed over $2,655 million dollars a 29% increase over 2020. Tempus only provides the foreign exchange service, and therefore, it concentrates all its resources on being a specialist in this area offering services that allow it to stand out in the market.

In 2021, Tempus continued its client portfolio expansion from its traditional small business niche to medium-sized and large corporations. In parallel, Tempus continued with its renewed emphasis in expanding its digital platform, Tempus Online, which clients use to carry out their foreign exchange and international payments needs, among other services. By the end of the year, 57% of deals were done online..

Tempus sales model continues to be implemented. This model improves the service and the prospecting of clients through the specialization of each function. As Dealers focus on clients' daily transactions, they develop a deeper understanding of their needs and offer more appropriate solutions, while the Sales Development focus on acquiring new accounts and ensuring that their existing accounts continue receiving a high level of service from Dealers.

During 2021 Tempus continued growing its Partnerships business unit to leverage its cross-border payment infrastructure and make it available through its digital solutions, like API services, to third parties. By the end of 2021, revenue from Partnerships grew over 1,229% from 2020. Tempus continues adapting to the new environment and expect the partnership model to become an increasing source of Tempus revenue in 2022.

At the 2021 close, Tempus had 43 employees at its head offices in Washington, D.C., 6 employees at its New York office and 5 more employees at its Los Angeles office.

In 2021, internal figures show a 103% increase of net income compared to 2020.

It is worth mentioning that in 2021 Bloomberg once again designated Tempus as the "Top Currency Forecaster" for G10 currencies, ahead of most Wall Street market analyst powerhouses. Tempus' market view strength helps cement its position and credibility in the US market.

Impact and measures by COVID-19

Despite the challenges posed by the Pandemic, Tempus succeeded in weathering the COVID-19 storm by successfully maintaining positive cashflows and a sound level of working capital throughout 2021. The company was able to rebound significantly from 2020 and had an excellent year from a Revenue & Net Income perspective.

Tempus finished the year with a 41% increase in Revenues compared to 2020 and a 103% increase in Net Income.

2. Basis of presentation

Explanation for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of accounting criteria prescribed by the Commission. Certain accounting practices applied by Monex, S.A.B. may not conform to accounting principles generally accepted in the country of use.

Monetary unit of the consolidated financial statements - The consolidated financial statements and notes as of December 31, 2021, 2020 and 2019 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power. Cumulative inflation rates over the three-year periods ended December 31, 2021, 2020 and 2019 shown below:

December 31,	UDI (in Mexican pesos)	Annual inflation	Accrued inflation of three previous year
2021	7.1082	7.61%	14.16%
2020	6.6055	3.22%	11.30%
2019	6.3990	2.76%	15.03%

The economic environment qualifies as non-inflationary in the three years and consequently, the effects of inflation are not recognized in the accompanying financial statements.

Consolidation of financial statements - The consolidated financial statements include the financial statements of Monex, S.A.B. and those of its subsidiaries over which it exercises control as of December 31, 2021, 2020 and 2019 and for the years then ended, the shareholding percentage in the capital stock of such entities is shown below:

Company	**Shareholding percentage** 2021	2020	2019	**Activity**
1. AdmiMonex, S.A. de C.V. (AdmiMonex)	100%	100%	100%	Direct subsidiary of Monex, S.A.B. It aims to promote, build, organize, develop, acquire and participate in the capital stock or assets of all types of business corporations and partnerships, associations or companies, whether commercial, service or otherwise, both domestic and foreign and participate in the management or liquidation.
1.1 Cable 4, S.A. de C.V.	63.16%	66.84%	-	Provide advisory and consulting services, software development, information systems, technical support and system maintenance
1.2 Monex ETrust, S.A.P.I. de C.V.	75%	75%	-	Develop computer and technological platforms with the objective to offer through electronic media, automatic contract execution services, supervision and control of trust assets, master management of loan portfolios, supervision and marketing control of real estate developments.
2. MNI Holding, S.A. de C.V. (MNI Holding)	100%	100%	100%	Direct subsidiary of Monex, S.A.B as of November 2019. Parent company of Tempus and Monex Europe LTD.
2.1 Tempus Inc. (Tempus)	99.99%	99.99%	99.99%	Entity located in Washington, D.C., U.S.A., whose purpose is the purchase and sale of foreign currencies. Its customers are mainly located in the United States. Starting in 2022, it changed its corporate name to Monex USA
2.1.1 Tempus Nevada, Inc.	100%	100%	100%	Indirect subsidiary of Monex, S.A.B. Entity founded in 2010 in the state of Delaware in the United States. Currently without operations.
2.2 Monex Europe Holdings Limited (Monex Europe LTD)	100%	100%	100%	Direct subsidiary of Monex, S.A.B. Parent Company of Monex Europe Limited, Schneider FX entities located in the United Kingdom, Mon FXPTE entity located in Singapur, Monex Canadá Inc. entity located in Canada, and Monex S.A. entity located in Luxemburg.
2.2.1 Schneider Foreign Exchange Limited (Schneider FX)	100%	100%	100%	Indirect subsidiary of Monex, S.A.B. Entity located in London. Entity without operations.
2.2.2 Monex Europe Limited (Monex Europe)	99.99%	99.99%	99.99%	Indirect subsidiary of Monex, S.A.B. Entity located in London. Its activity is purchase and sales of currencies in the European market.
2.2.2.1 Monex Europe Markets Limited	100%	100%	100%	Indirect subsidiary of Monex, S.A.B. Entity is dedicated to purchase and sales of currencies in the European market.
2.2.2.2 MonFX Limited	80%	80%	-	Indirect subsidiary of Monex, S A B. Entity without operations.
2.2.3 MonexFX PTE Ltd (Monex Singapur)	100%	100%	100%	Indirect subsidiary of Monex, S.A.B. Based in Singapore; it offers a range of corporate payment and foreign exchange services.
2.2.4 Monex Canada, Inc.	100%	100%	100%	Indirect subsidiary of Monex, S.A.B. Based in Toronto, Canada; it offers foreign exchange services.
2.2.5 Monex, S.A. (Monex Luxemburgo)	100%	100%	100%	Indirect subsidiary of Monex, S A B. Based in Toronto, Canada; it offers foreign exchange services.
2.2.6 Monex Europe Newco S.A.U. (España)	100%	-	-	Indirect subsidiary of Monex, S A B. Entity without operations.
3. Monex Grupo Financiero, S.A. de C.V. (Financial Group)	100%	100%	100%	Direct subsidiary of Monex, S.A.B. established on May 23, 2003. It is authorized by the Treasury Department of Mexico (SHCP) to operate as a financial group under the form and terms established by the Financial Groups Law (the Law). Per legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.
3.1 Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Banco)	99.99%	99.99%	99.99%	Indirect subsidiary of Monex, S.A.B. The Banco is authorized to perform full-service banking operations including, among others, granting loans, performing securities transactions, receiving deposits, accepting loans, performing currency purchase-sale transactions and executing trust contracts.
3.2 Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero (the Casa de Bolsa)	99.99%	99.99%	99.99%	Indirect subsidiary of Monex, S.A.B. The Casa de Bolsa acts as a financial intermediary for transactions involving securities and derivative financial instruments authorized under the Stock Market Law (LMV) and the general provisions issued by the Commission.
3.2.1 Monex Securities, Inc. (Monex Securities)	100%	100%	100%	Indirect subsidiary of Monex, S.A.B. Acts as a stock market intermediary in the U.S. market.
3.2.2 Monex Assets Management, Inc. (Monex Assets)	74.07%	74.07%	74.07%	Indirect subsidiary of Monex, S.A.B. Acts as an investment advisor in the U.S. market.
3.3 Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero, Sociedad Operadora de Sociedades de Inversión (la Operadora)	99.99%	99.99%	99.99%	Indirect subsidiary of Monex, S.A.B. Its main activity is to manage mutual funds and to promote its shares.
4. Servicios Complementarios Monex, S.A. de C.V. (Servicios Complementarios)	100%	100%	100%	Direct subsidiary of Monex, S.A.B. Its purpose is to promote, build, organize, exploit, acquire and take participation in the capital stock or assets of all kinds of commercial or civil companies, associations or companies, whether commercial, services or of any other nature, both national and foreign. , as well as participate in its administration or liquidation.
5. Arrendadora Monex S.A. de C.V.	91.29%	91.29%	91.29%	Direct subsidiary of Monex S.A.B. Its main activity is to acquire, sell, lease, rent, sublease, use, enjoy, possess, license, market, import, export, trade and dispose under any form or legal title, of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories and other goods.

Significant intercompany balances and transactions have been eliminated.

Translation of financial statements of foreign subsidiaries **-** To consolidate financial statements of foreign subsidiaries, the accounting policies of the foreign entity were converted to accounting criteria of the Commission. As the recording and functional currency was the same, the financial statements were subsequently translated to Mexican pesos using the following methodology:

1) The closing exchange rate in effect at the balance sheet date for assets and liabilities;
2) Historical exchange rates for stockholders' equity, and
3) The exchange rate on the date of accrual of revenues, costs and expenses.
4) The translation effects are recorded in stockholders' equity.

As of December 31, 2021, 2020 and 2019, the exchange rates used in the translation processes were as follows:

Company	**Currency**	**Exchange rate to translate Mexican pesos**		
		2021	**2020**	**2019**
Monex Europe Holding LTD. (consolidated)	Sterling pounds	27.7805	27.2033	24.9837
Tempus, Inc.	U.S. dollar	20.5075	19.9087	18.8642
Monex Securities	U.S. dollar	20.5075	19.9087	18.8642
Monex Assets Management	U.S. dollar	20.5075	19.9087	18.8642

As of December 31, 2021, 2020 and 2019 Monex, S.A.B.'s functional currency is the Mexican peso. Investments in foreign subsidiaries, whose functional currencies are other than the Mexican peso, expose Monex, S.A.B. to foreign currency translation risk. In addition, Monex, S.A.B. has monetary assets and liabilities denominated in foreign currencies, mainly in U.S. dollars, Sterling pounds and Euros, resulting in exposure to foreign exchange risks arising from transactions entered into over the normal course of business (refer to discussion of comprehensive risk management in Note 34 for further details).

Comprehensive income - Is the modification of stockholders' equity during the year for items other than capital contributions, reductions and distributions; it is composed by the net result of the year and other items representing a gain or loss during the same period which, in accordance with the accounting practices followed by Monex, S.A.B., are presented directly in stockholders' equity without affecting the statement of income. As of December 31, 2021, 2020 and 2019, other items of comprehensive income are represented by the result of valuation of securities available for sale, remeasurement for defined benefits to employees deferred effect of each of these items.

Going concern - The consolidated financial statements have been prepared by the Management under the assumption that Monex, S.A.B. will continue as a going concern.

3. Summary of significant accounting policies

The accompanying consolidated financial statements comply with the Accounting Criteria (hereinafter the "Accounting Criteria") established by the Commission in the "General Provisions Applicable to Groups, Credit Institutions, Brokerage Houses, Mutual Funds and Companies that Provide Services Thereto" (hereinafter the "Provisions") and in its rulings, which are considered to be a general purpose financial framework. These policies require management to make certain estimates and use certain assumptions that affect the amounts reported in the consolidated financial statements and their related disclosures; However, actual results may differ from such estimates. Monex, S.A.B.'s management, upon applying professional judgment, considers that estimates made and assumptions used were appropriate under the circumstances.

Under accounting criterion A-1 issued by the Commission, Monex, S.A.B. is required to apply Mexican Financial Reportix|ng Standards (“IFRS” or “NIFs”) promulgated by the Mexican Board of Financial Reporting Standards (CINIF), except with regard to topics for which the Commission has issued specific accounting guidance on the basis that Monex, S.A.B. and its subsidiaries are subject to its regulations and carry out specialized operations.

Changes in accounting policies-

Improvements to 2022 NIF that generate accounting changes:

NIF C-19, *Payable financial instruments* and NIF C-20, *Financial instruments for the collection of principal and interest* – a) An entity must separately present the profits or losses derived from the elimination of liabilities and the effects of renegotiating a financial instrument for the collection of principal and interest as part of the results associated with operating activities; b) It is clarified that interest, commissions and other prepaid expenses do not form part of transition costs, and eliminates this item from the standard.

NIF C-5 *Leases* – a) Specifies the differences between disclosures of the expense related to short-term and low-cost leases and for which a right-of-use asset has not been recognized; b) Given that NIF C-17, Investment properties, establishes that a right-of-use asset does not fulfill the definition of an investment property, NIF C-5 eliminates the disclosure in this regard; c) clarifies that the lease liability derived from a sales transaction with a leaseback agreement must include the fixed payments and any estimated variable payments; d) mentions that lease payments must be included in the initial recognition of the net lease investment.

In addition, the Improvements to the NIF 2021 include improvements to the NIF that do not generate accounting changes, whose fundamental intention is to make the regulatory approach more precise and clear.

Monex, S.A.B. did not have significant effects on its financial information due to the recognition of such improvements.

The significant accounting policies of Monex, S.A.B. are as follows:

Funds available - Consist mainly of bank deposits valued at face value and the income derived therefrom is recognized as earned; foreign currency funds available are valued at fair value using the year end exchange rates.

The financing granted and obtained on the “Call Money” interbank market, the term of which may not exceed three banking days, are recorded under the headings of funds available and Bank loans, respectively. The receivable or payable interest generated by these transactions is recorded in results as it is accrued within the financial Margin.

Immediately realizable liquid notes are recognized as Other funds available if they can be collected within two business days (in Mexico) or five business days (foreign) following the performance of the original transaction. When these notes are not recovered within these deadlines, they are transferred to the non-performing loan portfolio or other receivables based on the nature of the original transaction.

Operations pending settlement

- ***Purchase-sale of currencies***

  Transactions involving the purchase-sale of currencies are recorded based on the agreed prices. When settlement is agreed within a maximum of two banking days following the transaction date, these transactions are recorded as restricted funds available (purchases) and funds available disbursements (sales) applied to the respective settlement account. The gains or losses derived from transactions involving the purchase-sale of currencies are recognized in the statement of income under the gains/losses on financial assets and liabilities heading.

Transactions for the purchase and sale of foreign currency in which the immediate settlement or same-day value date is not agreed are recorded in settlement accounts for the amount in national currency to be collected or payable. The debtor and creditor settlement accounts are presented under the headings Other accounts receivable and Creditors for settlement of operations, as appropriate.

Margin accounts - Margin accounts (security deposits) for transactions with derivative financial instruments in recognized markets are recorded at face value.

Security deposits are used to ensure compliance with the obligations related to the derivatives executed in recognized markets and refer to the initial margin, and subsequent contributions and withdrawals made during the term of the respective contracts. Yields and commissions that affect margin accounts, other than fluctuations in the prices of derivatives, should be recognized in the consolidated statement of income for the period.

As of December 31, 2021, 2020 and 2019, Monex, S.A.B. held standardized and futures derivatives operations for which deposits of financial assets were recognized (cash margin calls) intended to ensure compliance with the obligations derived from the transactions performed in recognized markets to mitigate default risk.

***Investments in securities* –** Consist of debt instruments and share certificates, the classification of which is determined according to Management’s intention when acquiring them. Each category is subject to specific recording, valuation and presentation standards in the consolidated financial statements, as described below:

Trading securities - Trading securities represent investments in debt and equity securities, in proprietary position and pledged as guarantee, which are acquired with the intention of selling them to realize gains arising from changes in fair value. Upon acquisition, they are initially recorded at fair value (which includes any applicable discount or markup).

Then, they are valued at fair value, applying the prices calculated by the price vendor contracted by Monex, S.A.B., in accordance with the Accounting Criteria established by the Commission. The difference between the cost of investments in debt securities plus their accrued interest and the cost of equity instruments relative to the respective fair values of such instruments is recorded in the consolidated statements of income in the heading of "Gains/losses on financial assets and liabilities" and these effects of the valuation will have the character of not realized for distribution to its shareholders, until they are not made.

Fair value is the amount at which an asset may be sold or a liability may be settled by informed, willing and interested parties in an arm’s length transaction.

Transaction costs incurred in connection with the acquisition of trading securities are recognized in results on the acquisition date.

Cash dividends of share certificates are recognized in the results of the year in the same period in which the right to receive such payment arise.

The exchange gains or loss on foreign currency investments in securities is recognized in the results of the year.

Trading securities also include transactions pending settlement, which refer to sale and repurchase transactions of securities not settled. These transactions are valued and recorded as trading securities, recording the receipt and expense (debit or credit balance) of the securities subject to the transaction against the respective debit or credit settlement account, when the transaction is agreed upon.

The accounting criteria issued by the Commission allow for certain reclassifications from trading securities to securities available for sale and securities held to maturity classification, conditional upon the prior express authorization of the Commission.

During the years ended December 31, 2021, 2020 and 2019, no reclassifications were made.

Securities available for sale - Securities available for sale are debt instruments and shares that are not held for purposes of obtaining gains on sales transactions derived from increases in value and in the case of debt instruments, those that Monex, S.A.B. neither intends or is able to hold to maturity and, therefore, represent a residual category, i.e., they are acquired for purposes other than those of trading securities or securities held to maturity because Monex, S.A.B. intends to trade such securities in the future prior to their maturity.

Upon acquisition, the securities are initially recorded at fair value plus the acquisition transaction cost (including the discount or markup, as applicable), which at the same time is the acquisition cost for Monex, S.A.B. Subsequently these securities are valued at fair value.

Monex, S.A.B. determines the increase or decrease in the fair value using prices provided by the price vendor, which uses various market factors for their determination. The yield on debt securities is recorded using the imputed interest or effective interest method depending on the nature of the security and is recognized in the consolidated statements of income under “Interest income”. Unrealized gains or losses from changes in fair value as reported by pricing vendors are recorded in other comprehensive income under the heading “Result from valuation of securities available for sale” net of related deferred taxes, except when such securities are hedged in a fair value hedging relationship, in which case they are recognized in results of the year.

Cash dividends on shares are recognized in results of the year during the same period in which the right to receive the dividend arises.

The Accounting Criteria issued by the Commission allow the transfer securities from available for sale to held to maturity, with the prior express authorization of the Commission. At the time of the reclassification the valuation result relative to the transfer date will continue to be reported in stockholders’ equity, and should be amortized based on the remaining life of such instrument.

During the financial years ended December 31, 2021, 2020 and 2019, no reclassifications were made

Securities held to maturity - Securities held to maturity are those instruments whose payments are fixed or determinable and with a fixed maturity, which Monex, S.A.B. has both the intention and the ability to hold to maturity; these instruments are recorded initially at fair value, plus transaction costs from the acquisition (which includes, as the case may be, the discount or markup). Subsequently they are valued at amortized cost. Accrued interest is recorded in the consolidated statements of income using the imputed interest method or the effective interest method under the heading “Interest income”.

The Accounting Criteria issued by the Commission allow for the transfer of securities classified as held to maturity to the category of securities available for sale, provided that there is no intention or capacity to hold them to maturity, as well as reclassifications to the category of securities held to maturity or trading securities to securities available for sale in extraordinary circumstances (for example: a lack of liquidity in the market, no active market for them, among others), which should be evaluated and, if applicable, validated with the specific authorization of the Commission.

During the financial years ended December 31, 2021, 2020 and 2019, no reclassifications were made.

Impairment in the value of a credit instrument - Monex, S.A.B. must evaluate whether there is objective evidence that a credit instrument is impaired.

A credit instrument is deemed to be impaired and an impairment loss is recognized, only if there is objective evidence of the impairment as a result of one or more events that took place after the initial recognition of the credit instrument, which had an impact on its estimated future cash flows that can be determined reliably. It is highly unlikely that one event can be identified that is the sole cause of the impairment, and it is more feasible that the combined effect of different events might have caused the impairment. The expected losses as a result of future events are not recognized, regardless of the probability that such events might occur.

Objective evidence that a credit instrument is impaired includes observable information such as, among others, the following events:

a) Significant financial difficulties of the issuer of the instrument;
b) It is probable that the issuer of the instrument will be declared bankrupt or another financial restructuring will take place;
c) Noncompliance with the contractual clauses, such as default on payment of interest or principal;
d) Disappearance of an active market for the instrument in question due to financial difficulties, or
e) A measurable decrease in the estimated future cash flows of a group of securities since the initial recognition of such assets, even though the decrease cannot be matched with the individual securities of the group, including:

    i. Adverse changes in the payment status of the issuers in the group, or
    ii. Local or national economic conditions which are correlated with defaults on the securities of the group.

Management has not identified objective evidence of impairment of a credit instrument held as of December 31, 2021, 2020 and 2019.

Repurchase agreements - Sale and repurchase agreements are those in which the buying party acquires for a sum of money the ownership of securities and undertakes, in the agreed-upon term and upon a payment of the same price plus a premium, to transfer ownership of similar securities to the seller. The premium is for the benefit of the buying party.

For legal purposes, repurchase transactions are considered as a sale in which an agreement to repurchase the transferred financial assets is executed. However, the economic substance of repurchase transactions is that of a secured financing in which the buying party provides cash as financing in exchange for obtaining financial assets that serve as collateral in the event of default.

The repurchase transactions are recorded as indicated below:

On the contracting date of the repurchase transaction, when Monex, S.A.B. acts as the selling party, the entry of the cash or asset or a debit settlement account is recognized, as well as an account payable measured at initial price, which represents the obligation to repay such cash to the buying party. The account payable is valued during the term of the repurchase transaction at its amortized cost, recognizing the interest in results as they are accrued.

When Monex, S.A.B. acts as the buying party, on the contracting date of the repurchase transaction, the withdrawal of funds available or a credit settlement account is recognized, recording an account receivable measured at initial price, which is equal to the agreed price, representing the right to recover the cash delivered. The account receivable is valued during the term of the repurchase agreement at its amortized cost, recognizing the interest in results as they are accrued.

When the transactions performed are classified as cash-oriented, the seller's intention is to obtain cash financing by using financial assets as collateral while the buying party obtains a return on its investment and, as it does not seek ownership over specific securities, receives financial assets held as collateral which serve to mitigate the exposure to credit risk faced by the party in relation to the selling party. The selling party repays to the buying party the interest calculated based on the agreed rate of the repurchase agreement. Also, the buying party obtains yields on its investment, which is secured by the collateral.

When the transactions performed are considered as securities-oriented, the intention of the buying party is to temporarily access certain specific securities held by the selling party, by granting cash as collateral, which serves to mitigate the exposure to risk faced by the selling party in relation to the buying party. In this regard, the selling party pays the buying party the interest agreed at the repurchase agreement rate for the implicit financing obtained on the cash that it received, in which such repurchase rate is generally lower than if would have been agreed in a "cash-oriented" repurchase agreement.

Regardless of the economic intent, the accounting for “cash-oriented” or “securities-oriented” repurchase transactions is identical.

Noncash collateral granted and received in repurchase transactions - In relation to the collateral granted by the selling party to the buying party (other than cash), the buying party recognizes the collateral received in memorandum accounts, following the valuation guidelines for the securities established in treatment B-9 "Custody and Management of Assets" (hereinafter "Acounting Criteria B-9"). The selling party reclassifies the financial asset in its consolidated balance sheets to restricted assets, which follows the valuation, presentation and disclosure standards as applicable.

When the buying party sells or pledges the collateral, the proceeds from the sale are recorded, and a liability for the obligation to repay the collateral to the selling party (measured initially at the fair value of the collateral) and is subsequently valued at fair value in a sale, and at amortized cost if is considered as a pledge in another repurchase transaction (in which case, any difference between the price received and the fair value of the liability is recognized in results of the year). For purposes of presentation, the liability is offset by accounts receivable referred to as "Repurchase agreements", which is generated when the purchases are reported. The debit or credit balance is shown under "Repurchase agreements" or "Sold collaterals or pledged as security" as appropriate.

Furthermore, if the buying party becomes a selling party due to another repurchase transaction with the same collateral as the initial transaction, the interest on the second repurchase transaction must be recognized in results of the year as earned, based on the liability valued at amortized cost.

Memorandum accounts recognized for collateral received by the buying party are cancelled when the repurchase transaction matures or when the selling party defaults.

For transactions where the buying party sells or pledges the collateral received (for example, when another repurchase or securities loan transaction is agreed), memorandum accounts are used to control such collateral sold or pledged, which is valued using the standards applicable to custody transactions included in Acounting Criteria B-9.

Memorandum accounts which are recognized for collateral received that in turn was sold or pledged by the buying party are cancelled when the collateral sold is purchased to return it to the selling party, or when the second transaction matures or the other party defaults.

Derivative instrument transactions- Monex, S.A.B. has two types of transactions with derivative financial instruments:

- Hedging purposes: Its objective is to mitigate the risk of an open risk position through transactions with financial derivative instruments.
- Trading purposes - Its objective is different from that of covering open risk positions by assuming risk positions as a participant in the derivatives market.

Monex, S.A.B. initially recognizes all of its derivative financial instruments (including those that are part of a hedging relationship) as assets or liabilities (depending on the related rights and/or obligations) in the balance sheet at fair value, which is presumed to be equal to the price agreed in the transaction.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

Subsequently, all derivatives are valued at fair value without deducting any transactions costs incurred during the sale or any other type of disposal, recognizing the valuation effect in results of the year under "Gains/losses on financial assets and liabilities", except when the derivative financial instrument forms part of a cash flow hedge relationship, in which case, the effective portion of the gain or loss of the derivative financial instrument in the hedge is recorded in the comprehensive income account under stockholders' equity, while the ineffective portion is recorded in the results of the year as part of the "Gains/losses on financial assets and liabilities".

The rights and obligations of derivatives that are traded in recognized markets or stock exchanges are considered to have matured when the risk position is closed, i.e., when an opposite derivative with the same characteristics is traded in such market or stock exchange.

The rights and obligations of derivatives that are not traded in recognized markets or stock exchanges are considered to have matured when they reach their maturity date, when the rights are exercised by either party or when the parties early exercise the rights in accordance with the related conditions and the agreed consideration is settled.

Derivatives are presented in a specific heading of assets or liabilities, depending on whether their fair value (as a result of the rights and/or obligations established) refers to a debit balance or credit balance, respectively. Such debit or credit balances may be offset as long as they comply with the respective offsetting rules.

Monex, S.A.B. presents the heading "Derivatives" (debit or credit balance) on the consolidated balance sheet by segregating derivatives for trading purposes from derivatives for hedging purposes.

Derivatives held for trading

Forward and futures contracts for trading:

Forward and futures contracts for trading are those that establish an obligation to buy or sell an underlying asset on a future date at a pre-established amount, quality and price on a trading contract. Both forward and futures contracts are recorded by Monex, S.A.B. as assets and liabilities in the consolidated balance sheets at the exchange rate established in the related underlying asset purchase-sale contract, to recognize the right and the obligation to receive and/or deliver the underlying asset, and the right and the obligation to receive and/or deliver cash equivalent to the underlying asset specified in the contract.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

For forward contracts, the exchange difference between the exchange rate agreed in the contract and the monthly forward exchange rate, as well as the valuation effects, are recorded in the consolidated statements of income under "Gains/losses on financial assets and liabilities".

For futures contracts, a margin account is created whose counterparty is a clearing house, so as to minimize counterparty credit risk.

The margin account given in cash, does not form part of the initial net investment of the derivative, which is accounted for separately from the derivative.

For consolidated financial statement classification purposes, with respect to derivative instruments that incorporate both rights and obligations, such as futures, forwards and swaps, such rights and obligations are offset by contract and the resulting net debit or credit balances are recognized a derivative asset or liability, respectively.

Option contracts:

Options are contracts that, in exchange for a premium, grant the right, but not the obligation, to buy or sell a specified number of underlying instruments at a fixed price within a specified period. For the rights that grant the options are divided in purchase options (call) and sale options (put).

The holder of a call has the right, but not the obligation, to purchase from the issuer a specified number of underlying assets at a fixed price (exercise price) within a specified period.

The holder of a put has the right, but not the obligation, to sell a specified number of underlying assets at a fixed price (exercise price) within a specified period.

Options may be exercised at the end of the specified period (European options) or at any time during the period (American options); the exercise price is established in the contract and may be exercised at the holder's discretion. The instrument used to set this price is the reference value or underlying asset. The premium is the price paid by the holder to the issuer in exchange for the rights granted by the option.

Monex, S.A.B. records the premium paid/received for the option on the transaction date as an asset or liability. Any fluctuations in the fair value are recognized in the consolidated statements of income under the heading "Gains/losses on financial assets and liabilities". When an option matures or is exercised, the premium recognized is cancelled against results of the year, also under "Gains/losses on financial assets and liabilities".

Recognized options that represent rights are presented, without offsetting, as a debit balance under the heading "Derivatives". Recognized options that represent obligations are presented, without offsetting, as a credit balance under the liability heading "Derivatives".

Trading option contracts are recorded in memorandum accounts at their exercise price, multiplied by the number of securities, distinguishing between options traded on the stock market from over-the-counter transactions, in order to control risk exposure.

All valuation gains or losses recognized before the option is exercised or before its expiration, are treated as unrealized and are not capitalized or distributed to stockholders until realized in cash.

Swaps:

A swap contract is an agreement between two parties establishing a bilateral obligation for the exchange of a series of cash flows within a specified period and on previously determined dates.

Monex, S.A.B. recognizes in the consolidated balance sheet an asset and a liability arising from the rights and obligations of the contractual terms at fair value, valued at the present value of the future cash flows to be received or delivered according to the projection of the implicit future rates to be applied, discounting the market interest rate on the valuation date using curves provided by the price vendor, which are reviewed by the market risk area.

Transaction costs that are directly attributable to the purchase of the derivative are recognized directly in results.

Subsequently, all derivatives other than hedging derivatives are valued at fair value without deducting any transaction costs incurred during the sale or any other type of disposal, recognizing the valuation effect in the results of the year.

If the counterparty credit risk of a financial asset related to the rights established in the derivatives is impaired, the book value must be reduced to the estimated recoverable value and the loss is recognized in the results of the year. If the impairment situation subsequently disappears, the impairment is reversed up to the amount of the previously recognized impaired loss, recognizing this effect in the results of the year in which this occurs.

A swap contract may be settled in kind or in cash, according to the conditions established.

The result of offsetting the asset and liability positions, whether debit or credit, is presented as part of the heading "Derivatives".

Hedging derivatives

Management enters into transactions with derivatives for hedging purposes using swaps.

Financial assets and liabilities which are designated and fulfill the requirements to be designated as hedged items, as well as financial derivatives which form part of a hedging relationship, are recognized in conformity with the hedge accounting provisions for the recognition of the gain or loss on the hedging instrument and of the hedged item in conformity with that established in Accounting Criterion B-5, *Derivatives and hedging transactions*, issued by the Commission.

A hedge relationship qualifies for designation as such when all of the following conditions are fulfilled:

- Formal designation and sufficient documentation of the hedging relationship.
- The hedge should be highly effective in achieving the offsetting of the changes in fair value or in the cash flows attributable to the risk covered.
- For cash flow hedges, the forecast transaction proposed for hedging should be very likely to occur.
- The hedge should be reliably measurable.
- The hedge should be valued continuously (at least quarterly).

All the derivatives for hedging purposes are recognized as assets or liabilities (depending on the rights and/or obligations they contain) on the consolidated balance sheet, initially at fair value, which is the price agreed in the transaction.

The result of offsetting the asset and liability positions, whether debit or credit, is presented separately from the primary position hedged and forms part of the heading "Derivatives" on the consolidated balance sheet and the interest accrued is recorded in the consolidated statements of income under the heading "Interest income" or "Interest expense".

Derivatives transactions for hedging purposes are valued at market price and the effect is recognized depending on the type of accounting hedge, as follows:

a. Fair value hedges - Represents a hedge against exposure to changes in the fair value of recognized assets or liabilities or of firm commitments not recognized, or a portion of both, which is attributable to a specific risk and which may affect the results of the year.

   The primary position of the risk hedged and the derivative hedge instrument are valued at market price, with the net effect recorded in results of the year in the heading "Gains/losses on financial assets and liabilities".

   In fair value hedges, the adjustment to the book value for the valuation of the hedged item is presented in a separate heading on the consolidated balance sheet.

b. Cash flow hedges - Represents a hedge against exposure to variations in the cash flows of a forecast transaction which (i) is attributable to a specific risk associated with a recognized asset or liability, or with a highly probable event, and which (ii) may affect the result of the year. The hedged derivative instrument is valued at market price. The effective portion of the gain or loss on the hedge instrument is recorded in the other comprehensive profit and loss account as part of stockholders' equity and the ineffective portion is recorded in the results of the year as part of the "Gain/loss on financial assets and liabilities".

   The effective hedge component recognized in stockholders' equity associated with the hedged item, is adjusted to equal the lower (in absolute terms) of the accumulated gain or loss on the financial hedge derivative since its inception, and the accumulated change in the present value of the future cash flows expected from the hedged item since the inception of the hedge.

   Any residual gain or loss on the hedge instrument is recognized in the results of the year.

Monex, S.A.B. suspends hedge accounting when the derivative has matured, when is canceled or exercised, when the derivative is not sufficiently effective to offset the changes in the fair value or cash flows from the hedged item, when it is established that the forecast transaction will not occur, or when it is decided that the hedged designation will be canceled.

When fair value hedge accounting is no longer applied prospectively, any adjustment to the book value for the valuation of the hedged item attributable to the hedged risk, is amortized in the results of the year. The amortization is performed by the straight-line method over the remaining life of the item originally hedged.

When a cash flow hedge accounting is suspended, the accumulated gain or loss related to the effective portion of the hedge derivative that was recognized in stockholders' equity as part of comprehensive income during the period of time that the hedge was effective, remains in stockholders' equity until the effects of the forecast transaction affect results. If it is no longer probable that the forecast transaction will occur, the gain or loss that was recognized in the comprehensive income account is recorded immediately in the results. When the coverage of a forecast transaction is demonstrated to be effective on a prospective basis and subsequently is not highly effective, the accumulated gain or loss for the effective portion of the hedge derivative that was recognized in stockholders' equity as part of comprehensive income during the period that the hedge was effective, is reclassified proportionally to results, when the forecast transaction is affected in the results.

Derivatives packages listed on recognized markets as a single instrument are recognized and valued collectively (i.e., without disaggregating each financial derivative individually). Derivatives packages not listed on a recognized market are recognized and valued on a disaggregated basis for each derivative that comprises such packages.

The result of offsetting the asset and liability positions, whether debit or credit, is presented separately from the primary position hedged, as part of the heading "Derivatives" on the consolidated balance sheets.

Embedded derivatives **-** An embedded derivative is a component of a hybrid (combined) financial instrument that includes a non-derivative contract (known as the host contract) in which certain cash flows vary in a manner similar to that of a standalone derivative. An embedded derivative causes certain cash flows required by the contract (or all cash flows) to be modified according to changes in a specific interest rate, the price of a financial instrument, an exchange rate, a price or rate index, a credit rating or credit index, or other variables allowed by applicable laws and regulations, as long as any non-financial variables are not specific to a portion of the contract. A derivative that is attached to a financial instrument but that contractually cannot be transferred independently from that instrument or that has a different counterparty, is not an embedded derivative but a separate financial instrument (i.e. structured transactions).

An embedded derivative is separated from the host contract for purposes of valuation and to receive the accounting treatment of a derivative, only if all the following characteristics are fulfilled:

a. The economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
b. A separate financial instrument that has the same terms of the embedded derivative would meet the definition of a derivative, and
c. The hybrid (combined) financial instrument is not valued at fair value with changes recognized in results (for example, a derivative that is not embedded in a financial asset or a financial liability valued at fair value should not be separated).

The effects of the valuation of embedded derivatives are recorded under the same heading in which the host contract is recorded.

A foreign currency embedded derivative in a host contract, which is not a financial instrument, is an integral part of the agreement and therefore clearly and closely related to the host contract provided that it is not leveraged, does not contain an optional component and requires payments denominated in:

- The functional currency of one of the substantial parties to the contract;
- The currency in which the price of the related good or service that is acquired or delivered is regularly denominated for commercial transactions around the world;
- A currency which has one or more characteristics of the functional currency for one of the parties.

There is no established valuation of the embedded derivatives denominated in foreign currency contained in contracts when such contracts require payments in a currency commonly used to purchase or sell nonfinancial items in the economic environment in which the transaction is carried out (for example, a stable and liquid currency commonly used in local transactions, or in foreign trade).

Foreign currency transactions - Foreign currency transactions are recorded at the exchange rate in effect on the transaction date. Assets and liabilities denominated in foreign currency are adjusted at the year-end exchange rates determined and published by the Central Bank.

Gain and losses from foreign currency transactions are translated at the exchange rate in effect on the transaction date, except for transactions carried out by the foreign subsidiaries, which are translated at the fix exchange rate at the end of each period.

Foreign exchange fluctuations are recorded in the consolidated statements of income of the year in which they occur.

Commissions collected and related costs and expenses - The commissions collected for the initial granting of the loans are recorded as a deferred credit under the heading "Deferred charges and income received in advance", which is amortized against results of the year in the heading "Interest income" using the straight-line method over the loan term.

The commissions collected for loan restructurings or renewals are added to any commissions recorded at loan origination and are recognized as a deferred credit which is amortized in results using the straight-line method over the new loan term.

The commissions recognized after the initial granting of the loans are those incurred as part of the maintenance of such loans, or those collected on loans which were not placed and are recognized in results at the time they occur.

Incremental costs and expenses associated with the initial granting of the loan are recognized as a deferred charge, which are amortized to net results as "Interest expense" during the same accounting period in which the revenues from commissions collected are recognized.

Any other cost or expense different from those described above, including those related to promotion, advertising, potential customers, management of existing loans (follow-up, control, recoveries, etc.) and other secondary activities related to the establishment and monitoring of credit policies, is recognized directly in the results of the year as it is accrued and classified in accordance with the nature of the cost or expense.

Performing loan portfolio - Monex, S.A.B. applies the following criteria to classify loans within performing portfolio:

- Loans that are current in the payments of both principal and interest.
- Loans with extension of the loan payment, as well as those loans with payment of principal and overdue interest which had not classified as non-performing portfolio, and
- Restructured or renewed loans, which were previously classified as non-performing loan portfolio, which have evidence of sustained payment.

Non-performing loan portfolio - Integrated by loans:

1. If the borrowers are declared bankrupt, except for those loans:

    i. For which Monex, S.A.B. continues to receive payment under the terms of section VIII of Article 43 of the Bankruptcy Law, or
    ii. That are granted under Article 75 in relation to Sections II and III of Article 224 of the previous mentioned Law.

2. Loans for which payments of principal, interest or both, have not been received in accordance with the originally agreed terms, considering for this purpose the policies for the transfer to non-performing loan portfolio.

Transfer to non-performing loan portfolio

The unpaid balance in accordance with the payment conditions established in the loan agreement will be recorded as non-performing loans when:

1. It is known that the borrower is declared insolvent, in accordance with the Bankruptcy Law.

   Notwithstanding the provisions within this section, loans for which the Monex S.A.B. continue receiving payments under terms of section VIII of article 43 of the Bankruptcy Law, as well as the loans granted under article 75 in relation to sections II and III of article 224 of the previous mentioned Law, will be transferred to non-performing loan portfolio when they fall under the conditions set forth in the following numeral 2 below, or

2. Repayments that were not fully settled under the terms originally agreed, with the following characteristics:

   a) Loans with a single payment of principal and interest at maturity present 30 calendar days after the date of maturity.
   b) Loans with a single payment of principal at maturity and with periodic interest payments present 90 calendar days after interest is due or 30 calendar days after principal is due.
   c) Loans, including housing loans, whose principal and interest payments have been agreed in periodic installments present 90 calendar days after they become due.
   d) Revolving loans for which the borrower has failed to render payment on two monthly billing periods, or, if the billing period is different from monthly, are 60 or more calendar days after overdue.
   e) Immediate collection documents referenced in accounting criteria B-1 “Funds available” will be reported in the non-performing portfolio at the date of the overdraft.

3. Repayments that were not fully settled under the terms originally agreed and present 90 or more days in arrears:

   a) Payments for loans acquired from INFONAVIT or FOVISSSTE, based on the respective payment modality (REA or ROA), as well as.
   b) Loans made to individuals intended for remodeling or improvement of the home for non-profit-making purposes which are backed by the savings from the housing subaccount of the borrower.

The transfer to non-performing portfolio of the loans referred to in numeral 3 will be subject to the exceptional deadline of 180 or more days in arrears from the date that:

a. The loan resources are used for the purpose for which they were granted;
b. The borrower begins a new employment relationship for which they have a new employer, or
c. Monex S.A.B. has received partial payment of the respective installment. The exception contained in this subsection will be applicable when it refers to loans under the ROA scheme, and each of the installments made during such period represent at least 5% of the payment agreed.

The exceptions will not be mutually exclusive.

In respect of the maturities referred to in paragraphs 2 and 3 of the preceding subparagraphs, monthly periods may be used, irrespective of the number of days each calendar month has, in accordance with the following equivalences:

30 days	One month
60 days	Two months
90 days	Three months

Furthermore, in the event that the fixed term expires on a non-business day, this period will be understood to be the next working day.

For loan portfolio acquisitions, in order to determine the days in arrears and the respective transfer to non-performing loan portfolio, any defaults committed by the borrower since the origination of the loan must be considered.

Classification of loan portfolio and allowance for loan losses - Monex, S.A.B. has classified its loan portfolio as follows:

a. Commercial: Direct or contingent loans, including bridge loans denominated in Mexican pesos, foreign currency, investment units (“UDIS”) or multiples of the minimum wage (“VSM”), together with any accrued interest, which are granted to corporations or individuals with business activities and are used in connection with commercial or corporate activity; includes loans granted to financial entities, other than interbank loans with maturities of less than 3 business days, loans arising from financial factoring, discounts and the assignment of credit rights and leasing transactions executed with such corporations or individuals; loans granted to trustees who act under the protection of trusts, and the credit schemes commonly known as “structured”. This classification also includes loans granted to states, municipalities and their decentralized agencies when are subject to qualification in accordance with the applicable provisions.

b. Housing loans: Direct loans denominated in Mexican pesos, foreign currency, UDIS or in VSM, and the interest they generate, granted to individuals and intended for acquisition or construction, remodeling or improvement of homes for non-profit-making purposes; they also include cash loans guaranteed by the home of the borrower and loans granted for such purposes to former employees of Monex, S.A.B.

Monex, S.A.B. recognizes reserves created to credit risks in accordance to the following:

Commercial loan portfolio:

The allowance for loan losses of each loan is determined by applying the following formula:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri = Amount of reserves to be created for the nth loan.
PIi = Probability of default of the nth loan.
SPi = Severity of loss of the nth loan.
EIi = Exposure to default of the nth loan.

Default Exposure (EI) is the balance of revocable credit lines plus the unused portion of irrevocable credit lines. The Probability of Default (PI) is the probability of customer default, which considers quantitative and qualitative information, Monex, S.A.B. classifies the commercial loan portfolio in groups to calculate the PI. The Loss Severity (SP) is the percentage of the EI that would be lost in the event of loan default and depending on the loan enhancements and portfolio type.

The parameter EI, should be calculated each month, the PIi; and the SPi at least each quarter.

I. *Probability of default*

The probability of default of each loan (PI i), is calculated using the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - TotalCreditScore_i) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:

1. The total credit score of each borrower will be obtained by applying the following:

$$\text{Total CreditScore}_i = \alpha \times (\text{QuantitativeCreditScore}) + (1-\alpha) \times (QualitativeCreditScore_i)$$

Where:

Quantitative Credit Score i = Is the score obtained for the nth borrower when evaluating the risk factors.
Qualitative Credit Score i = Is the score obtained for the nth borrower when evaluating the risk factors.

α = Is the relative weight of the quantitative credit score.

The Loss Severity (SP_i) for commercial loan portfolio and which lack actual or personal guarantees and those derived from the loan itself will be:

a. 45% to loans which lack actual or personal guarantees and those derived from the loan.
b. 75% to syndicated loans. In those contractually subordinated to those of other creditors for payment prioritization purposes.
c. 100% for loans with payments that are 18 or more months in arrears based on the originally agreed terms.

Monex, S.A.B. may recognize real guarantees, personal guarantees, and credit derivatives in the estimation of the Severity of the Loss on the loans, for the purpose of decreasing the loan reserves originated by the loan portfolio rating. In any case, it may elect to not recognize the guarantees if they result in larger loan reserves. For such purpose, the Accounting Criteria established by the Commission are applied.

II. *Default exposure*

The default exposure of each loan (EI_i) is determined by considering the following factors:

i) Uncommitted credit lines that can be unconditionally canceled or automatically canceled at any time without giving prior notice.

$$EI\ i = Si$$

ii) For the other credit lines:

$$EI_i = S_i * Max\left\{\left(\frac{S_i}{AuthorizedLineofCredit}\right)^{-0.5794}, 100\%\right\}$$

Where:

Si: The unpaid balance of the nth loan at the classification date, which represents the amount of loan granted to the borrower, adjusted for accrued interest, less payments of principal and interest, as well as debt reductions, forgiveness, rebates and discounts granted.

In any case, the amount subject to the classification must not include uncollected accrued interest recognized in memorandum accounts on the balance sheet, for loans classified in non-performing portfolio.

Authorized Line of Credit: The maximum authorized amount of the line of loan at the classification date.

The allowance for loan losses of commercial loan portfolio of a Multiple Purpose Financial Entity, in which the institutions held less than 99% of their capital stock, is calculated by multiplying the exposure to default by 0.5% in accordance with the Accounting Criteria.

Loans granted under the terms of the Bankruptcy Law

In the case of loans granted under the terms of section II of article 224 of the Bankruptcy Law, the Severity of the Loss is subject to the following treatment:

$$SP_i = Max\left(Min\left(1 - \frac{CreditEnhancements + AdjustedNetWorth}{Si}, 45\%\right), 5\%\right)$$

Where:

Credit Enhancements = The credit enhancements provided pursuant to article 75 of the Bankruptcy Law by applying, as the case may be, the required adjustment factors or discount percentages based on each type of admissible enhancement.

Adjusted Net Worth = Net Worth, as defined by the Bankruptcy Law, after deducting the amount of obligations referred to by section I of article 224 of the mentioned Law and applying a 40% discount to the resulting amount.

Si = The outstanding balance of loans granted under the terms of section II of article 224 of the Bankruptcy Law at the rating date.

In the case of loans granted under the terms of section III of article 224 of the Bankruptcy Law, the Severity of the Loss is subject to the following treatment:

$$SP_i = Max\left(Min\left(1 - \frac{AdjustedNetWorth}{Si}\ 45\%\right), 5\%\right)$$

Where:

Adjusted Net Worth = Net Worth, as defined by the Bankruptcy Law, by deducting the amount of the obligations referred to by sections I and II of article 224 of the mentioned Law and applying a 40% discount rate to the resulting amount.

Si = The outstanding balance of loans granted under the terms of section III of article 224 of the Bankruptcy Law at the rating date.

Housing loan portfolio:

When classifying the housing loan portfolio, Monex, S.A.B. considers the type of loan, the estimated probability of default of the borrowers, the severity of the loss associated with the value and nature of the loan's collateral and the exposure to default.

Furthermore, Monex, S.A.B. rates, calculates and records the allowances for loan losses on the housing loan portfolio as follows:

Due and Payable Amount- Amount which the borrower is obligated to pay in the agreed billing period without considering any previous due and payable amounts that were not paid. If the billing is semi-monthly or weekly, the due and payable amounts of the two semi-monthly payments or four weekly payments in the month, respectively, must be added up so that the due and payable amount reflects a monthly billing period.

The discounts and rebates may reduce the due and payable amount only when the borrower complies with the conditions required in the credit contract for such purpose.

Payment made- Includes total payments made by the borrower in the billing period. Write-offs, reductions, amounts forgiven, rebates and discounts made to the loan or group of loans are not considered as payments. If the billing is semi-monthly or weekly, the two semi-monthly payments or four weekly payments of a month, respectively, must be added up so that the payment made reflects one full monthly billing period. The variable "payment made" must be greater than or equal to zero.

Credit Balance S_i - The unpaid balance at the classification date, which represents the amount of the loan granted to the borrower, adjusted for accrued interest, less any insurance payments which were financed, collections of principal and interest, as well as reductions, amounts forgiven, rebates and discounts granted, as the case may be.

Days in arrears- Number of arrears observed at the calculation date of reserves.

Times: Number of times that the borrower pays the original amount of the loan. This number will be the coefficient resulting from dividing the sum of all the scheduled payments at the time of origination, by the original amount of the loan.

If the loan payments consider a variable component, Monex, S.A.B.'s best estimate will be used to determine the value of the sum of all the scheduled payments that the borrower has to make. The value of such sum cannot be less than or equal to the original amount of the loan.

The total amount of the allowance for loan losses to be established by Monex, S.A.B. will be equal to the allowance for loan losses on each loan, as follows:

$$R_i = PI_i \times SP_i \times EI_i$$

Where:

Ri= Amount of allowance for loan losses to be created for the nth loan.
PI_i = Probability of default on the nth loan.
SPi = Severity of the loss on the nth loan.
EIi = Exposure to default on the nth loan.

Evidence of sustained payment*:*

If loans are recorded in non-performing loan portfolio, Monex, S.A.B. holds them in this classification until there is evidence of sustained payment, as follows:

1. Payment compliance by the borrower without arrears for the total due and payable amount of principal and interest, of at least three consecutive repayments under the loan payment scheme, or in the case of loans with repayments which cover periods longer than 60 calendar days, the settlement of one payment.

   In the case of loans which Monex, S.A.B. has acquired from the INFONAVIT, where the terms that the aforementioned agencies contracted with borrowers must be respected, sustained payment of the loan is deemed to exist when the borrower has covered without any arrears, the total due and payable amount of principal and interest, of at least one repayment of the loans under the Ordinary Repayment Regime (ROA) and three repayments for loans under the Special Repayment Regime (REA).

2. For loan restructurings with periodic payments of principal and interest whose repayments are lower than or equal to 60 days in which the periodicity of payment is modified to shorter periods, the number of repayments equivalent to three consecutive repayments under the original loan payment scheme must be considered. For loans which remain under a single payment scheme for principal at maturity, which are established in numeral 4 below will be applied.

3. In the case of consolidated loans, where two or more loans originated the transfer to non-performing loan portfolio, to determine the required repayments, the original loan payment scheme whose repayments are equal to the longest period in question must be applied.

   In any case, there must be evidence that the borrower has the capacity to pay at the time the restructuring or renewal is performed in order to fulfill the new credit conditions. The factors which must be considered include all of the following: the probability of intrinsic default by the creditor, the collateral established for the restructured or renewed loan, the payment priority in relation to other creditors and the liquidity of the borrower in light of the new financial structure of the loan.

4. In the case of loans with a single payment of principal at maturity, regardless of whether the payment of interest is periodic or at maturity, sustained payment of the loan is deemed to exist when either of the following assumptions is fulfilled:

   a. The borrower has covered at least 20% of the original amount of the loan at the time of the restructuring or renewal, or,

   b. The amount of accrued interest was covered in accordance with the restructuring or renewal payment scheme for a period of 90 days.

   The advance payment of the repayments of restructured or renewed loans, other than those with a single payment of principal at maturity, regardless of whether the interest is paid periodically or at maturity, is not considered evidence of sustained payment. Such is the case with repayments of restructured or renewed loans which are paid without the calendar day equivalent to the required periods having elapsed pursuant to numeral 1 above.

Distressed portfolio:

Monex, S.A.B. considers distressed portfolio commercial loans for which it is determined that, based on current information and events as well as the results of the loan review process, there is significant possibility that the outstanding principal and interest balances of the loan may not be recovered in full in accordance with the terms and conditions originally agreed. Both the performing and non-performing portfolio are likely to be identified as distressed portfolio.

Restructuring processes and renewals - A restructuring process is a transaction derived from any of the following situations:

a) The extension of the guarantees covering the loan in question, or

b) The modification of the original loan conditions or payment scheme, including the following:

   - The modification of the interest rate established for the remaining loan period;
   - The change of currency or unit of account, or
   - The concession of a grace period regarding the payment obligations established according to the original loan terms, or
   - Extension of the loan payment period.

A renewal occurs when the loan balance is settled partially or totally, through an increase in the original amount of the loan, or with the product derived from another loan contracted with the same entity, to which the same borrower is party, a joint obligor of such borrower or another person who due to his property links assumes common risks.

Notwithstanding the above, a loan will not be considered as renewed for the dispositions made during the effective term of a pre-established credit line, as long as the borrower has settled the total amount of the payments which are due and payable under the original conditions of the loan.

The specific standards related to the recognition of restructurings and renewals are as follows:

1. Non-performing loans which are restructured or renewed will remain in the non-performing loan portfolio until there is evidence of sustained payment.

2. Loans with a single payment of principal at maturity, regardless of whether the interest is paid periodically or at maturity, which are restructured during their term or renewed at any time, will be considered as non-performing portfolio until there is evidence of sustained payment.

3. Loans granted under a line of credit, whether revolving or not, which are restructured or renewed at any time, may be kept in the performing portfolio provided that there were elements to justify the payment capacity of the borrower. Additionally, the borrower must have:

   a. Settled the total due and payable interest, and
   b. Total payments required under the terms of the contract at the date of the restructuring or renewal, are covered.

4. In the case of dispositions made under a line of credit, when they are restructured or renewed independently from the credit line supporting them, they must be evaluated in accordance with the provisions based on the characteristics and conditions applicable to the restructured or renewed dispositions. When as a result of such analysis it is concluded that one or more of the dispositions made under a credit line should be transferred to non-performing loan portfolio due to the effect of their restructuring or renewal, and whether individually or collectively, represent at least 25% of the total balance exercised of the line of credit at the date of the restructuring or renewal, such balance, as well as subsequent dispositions, must be transferred to non-performing loan portfolio as long as there is no evidence of sustained payment of the dispositions which originated the transfer to non-performing loan portfolio. Also, the total dispositions made under the line of credit have complied with the due and payable obligations at the date of the transfer to performing loan portfolio.

5. Performing loans with characteristics different from those indicated in the numerals 2 to 4 above that are restructured or renewed, without at least 80% of the original term of the credit having elapsed, will be considered still valid, only when:

   a) The borrower has settled the total amount of the accrued interest at the date of the renewal or restructuring, and

   b) The borrower has settled the principal of the original amount of the loan, which should have been settled at the date of the renewal or restructuring.

   In case of non-compliance with all the conditions described in the preceding numeral, loans will be considered as non-performing loan portfolio since the time they are restructured or renewal until there is evidence of sustained payment.

6. Performing loans with characteristics different from those established in numerals 2 to 4 which are restructured or renewed during the course of the final 20% of the original loan term, will be considered as performing only when the borrower has:

   a) Settled the total interest accrued as of the date of the renewal or restructuring;
   b) Settled the principal of the original amount of the loan, which should have been settled as of the date of the renewal or restructuring, and
   c) Settled the 60% of the original amount of the loan.

In case of non-compliance with all the conditions described in the preceding numeral, they will be considered as non-performing loan portfolio from the moment they are restructured or renewed until there is evidence of sustained payment.

The requirements referred to the numerals 5 and 6 of subsection a) above, will be considered as fulfilled when, after the interest accrued as of the last cutoff date has been settled, the term elapsed between such date and the restructuring or renewal does not exceed the lower of half the payment period in question or 90 days.

Performing loans with partial periodic payments of principal and interest restructured or renewed on more than one time, may remain in performing loan portfolio if, in addition to the conditions established in numerals 5 or 6 above, as the case may be, Monex, S.A.B. has elements to substantiate the payment capacity of the borrower. Elements must be clearly documented and included in the loan file in the case of commercial loans.

If in a restructuring or renewal, different loans granted to the same entity to the same borrower are consolidated, each of the consolidated loans must be analyzed as if they were restructured or renewed separately and, if as a result of such analysis it is concluded that one or more of such loans would have been transferred to non-performing loan portfolio as a result of such restructuring or renewal, the total balance of the consolidated loan must be transferred to non-performing loan portfolio.

The previously mentioned rule shall not apply to those restructurings which at the transaction date submit payment default for the total amount of the principal and interest and only modify one or more of the following original loan conditions:

- Guarantees: only when they involve the extension or substitution of guarantees by others of better quality
- Interest rate: when the interest rate to the borrower is improved.
- Currency or unit of account: whenever that the exchange rate corresponding to the new currency or unit of account is applied.
- Payment date: Only in the case that the change does not imply to exceed or modify the frequency of the payments. In any case shall the change of the payment date musn't allow the omission of payment in any period.

Main policies and procedures established for the granting, acquisition, assignment, control and recovery of loans, together with those related to credit risk evaluation and follow-up

Credit policies are based on clear strategies related to the portfolio, subscription, management and supervision, including the structural typology of loans and specific acceptance and risk rating criteria. These policies have the principal feature of being permanent and mandatory, and are supported by careful credit management processes ranging from their disbursement, control and follow-up until recovery.

The following main policies have been established to ensure the adequate behavior of the current loan portfolio:

- ***Financial Health***: A loan must be recovered at the maturity date.
- ***Profitability***: Loans must be sufficiently profitable.
- ***Serve the Public Interest***: Loans that could expose the Bank to public criticism must be avoided.
- ***Diversification***: The Portfolio must be diversified by borrower or group of borrowers representing a common risk and the economic sector.
- ***Structure***: Loans must fulfill certain criteria as regards their duration, currency, prices and guarantees detailed in policies and procedures manuals.
- ***Prohibited Actions***: none of the following actions must be performed:
    - Continuing to grant loans to a debtor with no payment capacity is prohibited.
    - Granting loans for amounts exceeding maximum financing limits, whether internal or regulatory, is prohibited.
- ***Eligible Borrowers***: Are all the individuals or entities listed in policies applicable to the commercial strategy and which have the characteristics contained in policies and procedures manuals.

- ***Industries / Persons or Companies that are not aligned with the Financing Objective***: granting credit to individuals or entities whose line of business or commercial activity does not form part of the financing objective of Monex, as indicated in the different policies and procedures manuals, should be avoided.
- ***Financing limits***: compliance with the following internal/external limits, which are detailed in the different policies and procedures manuals, must be verified.
- ***Follow-up, recovery and collection***: Specific policies and procedures have been established to allow these processes to contribute to minimizing the portfolio risk and maximizing its recovery.

Main policies and procedures related to the granting of restructurings and renewals, including restructurings or renewals that consolidate different credits granted by the same entity to the same borrower, as well as the elements considered as evidence of sustained payment

The purpose of establishing the restructuring process is to enhance the credit structure and position of Monex, S.A.B., based on a premise that is does not always reflect a solvency problem:

- Contribute to the borrower's financial and operating health
- Favor medium or long-term credit recovery
- Preserve sources of payment
- Give and/or strengthen guarantees as regards to those originally agreed (Obtain, perfect, substitute or increase guarantees)
- Promote favorable conditions for preventing credit impairment or resolving a distressed loan.

In the case of a restructuring process, whether for preventive reasons or due to default, Monex, S.A.B. evaluates, reviews and considers the following:

1. The determination of the borrower and partners with regard to the difficulty
2. Review the documentation of the borrower and loan to be restructured
3. Credit quality (credit bureau and legal bureau)
4. The market, technical, financial and administrative conditions of the borrower.
5. Assessment of the problem (temporary or permanent)
6. Is a capital injection possible?
7. Actual cash generation
8. Labor, technological, legal and tax problems
9. History with other creditors

In the case of a restructuring, the loan must receive special supervision, while continuing its administrative management until sustained payment is evidenced, because the loan is located in the non-performing portfolio, or based on the exit, renewal or restructuring scheme.

Other receivables and payable accounts, net - Mainly represent receivable or payable amounts derived from the purchase-sale of currencies in which immediate settlement was not agreed (value date exchange transactions). These transactions are recorded on the day they are agreed and settled within a period of 24, 48, 72 or 96 hours.

Monex, S.A.B. has a policy of reserving in the results those receivable accounts identified and not identified within 90 days and 60 days after the initial recognition, respectively.

The income is recorded on an accrual basis and the accumulation of accrued income is maintained at the moment in which the debit present 90 or more calendar days of payment default.

Foreclosed assets, net - Foreclosed assets are recorded at the lower of their cost or fair value after deducting the strictly indispensable cost and expenses incurred for their foreclosure. In the case of foreclosures, the cost is the amount determined for foreclosure purposes while, in the case of payments in kind, it is the price agreed between the parties.

Monex, S.A.B. prepares estimates for the book value of these assets based on the percentages established by the Commission by asset type (movable goods or real property) according to the time elapsed as of the date on which the foreclosure or payment in kind occurs.

Monex, S.A.B. creates additional quarterly provisions for assets foreclosed legally, out-of-court or received as payment in kind, whether movable goods or real property, together with collection rights and securities investments, according to the following procedure:

- In the case of collection rights and movable goods, the amount of the reserves to be created will be the result of applying the respective reserve percentage, as detailed in the following table, to the value of the collection rights or movable goods obtained according to the Accounting Criteria.

Reserves for collection rights and movable goods	
Time elapsed since the foreclosure or payment in kind (months)	Reserve percentage
Up to 6	0%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

- Securities investments must be valued according to the provisions of Criterion B-2, Securities Investments, of the Accounting Criteria, with annual audited financial statements and monthly reports.

  Once foreclosures or payments in kind have been valued, the reserves resulting from applying the percentages detailed in the table contained in section I of Article 132 of the Provisions must be created based on the estimated value referred to in the preceding paragraph.

- In the case of real property, the amount of the reserve to be created will be the result obtained by applying the reserve percentage detailed in the table contained in this section to the foreclosure value of the real property obtained according to the Accounting Criteria.

Real property reserves	
Time elapsed since the foreclosure or payment in kind (months)	Reserve percentage
Up to 12	0%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%
More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

If subsequent valuations of the foreclosure or payment in kind result in the recording of a decreased amount in accounting for the value of the collection rights, securities, movable goods or real property, the allowance for loan losses percentages referred to by Article 132 of the Provisions may be applied to this adjusted value.

Property, furniture and equipment, net - Property, furniture and equipment are recorded at acquisition cost. The related depreciation and amortization are recorded by applying a percentage determined based on their estimated economic useful life.

Maintenance costs and repairs are recorded in results as they are incurred.

Investments in share of associates - Permanent investments made by Monex, S.A.B. in entities where it has neither control, nor joint control, nor significant influence, are initially recorded at acquisition cost. Any dividends received are recognized in current earnings, except when they are taken from earnings of periods prior to the acquisition, in which case, they are deducted from the permanent investment.

Other assets - They are mainly represented by software, prepayments, operating deposits and intangible assets generated as part of the of Tempus and Monex Europe acquisitions.

The amortization of the software and the assets with finite useful lives is calculated using the straight-line method recording them in operative expenses, updating their corresponding rates, over their estimated economic useful life.

Furthermore, the heading "Other assets" includes financial instruments of the pension and retirement fund held in a trust administrated by Monex, S.A.B. Those investments in the fund are maintained to cover the obligations for pension plan and seniority premiums of employees.

Investments in securities acquired to cover pension plan and seniority premium are recorded at fair value.

For the purposes of presentation in the consolidated financial statements, if the investment in securities acquired to cover the pension plan and seniority premium exceed the liability recognized, such excess will be presented under the heading of "Other assets". If assets are less than related obligations, such balance is included in the heading "Sundry creditors and other payables". As of December 31, 2021, 2020 and 2019, the balance applicable to Monex, S.A.B. is presented by increasing the heading of "Sundry creditors and other payables".

Goodwill - Goodwill was mainly attributable to the excess of the purchase price paid over the fair value of the net assets of Tempus and Monex Europe as of their acquisition date (November 23, 2010 and July 2, 2012, respectively), which is not amortized but is subject to impairment tests at least once a year.

Impairment of long-lived assets in use - Monex, S.A.B. reviews the book value of long-lived assets in use for impairment when there are indicators that the net book value of the assets may not be recoverable. The impairment is recorded to the extent that the book value of the asset exceeds the recoverable amount, which is defined as the higher of the present value of net future cash flows or the estimated sales price. The impairment indicators considered for this purpose are, among others, operating losses or negative cash flows generated during the period which, if combined with a history or projection of losses, depreciation and amortization charged to results as revenue percentages, are significantly higher than those of prior years, the services rendered, competition and other economic and legal factors. As of December 31, 2021, 2020 and 2019, the management of the Monex, S.A.B. has not identified impairment of long-lived assets.

Deposits - This heading is comprised of demand deposits, including checking account, funds, saving accounts and current account deposits.

The deposits include, among others, certificates of deposit removable preset days and promissory notes payable at maturity, such deposits shall be presented into the consolidated balance sheets as of the general public and raised through money market transactions, the latter referring to deposits made with other financial intermediaries, as well as treasuries of corporations and government entities.

The debt securities issued will be presented as a separate category, as part of these, bank bonds.

Interest is recognized in results when accrued.

The global account for inactive deposits includes the principal and interest on deposit instruments which do not have a date of maturity, or which, if they do, are renewed automatically, as well as transfers or investments which are overdue or unclaimed, as referred to in article 61 of the Credit Institutions Law.

Securitization certificates - Include certificates issued through a public offering by Monex, S.A.B. and the the Bank and the interest are recognized in results when incurred.

Bank loans and other loans - Direct short loans received from Mexican banks are recorded under this heading, as well as loans obtained from development banks. Interest is recognized in results when accrued.

Obligations arising from settlement of transactions - Represent amounts payable for currency purchase-sale transactions in which no immediate settlement is agreed, (foreign exchange trading value date). They are recorded on the day they are negotiated and settled within 24, 48, 72 or 96 hours.

Sundry creditors and other payables - Provisions are recognized when there is a present obligation derived from a past event, that probably represents a cash flow of economic resources, and can be reasonably estimated.

Employee benefits - Employee benefits are those granted to personnel and/or their beneficiaries in exchange for the services rendered by the employee, which include all kinds of remuneration earned, as follows:

i. *Direct employee benefits* **-** Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly commissions, bonus and other incentives.

ii. *Post-employment benefits* - Liabilities for seniority premiums, pensions and severance for voluntary or involuntary termination benefits are recorded as accrued and are calculated by independent actuaries based on the projected unit credit method using nominal interest rates.

iii. *Employee benefit from termination* **-** The benefits for termination of the employment relationship which do not generate assumed obligations are recorded at the time that: a) Monex, S.A.B. no longer has any real alternative other than to fulfill the payments of such benefits or cannot withdraw an offer or b) Monex, S.A.B. fulfills the conditions established for a restructuring.

iv. *Statutory employee profit sharing (PTU***)*** **-** PTU is recorded in the results of the year in which it is incurred.

PTU is determined by applying the 10% rate to Taxable Income determined in accordance with article 9 of the Income Tax Law and must be subsequently matched with the maximum limit equal to three months of the worker’s salary or the average PTU received during the last three years, whichever is more favorable. If this 10% exceeds the most favorable amount, the PTU to which the worker is entitled will be equal to three months of their salary or the average PTU amount of the last three years, as the case may be.
Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

As of December 31, 2021, 2020 and 2019, the PTU is determined based on taxable income pursuant to fraction I of article 9 of the Income Tax Law.

Income taxes - Income tax (“ISR”) is recorded in the results of the year in which incurred. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

Transactions in foreign currencies - Transactions in foreign currencies are recorded at the exchange rate in effect at the date of completion. Monetary assets and liabilities in foreign currencies are valued in Mexican pesos at the Close of business exchange rate and Fix exchange rate published by the Central Bank at the consolidated financial statements date. Exchange differences are recorded in results.

The income and expenses derived from transactions denominated in foreign currency are converted by using the exchange rate in effect at the date of each transaction.
Exchange rate fluctuations are recorded in the results of the period in which they occur.

Financial margin - The financial margin of Monex, S.A.B. is composed of the difference between total interest incomes less interest expense.

Interest income is composed of the yields generated by the loan portfolio, based on the terms established in the contracts executed with the borrowers, the agreed interest rates, the repayment of interest collected in advance, and the premiums or interest on deposits in financial entities, bank loans, margin accounts, investments in securities, repurchase agreements and securities loans, as well as debt placement premiums, commissions charged on initial loan grants, and net equity instrument dividends.

Penalty interest related to the overdue portfolio is recorded in results when collected, with accrued interest controlled through memoranda accounts. Interest generated by financial instruments is applied to results as it is accrued.

Interest expense is composed of premiums, discounts and interest on deposits with Monex, S.A.B., bank loans and repurchase agreements. The amortization of costs and expenses incurred during the origination of the loan is also included under interest expense.

Commissions and fees - The commissions and fees generated by transactions performed with customers' securities are recorded when the transaction is agreed.

Gains/losses on financial assets and liabilities–

Valuation result

Is derived from the valuation result based on the fair value of securities, the instruments receivable or deliverable in repurchase transactions, operations involving held-for-trading instruments, as well as the result of the purchase-sale of securities, derivative financial instruments and currencies.
Result of the purchase-sale of securities

Gains or losses resulting from transactions in the purchase and sale of securities and currencies ("Profit on sale" and/or "Loss on sale") are recorded in the income statement when the transactions are carried out.

Profit per share - The basic profit per share of each period has been calculated by dividing the controlling interest net income from continuing operations by the weighted average of the outstanding shares of each year, while giving a retroactive effect to the shares issued due to the capitalization of premiums or retained earnings.

Information by segment - Monex S.A.B has identified the operating segments of its different activities by considering each segment as a component within its internal structure with specific risk/return opportunities. These components are regularly revised so as to allocate adequate monetary resources for their operation and evaluate their performance.

Expenses - Expenses are recognized as they accrue.

Consolidated statements of cash flows - In accordance with the Criteria D-4 issued by the Commission, the statement of cash flows shows the sources of cash and cash equivalents, as well as the disbursements to settle obligations.

The consolidated statement of cash flows together with the rest of the consolidated financial statements provides information that allows:

- Evaluate of changes in the assets and liabilities of Monex, S.A.B. and in its financial structure.
- Evaluate of the amounts and dates of collection and payments to adapt to the circumstances and the opportunities to generate and/or apply cash and cash equivalents.

Memorandum accounts -

- *Customer banks and securities held in custody, guarantee and administration:*

  Customer's cash and securities held in custody, guarantee and administration by Monex, S.A.B. are recognized at their fair value in memoranda accounts and represent the maximum amount for which Monex, S.A.B. is liable as regards its customers based on future events.

  a. Cash is deposited with credit institutions in checking accounts other than those registered in the name of Monex, S.A.B. The checking accounts are destined only to manage the cash of the costumers of Monex, S.A.B.
  b. Securities held in custody and administration are deposited in S.D. Indeval, S.A. de C.V. (S.D. Indeval).

  Monex, S.A.B. records transactions performed in customers' names when each transaction is agreed, regardless of its settlement date.

- *Contingent assets and liabilities:*

  This heading represents economic sanctions imposed by the Commission or any another administrative or judicial authority for as long as Monex, S.A.B. does not comply with the payment obligation of such sanctions or has not initiated an appeal.

- *Credit commitments:*

  This item represents the amounts of letters of credit granted by Monex, S.A.B., which are considered irrevocable commercial credit. It includes the lines granted to clients.

  Items under this account are subject to qualification.

- *Assets in trust or mandate (Unaudited):*

  Different management trusts are kept to independently account for assets in trust received. In the Mandate is recorder the declared value of the assets established by the mandate contracts celebrated by Monex, S.A.B.

- *Goods in custody or under administration (unaudited):*

  This account is used to record the movement of third-party goods and securities received in custody or for administration by Monex, S.A.B.

- *Collateral received:*

  The balance is composed of all collateral received in repurchase transactions in which Monex, S.A.B. is the buying party.

- *Collateral received and sold or pledged as guarantee:*

  The collateral received when Monex, S.A.B. was the buying party, and which was in turn sold by Monex, S.A.B. when it was the selling company, is included.

- *Uncollected interest earned on non-performing loan portfolio (Unaudited):*

  Represents the interests accrued not collected of non-performing loan portfolio, as well as the financial revenues accrued not collected.

- *Other record accounts (Unaudited):*

  This account includes loan amounts by determined level of risk and not qualified, as well as securities and derivative operations.

4. Funds available

As of December 31, 2021, 2020 and 2019, funds available were as follows:

Funds available	2021 Mexican pesos	2021 Foreign currency	2021 Total	2020 Total	2019 Total
Cash	$ 7	$ 27	$ 34	$ 31	$ 42
Deposits in banks	8,491	7,615	16,106	13,056	11,357
Immediate collection documents	1	7	8	37	2
Remittance	-	1	1	-	2
Auction funds available	5,000	-	5,000	705	300
Foreign currency sale from 24 to 96 hours (1)	-	(23,241)	(23,241)	(22,481)	(11,649)
	13,499	(15,591)	(2,092)	(8,652)	54
Restricted funds available:					
Foreign currency purchase from 24 to 96 hour (1)	-	23,241	23,241	22,843	18,043
Regulatory monetary deposits (2)	39	-	39	388	439
	39	23,241	23,280	23,231	18,482
Total net	$ 13,538	$ 7,650	$ 21,188	$ 14,579	$ 18,536

As of December 31, 2021, Monex S.A.B. presented a credit balance that is primarily composed by the net deliverable currency balance of $198. This balance was generated because, when consolidating the Group based on intercompany eliminations in conformity with Criterion B-8, "Consolidated or combined financial statements", deliverable currencies exceed receivable currencies. However, according to Criterion B-1, “Quick assets”, issued by the Commission, this balance was reclassified to the heading of “Sundry creditors and other accounts payable”.

(1) This item refers to currency purchase-sale transactions to be settled in 24 to 96 hours and which are considered as restricted until their settlement date. As of December 31, 2021, 2020 and 2019, balances denominated in foreign currency and the equivalent amounts in Mexican pesos are integrated as follows:

2021	Dollars	Euros	Sterling pounds	Others	Total
Total funds available					
Purchase of foreign exchange receivable in 24 to 96 hours (Mexican pesos)	$ 51,211	$ 106	$ 1	$ (28,077)	$ 23,241
Sale of foreign exchange to be delivered in 24 to 96 hours (Mexican pesos)	(27,197)	(393)	(7)	4,356	(23,241)
Total in funds available (Mexican pesos)	$ 24,014	$ (287)	$ (6)	$ (23,721)	$ -

The exchange rate as of December 31, 2021 was $20.5075, $23.3222 and $27.7805 Mexican pesos per the U.S. dollar, Euro and Sterling pounds, respectively.

2020	Dollars	Euros	Sterling pounds	Others	Total
Total funds available					
Purchase of foreign exchange receivable in 24 to 96 hours (Mexican pesos)	$ 37,660	$ 547	$ 1	$ (15,365)	$ 22,843
Sale of foreign exchange to be delivered in 24 to 96 hours (Mexican pesos)	(20,835)	(377)	(15)	(1,254)	(22,481)
Total in funds available (Mexican pesos)	$ 16,825	$ 170	$ (14)	$ (16,619)	$ 362

The exchange rate as of December 31, 2020 was $19.9087, $24.3563 and $27.2032 Mexican pesos per the U.S. dollar, Euro and Sterling pounds, respectively.

	2019									
	Dollars		Euros		Sterling pounds		Others		Total	
Total funds available										
Purchase of foreign exchange receivable in 24 to 96 hours (Mexican pesos)	$	38,169	$	738	$	856	$	(21,720)	$	18,043
Sale of foreign exchange to be delivered in 24 to 96 hours (Mexican pesos)		(11,578)		(770)		(871)		1,570		(11,649)
Total in funds available (Mexican pesos)	$	26,591	$	(32)	$	(15)	$	(20,150)	$	6,394

The exchange rate as of December 31, 2019 was $18.8642, $21.1751 and $24.9837 Mexican pesos per one U.S. dollar, Euro and Sterling pounds, respectively.

(2) In accordance with the monetary policy established by the Central Bank and in order to regulate its money market liquidity, Monex, S.A.B. must maintain minimum deposits for indefinite periods, which accrue interest at the average bank rate. As of December 31, 2021, and 2020, these deposits amounted to $39 and in 2019 these deposits amounted to $229. Interest income from these deposits is payable every 28 days by applying the rate established by the Central Bank's regulations.

5. Margin accounts

As of December 31, 2021, 2020 and 2019, margin accounts for collaterals received as a security are as follows.

	2021		2020		2019	
Scotiabank Inverlat, S.A.	$	662	$	1,141	$	245
Banco Santander México, S.A.		414		632		1,193
BBVA Bancomer, S.A.		26		18		-
Goldman Sachs & Co. Llc		3		7		-
Morgan Stanley & Co. Llc		3		1		-
ISDA Societe Generale		111		87		68
RJO Brien		71		71		81
Citigroup Global Markets, Inc.		9		-		-
	$	1,299	$	1,957	$	1,587

Security deposits cover rate futures operations, IPC futures, DEUA, national currency and other futures on options.

6. Investment in securities

Trading securities - As of December 31, 2021, 2020 and 2019, trading securities are as follows:

	2021								2020		2019	
	Acquisition cost		Interest accrued		Increase (decrease) due to valuation		Total		Total		Total	
Debt instruments:												
Government Securities -												
Treasury Bills (CETES)	$	31,716	$	-	$	181	$	31,897	$	372	$	371
Federal Government Development Bonds (BONDS)		11,638		16		18		11,672		21,082		7,203
Bonds M, M0 and M7		2,142		29		(52)		2,119		3,275		164
Federal Government Development Bonds in UDIS (UDIBONDS)		43		-		1		44		84		133
Saving Protection Bonds (BPAT's)		18,732		137		119		18,988		8,120		469
United Mexican States Bonds (UMS)		285		2		(3)		284		91		69

	2021				2020	2019
	Acquisition cost	Interest accrued	Increase (decrease) due to valuation	Total	Total	Total
Private Securities -						
Marketable Private Certificates	13,541	58	(221)	13,378	18,605	12,974
Private Bank Issued Securities -						
Marketable Bank Certificates	8,381	54	(67)	8,368	8,372	8,193
Certificates of Deposit (CEDES)	2,104	10	(10)	2,104	6,179	4,802
Capital market instruments:						
Shares Listed in Stock Exchange	228	-	(45)	183	117	53
Mutual Funds	87	-	-	87	51	17
Value date transactions:						
Government Securities -						
Bonds M, M0 and M7	(3,844)	-	2	(3,842)	-	(280)
Bank Private Securities:						
Marketable Certificates	24	-	-	24	-	-
Stockholder instruments:						
Shares Listed in Stock Exchange	22	-	-	22	(19)	(1)
Restricted in securities lending:						
Treasury Bills (CETES)						18
Federal Government Development Bonds (BONDS)	51	-	-	51	-	-
	$ 85,150	$ 306	$ (77)	$ 85,379	$ 66,329	$ 34,185

Restricted trading securities: As of December 31, 2021, 2020 and 2019, from trading securities are reported at market value as follows:

	2021	2020	2019
Debt instruments:			
Government Securities -			
Treasury Bills (CETES)	$ 31,858	$ 100	$ 368
Federal Government Development Bonds (BONDS)	11,671	15,591	4,443
Bonds M, M0 and M7	2,118	3,046	155
Federal Government Development Bonds in UDIS (UDIBONDS)	8	19	-
Savings Protection Bonds (BPAT's)	18,981	6,727	249
United Mexican States Bonds (UMS)	157	34	37
Subtotal	64,793	25,517	5,252
Private Securities -			
Marketable Private Certificates	6,490	10,780	6,188
Subtotal	6,490	10,780	6,188
Private Bank Issued Securities -			
Marketable Bank Certificates	4,355	8,128	5,966
Certificates of Deposit (CEDES)	1,797	3,909	2,868
Subtotal	6,152	12,037	8,834
Total	$ 77,435	$ 48,334	$ 20,274

This position is considered restricted within trading securities.

As of December 31, 2021, 2020 and 2019, the position in trading securities includes the following securities lending at market value:

	2021	2020	2019
Debt instruments:			
Government Securities-			
Saving Protection Bonds (BPAT's)	$ -	$ 796	$ -
Treasury Bills (CETES)	-	-	18
Federal Government Development Bonds (BONDS)	51	5,490	-
Total	$ 51	$ 6,286	$ 18

This position is considered as restricted within trading securities.

As of December 31, 2021, 2020, from the position in trading securities, the following securities at fair value are guaranteed with the Central Bank:

	2021	2020
Debt instruments:		
Government Securities-		
Federal Government Development Bonds (BONDS)	$ 1	$ 1
Marketable Certificates (Other)		21
Marketable Bank Certificates	-	24
Total	$ 1	$ 46

As of December 31, 2021, positions greater than 5% of the Banco and the Casa de Bolsa net capital in debt securities with a sole issuer (other than government securities) are as follows:

2021			
Issuer	Weighted average term	% Weighted average rate	Updated value
NAFI	81	0.28%	$ 8,147
PEMEX	986	9.01%	464
FEFA	1,413	7.63%	1,082
TFOVICB	8,529	3.33%	905
BACOMER	662	3.82%	923
SCOTIAB	312	0.77%	3,870
SHF	887	5.42%	456
BINBUR	926	7.31%	1,303
BSMX	1,462	6.43%	1,118
TFOVIS	8,146	2.75%	929
BANOB	1,589	5.47%	1,450
BSMXH06	1,203	2.43%	1,344
Total			$ 21,991

Securities available for sale - As of December 31, 2021, 2020 and 2019, the securities available for sale are as follows:

	2021				2020	2019
	Acquisition cost	Interest accrued	Increase (decrease) due to valuation	Total	Total	Total
Debt instruments:						
Government Securities -						
UMS22F2 2022F D1	$ -	$ -	$ -	$ -	$ -	$ 293
Private Securities -						
Marketable Private Certificates						
PEMEX 13-2 95	442	29	(8)	463	443	441
PEMEX3 210121 D2	-	-	-	-	101	99
PEMEX10-295	-	-	-	-	-	267
PEMEX11-395	-	-	-	-	357	350
	$ 442	$ 29	$ (8)	$ 463	$ 901	$ 1,450

As of December 31, 2021, 2020 and 2019, there were no indicators of impairment in relation to securities available for sale.

Restricted securities available for sale

As of December 31, 2021, 2020 and 2019, the restricted securities available for sale are as follows:

	2021	2020	2019
Debt Instruments			
Private Securities -			
Marketable Private Certificates:			
PEMEX 13-2 95	$ 463	$ 442	$ 441
PEMEX10-295	-	-	267
PEMEX11-395	-	357	350
Total	$ 463	$ 799	$ 1,058

This position is considered as restricted within the securities available for sale.

Securities held to maturity -

As of December 31, 2021, 2020 and 2019 the securities held to maturity are as follows:

	2021	2020	2019
Government securities			
D1MEXG29260121	$ 696	$ -	$ -
Private Securities -			
Marketable Private Certificates			
95CDVITOT15-2U	14	$ 17	$ 21
95CDVITOT15U	34	43	53
95TFOVICB15-2U	817	843	892
95TFOVICB15U	73	78	85
95TFOVIS14U	488	546	619
95FOVISCB18U	316	330	356
95CEDEVIS07-2U	-	34	51
95CEDEVIS07-3U	-	18	29
95CEDEVIS12U	2	3	3
95CEDEVIS13U	70	82	98
95PEMEX10-2	-	-	269
95TFOVICB13-3U	15	18	23
95TFOVIS14-2U	80	89	100
95TFOVIS14-3U	360	415	478
	2,269	2,516	3,077
Total	$ 2,965	$ 2,516	$ 3,077

7. Repurchase agreements

As of December 31, 2021, 2020 and 2019 repurchase agreements are as follows:

When Monex, S.A.B. acts as purchaser:

	2021		
	Repurchase agreements	Collateral received or sold	Net asset position
Government Securities-			
Treasury Bills (CETES)	$ 610	$ -	$ 610
Federal Government Development Bonds (BONDS)	6,001	(3,637)	2,364
Savings protection bonds (BPAT´s)	4,734	(3,509)	1,225
Total	$ 11,345	$ (7,146)	$ 4,199

	2020		
	Repurchase agreements	Collateral received or sold	Net asset position
Government Securities-			
Federal Government Development Bonds (BONDS)	$ 2,446	$ (1,446)	$ 1,000
Total	$ 2,446	$ (1,446)	$ 1,000

	2019		
	Repurchase agreements	Collateral received or sold	Net asset position
Government Securities -			
Federal Government Development Bonds (BONDS)	$ 1,176	$ (668)	$ 508
Bonds M, M0 and M7	4,000	-	4,000
Savings Protection Bonds (BPAT's)	2,824	(2,823)	1
Total	$ 8,000	$ (3,491)	$ 4,509

As of December 31, 2021 repurchase transactions performed by Monex, S.A.B., acting as purchaser, were agreed at terms ranging between 3 to 90 days, 4 to 72 days for 2020 and between 2 to 72 days for 2019.

When Monex, S.A.B. acts as seller:

	2021	2020	2019
	Cash to be delivered	Cash to be delivered	Cash to be delivered
Government Securities -			
Treasury Bills (CETES)	$ 31,591	$ 101	$ 12
Federal Government Development Bonds (BONDS)	11,649	15,603	213
Bonds de M, M0 y M7	2,117	3,047	-
Federal Government Development Bonds in UDIS (UDIBONDS)	8	18	-
Saving Protection Bonds (BPAT's)	18,763	6,726	-
United Mexican States Bonds (UMS)	157	34	37
Subtotal	64,285	25,529	262
Private Securities-			
Marketable Private Certificates	9,053	13,792	8,360
Subtotal	9,053	13,792	8,360

	2021 Cash to be delivered	2020 Cash to be delivered	2019 Cash to be delivered
Private Bank Securities-			
Marketable Bank Certificates	4,383	7,529	6,003
Certificates of Deposit (CEDES)	1,820	3,910	2,906
Subtotal	6,203	11,439	8,909
Total	$ 79,541	$ 50,760	$ 17,531

For the years ended December 31, 2021, 2020 and 2019, accrued interest on repurchase agreements are $1,441, $1,170 and $1,765, respectively, and the accrued interest expenses on purchase agreements are $3,605, $2,302 and $2,702, respectively.

As of December 31, 2021, 2020 and 2019, repurchase transactions performed by Monex, S.A.B., acting as seller, were agreed at terms ranging between 3 to 43 days, 4 to 72 days and 2 to 60 days , respectively.

8. Derivative financial instrument transactions

As of December 31, 2021, 2020 and 2019, the position for transactions with financial derivatives is as follows:

	2021		2020		2019	
	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net
Trading derivatives						
Futures-						
Foreign currency futures	$ 4,785	$ 12	$ 1,620	$ 2	$ 3,304	$ 152
Rates futures	3	-	-	-	-	-
Forwards-						
Foreign currency forwards	55,630	1,195	42,792	1,949	57,079	2,516
Index forwards	5	-				
Security forwards	-	8	-	3	-	-
Options-						
Foreign currency options	6,387	59	4,876	185	-	57
Rates options	23,834	399	15,877	133	-	82
Index options	7	-	18	-	-	2
Swaps-						
Foreign currency swaps	10,068	265	8,224	137	8,485	153
Rates swaps	237,611	1,988	19,044	4,083	25,059	1,664
Total trading derivatives	338,330	3,926	92,451	6,492	93,927	4,626
Hedging derivatives						
Rates swaps	872	21	192	-	336	15
Total hedging derivatives	872	21	192	-	336	15
Total derivates	$ 339,202	$ 3,947	$ 92,643	$ 6,492	$ 94,263	$ 4,641

	2021		2020		2019	
	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net
Trading derivatives						
Futures-						
Foreign currency futures	$ 478	$ 75	$ 625	$ 95	$ 7,283	$ 85
Index futures	27	-	13	-	27	-
Rates futures	1	-	-	-	-	-

	2021		2020		2019	
	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net	Nominal amount of purchases	Asset position net
Forwards-						
Foreign currency forwards	53,900	506	39,810	941	57,117	1,327
Securities forwards	141	1	53	2	3	-
Options-						
Foreign currency options	7,260	38	3,300	9	-	13
Rates options	25,969	167	23,465	7	-	45
Index options	7	-	15	-	-	-
Swaps-						
Foreign currency swaps	10,112	367	8,281	195	8,500	168
Rates swaps		2,264	19,538	4,588	25,264	1,868
Total trading derivatives	97,895	3,418	95,100	5,837	98,194	3,506
Hedging derivatives						
Rates swaps	-	-	257	65	334	14
Total hedging derivatives	-	-	257	65	334	14
Total derivates	$ 97,895	$ 3,418	$ 95,357	$ 5,902	$ 98,528	$ 3,520

For the years ended December 31, 2021, 2020 and 2019, the valuation effect of the trading and hedging derivative instruments is reflected in the consolidated statements of income under "Gain/losses on financial assets and liabilities (net)" (See Note 30).

Fair value hedging

Monex, S.A.B. has financial derivatives which are used to hedge variances in the market value of its debt instruments issued by PEMEX, due to movements in the interest rate. Also, Monex, S.A.B. holds hedge instruments intended to cover the interest rates related to two of the most relevant loans granted as well as the interest rate of the UMS instrument issued in dollars.

Following is a list of the hedge transactions held by Monex, S.A.B. as of December 31, 2021:

Hedged position	Designated financial instrument	Market value	Observations
95PEMEX13-2	Interest rate swap which pays fixed rate (7.19%) and receives 28 day TIIE plus a spread (1.01%).The 75% of the exchange is hedging.	10	75% of the exchange is hedging. The remaining 25% is trading. (+452/602)
AUDI 1	Interest rate swap which pays fixed rate (6.135%) and receives 28 day TIIE.	8	100% hedging
AUDI 2	Interest rate swap which pays fixed rate (6.155%) and receives 28 day TIIE.	3	100% hedging

In all cases, the derivative instrument seeks to compensate losses in the market value of the hedged position caused by movements in interest rates. In this way, management provides stability in the result of these positions and limits the risk of abrupt movements in market rates. As result, if fluctuations in exchange rates can cause a loss, the swap covers the amount lost; and vice versa, when additional earnings are generated in the primary position, these are delivered in the hedging swap and are recognized accordingly (with impact on equity and results).

The underlying assets of derivatives closed during 2021 are as follows (unaudited):

Futures	Forwards	Opcions	Swaps	Notes
MXD USDMXN	USD/MXN	MXN TIIE 28D	IRS-TIIE 28	USD/MXN
CME MXN TIEF	EUR/MXN	MXN TIIE 1M	IRS-TIIE 91	EUR/MXN
CME MXNUSD	EUR/USD	USD LIBOR 1M NEW	IRS-LIBOR 1M	TIIE
MXD1EURMXN	CAD/MXN	MXN TIIE 91D NEW		IPC
TIEF			IRS-LIBOR 3M	
SOFR	GBP/USD	USD/MXN	IRS-LIBOR 6M	
	USD/BRL	USD LIBOR 3M	IRS-USD SOFR 3M	
	EUR/BRL		LIBOR 3M	
	USDCOP			
IRS / SOFR	ACCIONES			
IPC	SIC			
		EUR/MXN		
		ORG EQTY ACCIONES	CCSWAP- TIIE LIB	
		ORG INDICE IPC	CCSWAP Fija-Fija	
			USD/MX	

The guarantees and collateral received and delivered for the derivative financing transactions as of December 31, 2021, 2020 and 2019, are comprised as follows:

	Received				
Heading	Type of collateral	Market	2021	2020	2019
Liabilities arising from cash collateral received	Cash	OTC	$ 3,221	$ 3,497	$ 2,771

	Delivered				
Heading	Type of collateral	Market	2021	2020	2019
Margin accounts	Cash	Organized markets	$ 1,299	$ 1,957	$ 1,587
Other receivables	Securities	OTC	$ 395	$ 742	$ 540

Upon executing transactions with "Over the counter" (OTC) derivatives, Monex, S.A.B. agrees to deliver and/or receive collateral, to cover any exposure to market risk and the credit risk of such transactions. Such collateral is contractually agreed to with each of the counterparties.

As of December 31, 2021, 2020 and 2019, there are no restricted securities delivered as security for derivative transactions.

Management of derivative financial instrument usage policies

The policies of Monex, S.A.B. allow the use of derivatives for hedging and/or trading purposes.

The main objectives of these products are covering risks and maximizing profitability.

The instruments used include: forwards, futures, options, interest rate swaps and currency swaps.

The trading markets are listed and OTC markets and the eligible counterparties may be national entities that comply with the 31 requirements established by the Central Bank.

The appointment of calculation agents is established in the legal documentation executed with the counterparties. The prices published by price suppliers are used to value derivative instruments in organized markets and are based on the prices generated in derivative markets. OTC derivatives are valued using prices calculated by the derivatives system, using the risk factor information published by the price supplier.

The main terms or conditions of the contracts are based on those of the International Swaps and Derivatives Association, Inc. (ISDA) or the local outline agreement, which is based on the guidelines provided by the ISDA. The specific policies regarding margins, collateral, and lines of credit are detailed in the Derivatives Manual and any changes thereto must be approved by the Risk Committee.

Authorization levels and processes

Per internal regulations, all derivative products or services associated to derivative products traded by Monex, S.A.B. are approved by the Risk Committee. Any amendments or additions to the original authorization of products or services must also be approved by the Risk Committee.

The Risk Committee includes members from all areas that are involved in the operation of the product or service depending on its nature and which are responsible for accounting, legal instruments, tax treatment, risk assessment, etc.

Independent reviews

Monex, S.A.B. is subject to the supervision and oversight of the Commission and the Central Bank, which are exercised through follow-up processes, inspection visits, information and documentation requirements and submission of reports. Similarly, auditors perform periodic reviews.

Generic description of valuation techniques

1. For trading purposes:

   – Organized markets - The valuation is made using the closing price of the respective market and the prices are provided by a price vendor.
   – "Over The Counter" markets (OTC): OTC derivatives executed with customers are valued by the derivatives system using standard methodologies for the various instruments. The information for the valuation is provided by the price vendor.
   – The valuation of OTC derivatives that are held with brokers and used to cover those made with customers, are made by the entity designated as the calculation agent for ISDA contract.

   Monex, S.A.B. values all its positions and records the value obtained in conformity with the respective accounting criteria.

2. Reference variables:

   The most relevant reference variables are exchange rates, interest rates, shares, baskets and share indexes.

3. Valuation frequency:

   Derivative financial instruments for trading purposes are valued daily.

Management of internal and external liquidity sources that may be used for requirements related to derivatives financial instruments

Resources are obtained through the Treasury and the main financing resources are:

- Deposits.
- Debt securities.
- Bank loans.
- Cash collateral received.
- Stockholders.

Changes in the exposure to identified risks, contingencies, and known or expected events of derivative financial instruments

In relation to financial instruments held for trading as of December 31, 2021, 2020 and 2019, Monex, S.A.B. is not aware of any situations or events, such as changes in the value of the underlying asset or reference variables which imply that the use of derivative instruments differ from those that were originally conceived, that could require Monex, S.A.B. to assume new obligations, commitments or changes in cash flow affecting liquidity (margin calls), or contingencies expected by Monex, S.A.B.'s administration, affecting future reports.

The amount of margin calls made during 2021, 2020 and 2019 was necessary to cover contributions in both the organized and the required collateral contracts markets.

Impairment of financial derivatives -

As of December 31, 2021, 2020 and 2019, there is no indication of impairment in credit risk (counterparty) that requires modifying the book value of financial assets from the rights in derivative financial instruments.

Sensitivity analysis -

Identification of risks - The sensitivity of derivative financial instruments is calculated in accordance with the market value variance according to certain variances in the base scenario. Based on the variances, there are different sensitivities.

The risk factors that may generate losses on transactions with derivative financial instruments due to changes in market conditions are interest rate, exchange rate, and changes in share indexes. A sensitivity analysis shows that the consumption in these risks is not relevant.

The sensitivity is assessed using the effect of variances in risk factors on the market value of the positions in effect at a certain date; such position considers the derivatives with customers and the hedging transactions in spot markets and with OTC derivatives with financial intermediaries, i.e., the net position in terms of delta.

The following chart shows the total sensitivity consumption as of December 31, 2021 (unaudited):

Sensibility analysis	Sensitivity (all factors)
Stage one 1%	(0.951)
Stage two 2%	(1.902)

Stress test -

- ***Scenario one*****:** In this scenario, the risk factors move as follows:
  - The FX risk factors are multiplied by 1.10, i.e., 10% change.
  - The EQ risk factors are multiplied by 1.20, i.e., 20% change.
- ***Scenario two*****:** In this scenario, the risk factors move as follows:
  - The FX risk factors are multiplied by 1.20, i.e., 20% change.
  - The EQ risk factors are multiplied by 1.40, i.e., 40% change.

As of December 31, 2021 the results for these scenarios are as follows and show the impact on results if they occurred (unaudited):

Risk profile	Stress test (all factors)
Stage one	$ (9.511)
Stage two	$ (19.021)

9. Loan portfolio

As of December 31, 2021, 2020 and 2019, the performing and non-performing loan portfolio granted by type of currency is as follows:

	2021		
	Performing	Non-performing	Total
Mexican pesos:			
Commercial loans-			
Commercial or corporate activity	$ 12,846	$ 163	$ 13,009
Loans to financial institutions	1,350	-	1,350
Loans to government entities	986	-	986
Housing loans-			
Remodeling or improvement with guarantee of the housing subaccount	1,369	4	1,373
U.S. dollars converted to Mexican pesos:			
Commercial loans -			
Commercial or corporate activity	7,996	126	8,122
Loans to financial institutions	903	-	903
Loans to government entities	1,189	-	1,189
Total	$ 26,639	$ 293	$ 26,932

	2020		
	Performing	Non-performing	Total
Mexican pesos:			
Commercial loans-			
Commercial or corporate activity	$ 12,695	$ 310	$ 13,005
Loans to financial institutions	1,148	-	1,148
Loans to government entities	1,021	-	1,021
Housing loans-			
Remodeling or improvement with guarantee of the housing subaccount	1,102	3	1,105
U.S. dollars converted to Mexican pesos:			
Commercial loans -			
Commercial or corporate activity	7,907	181	8,088
Loans to financial institutions	400	-	400
Loans to government entities	462	-	462
Total	$ 24,735	$ 494	$ 25,229

	2019		
	Performing	Non-performing	Total
Mexican pesos:			
Commercial loans-			
Commercial or corporate activity	$ 13,989	$ 407	$ 14,396
Loans to financial institutions	1,220	-	1,220
Loans to government entities	4	-	4
Housing loans-			
Remodeling or improvement with guarantee of the housing subaccount	95	2	97
U.S. dollars converted to Mexican pesos:			
Commercial loans -			
Commercial or corporate activity	7,249	121	7,370
Loans to financial institutions	758	-	758
Total	$ 23,315	$ 530	$ 23,845

Monex, S.A.B. grants loans guaranteed by the U.S. Ex-Im Bank, as follows:

Definition of Ex-Im Bank - *"The Export-Import Bank of the United States"*, is the U.S. export loan agency. Its mission is to provide financing for the export of U.S. goods and services to international markets.

a) For long-term loans subject to such guarantees, Monex, S.A.B. receives guarantees covering up to 100% of the Ex-Im Bank, which is documented in an outline agreement.
b) For short-term loans with revolving lines of credit guaranteed with loan insurance policies issued by the Ex-Im Bank to Monex, S.A.B., the policies cover between 90% and 98% of the loan amount.

In the event of a default involving a credit guaranteed or insured by Ex-Im Bank, Monex, S.A.B. will claim compensation and will subrogate the respective rights to this bank to allow it to continue the collection procedures

In order to mitigate the portfolio risk, the credit committee may opt to request that the borrower give guarantees in conformity with the terms of policies and procedures manuals.

The guarantees accepted by Monex, S.A.B. include those provided by government entities and which involve incentives or programs to incentivize different economic sectors or participants.

The portfolio balances associated with these programs are detailed below:

	2021	2020	2019
Ex-Im Bank	$ 10	$ 5	$ 11
FIRA	1,896	1,813	1,515
NAFIN	363	528	1,579
SHF	156	166	174
	$ 2,425	$ 2,512	$ 3,279

Housing Loans

The National Workers' Housing Fund Institute (INFONAVIT) developed the "Mejoravit Loan Program" which enables certain banks to take part in granting loans known as "Mejoravit" intended for the improvement, remodeling and extension of homes of workers affiliated to this Institute. The involvement of the INFONAVIT in this program focuses on the origination, administration and collection of the loans.

In accordance with the rules established to grant "Mejoravit" loans, the INFONAVIT reviews and approves the financial conditions of the loans and Monex, S.A.B. provides the economic resources to the borrower.

The Mejoravit loans are guaranteed by the balance of the housing subaccount of the certified stakeholders with an irrevocable guarantee trust managed by "Nacional Financiera S.N.C." as trustee of the Trust.

As of December 31, 2021, 2020 and 2019, the non-performing housing portfolio is classified as follows:

	2021					
	Performing portfolio	Allowance for performing portfolio	Number of loans	Non-performing portfolio	Allowance for non- performing portfolio	Number of loans
Housing loans						
ROA	$ 1,331	$ 3	70,990	$ 2	$ -	135
REA	38	3	2,746	2	2	96
Total	$ 1,369	$ 6		$ 4	$ 2	

	2020					
	Performing portfolio	Allowance for performing portfolio	Number of loans	Non-performing portfolio	Allowance for non- performing portfolio	Number of loans
Housing loans						
ROA	$ 1,102	$ 2	39,516	$ 3	$ -	248
REA	-	-	19	-	-	2
Total	$ 1,102	$ 2		$ 3	$ -	

	2019					
	Performing portfolio	Allowance for performing portfolio	Number of loans	Non-performing portfolio	Allowance for non- performing portfolio	Number of loans
Housing loans						
ROA	$ 95	$ -	13,484	$ 2	$ -	108
REA	-	-	14	-	-	1
Total	$ 95	$ -		$ 2	$ -	

Terms	2021	2020	2019
From 0 to 180 days	$ 2	$ 1	$ 2
From 181 to 365 days	-	1	-
Over 2 years	2	1	-
Total	$ 4	$ 3	$ 2

All the loans pertaining to the Mejoravit program are guaranteed by the housing subaccount.

According to paragraph 74 of Accounting Criterion B-6 of the Provisions, as of the December 2021 close, Monex S.A.B has the following loans and amounts:

a) Credit resources that must be utilized for the purpose for which they were granted: a total of seven loans for the total amount of $0.24
b) The borrower starts a new work relationship and therefore has a new employer: a total of 298 loans for the total amount of $0.20.
c) Monex S.A.B. has received partial payment of the respective payment according to the exception contained in this numeral of paragraph 74 of Accounting Criterion B-6: 19 loans for the total amount of $0.51.

Restructurings

In 2021, 2020 and 2019, Monex S.A.B. carried out the following credit restructurings corresponding to the commercial loan portfolio:

Terms	Number of credits	Amount
Restructurings in 2021	15	$ 1,133
Restructurings in 2020	69	$ 3,958
Restructurings in 2019	5	$ 185

Risk diversification -

As of December 31, 2021, Monex, S.A.B maintains the following credit risk operations in conformity with the general diversification rules established for active and passive transactions by the Accounting Criteria as follows:

- Monex, S.A.B. has 1 loan granted to debtors or groups of people with common risk, whose amount is more than 10% of the basic capital of the previous quarter. The amount of such loan is $976 and is equivalent to 13% of the basic capital of the previous quarter of Monex, S.A.B.

- The sum of the amounts of the loans granted to the three main borrowers is $2,351 and represents 30% of the basic capital of the previous quarter of the Monex S.A.B.

According to the Accounting Criteria, the limits regarding the diversification of an institution's credit operations are determined according to its fulfillment of capitalization requirements, considering the exceptions established by the Accounting Criteria, these are:

When granting financing to the same person or group of people with common risk, they must be subject to the maximum Financing limit that results from applying the following:

Capitalization level	Maximum financing limit calculated according to Banco Monex's basic capital
More than 8% and up to 9%	12%
More than 9% and up to 10%	15%
More than 10% and up to 12%	25%
More than 12% and up to 15%	30%
More than 15%	40%

The sum of the financing granted to three main borrowers must not exceed 100% of the Monex, S.A.B. basic capital.

- Financing granted to full-service banking institutions will not be subject to maximum financing limits, but is nonetheless subject to the maximum limit of 100% of the basic capital of the lending bank. In the case of foreign institutions in which foreign financial entities hold equity, the aforementioned limit is applicable to the holding company and its subsidiary institutions taken as a whole.

- The financing granted to the state-owned entities and departments of the Federal Public Administration, including public trusts and the productive entities pertaining to the State, must be subject to the maximum limit of 100% of the basic capital of the lending bank.

These credit limits must be measured quarterly. The applicable limit is calculated by using the basic capital amount and capitalization ratios of the quarter immediately preceding the date on which the calculation is made. These ratios are published by the Commission for each institution on the following website: http://www.cnbv.gob.mx.

The Commission may reduce the above limits whenever it considers that an institution's comprehensive risk management is inadequate or its internal control system has certain weaknesses.

Loans to related parties - As of December 31, 2021, loans granted to related parties in accordance with article 73 of the Credit Institutions Law were $1,451. As of December 31, 2020 and 2019, the total was $1,548 and $1,158, respectively, which were approved by the Board of Directors.

Policy and methods used to identify distressed commercial loans - Monex, S.A.B. considers distressed portfolio commercial loans for which it is determined that, based on current information and events as well as in the process of reviewing the loan, there is significant possibility that the loan may not be recovered in full, including both the principal and interest components in accordance with the terms and conditions originally agreed. Both the performing portfolio and non-performing portfolio are likely to be identified as distressed portfolio.

As of December 31, 2021 Monex, S.A.B. carries out the classification of the distressed commercial loans, reporting a total of $154, which represents 0.57% of the total commercial portfolio. As of December 31, 2020 and 2019, distressed commercial loans amounted to $200 and $193, respectively.

	2021			2020	2019
	Performing portfolio	Non-performing portfolio	Total	Total	Total
Mexican pesos:					
Commercial loans-					
Commercial or corporate activity	$ 41	$ 111	$ 152	$ 200	$ 178
U.S. dollars converted to Mexican pesos					
Commercial loans-					
Commercial or corporate activity	-	2	2	-	15
Total	$ 41	$ 113	$ 154	$ 200	$ 193

Breakdown of the performing and non-performing portfolio for the closings of 2021, 2020 and 2019: Commercial portfolio (does not include Letters of Credit)

	2021	2020	2019
Commercial portfolio			
Perfoming			
Impaired	$ 41	$ 1	$ 4
Not impaired	25,075	23,481	23,275
Non-performing			
Impaired	113	199	189
Not impaired	176	292	339
Total portfolio	$ 25,405	$ 23,973	$ 23,807

Policy and methods to identify concentration of credit risk - Concentration risk constitutes an essential element in risk management. Monex S.A.B. has policies in place to avoid significant concentrations of credit risks in borrowers or business groups, as well as industries and types of loans.

Furthermore, constant follow-up is provided at the individual level and at the level of loan portfolios to avoid concentrations.

Credit lines unused by customers - As of December 31, 2021, 2020 and 2019, unused credit lines were $7,620, $8,804, and $9,766, respectively.

As of December 31, 2021, 2020 and 2019, aging of non-performing portfolio is as follows:

	2021	2020	2019
From 0 to 90 days	$ 8	$ 180	$ 47
From 90 to 179 days	3	146	87
From 180 to 365 days	30	74	110
Over 365 days	252	94	286
	$ 293	$ 494	$ 530

Explanation of the main variations in the overdue portfolio identifying, among others: restructurings, renewals, awards, withdrawals, punishments, transfers to the current portfolio, and from the current portfolio.

	2021	2020
Beginning balance	$ 494	$ 530
Transfer to non-performing portfolio	37	294
Transfer to performing portfolio	(98)	(1)
Write-offs	(122)	(327)
Dation in payment	(9)	(1)
Guarantee exercised	(15)	-
Exchange effect	6	(1)
Ending balance	$ 293	$ 494

10. Allowance for loan losses

As of December 31, 2021, 2020 and 2019, the allowance for loan losses was $987, $973 and $433, respectively, and is assigned as follows:

2021	Performing portfolio	Non-performing portfolio	Assigned allowance
Commercial loans-			
Commercial or corporate activity	$ 20,842	$ 289	$ 426
Loans to financial institutions	2,253	-	42
Loans to government entities	2,175	-	11
Housing loans-			
Remodeling or improvement with guarantee of the housing subaccount	1,369	4	8
Subtotal	26,639	293	487
Additional general reserves	-	-	500
Total portfolio	$ 26,639	$ 293	$ 987

2020	Performing portfolio	Non-performing portfolio	Assigned allowance
Commercial loans-			
Commercial or corporate activity	$ 20,602	$ 491	$ 441
Loans to financial institutions	1,548	-	21
Loans to government entities	1,483	-	8
Housing loans-			
Remodeling or improvement with guarantee of the housing subaccount	1,102	3	3
Subtotal	24,735	494	473
Additional general reserves	-	-	500
Total portfolio	$ 24,735	$ 494	$ 973

2019	Performing portfolio	Non-performing portfolio	Assigned allowance
Commercial loans-			
Commercial or corporate activity	$ 21,238	$ 528	$ 412
Loans to financial institutions	1,978	-	20
Loans to government entities	4	-	-
Housing loans-			
Remodeling or improvement with guarantee of the housing subaccount	95	2	1
Total portfolio	$ 23,315	$ 530	$ 433

As of December 31, 2021, 2020 and 2019, Monex, S.A.B. maintained an allowance for loan losses equivalent to 337%, 197%, and 82%, of the non-performing portfolio, respectively.

The allowance for loan losses resulting from the loan portfolio assessment as of December 31, 2021, 2020 and 2019, reported by Monex, S.A.B., is as follows:

	2021		2020		2019	
Degree of risk	**Portfolio assessment by degree of risk**	**Amount of allowance recorded**	**Portfolio assessment by degree of risk**	**Amount of allowance recorded**	**Portfolio assessment by degree of risk**	**Amount of allowance recorded**
A-1	$ 17,177	$ 85	$ 13,381	$ 71	$ 14,838	$ 83
A-2	6,694	79	8,732	100	6,620	73
B-1	1,114	19	1,959	33	1,877	32
B-2	623	31	594	13	554	12
B-3	1,206	36	657	23	864	29
C-1	31	2	123	9	146	8
C-2	65	6	9	1	12	2
D	555	194	511	207	460	193
E	34	34	15	15	-	-
Additional reserves	-	500	-	500	-	-
Arrendadora Monex	154	1	150	1	142	1
Rating portfolio base	27,653	$ 987	26,131	$ 973	25,513	$ 433
Letter of credit	(721)		(902)		(1,668)	
Loan portfolio, net	$ 26,932		$ 25,229		$ 23,845	

The activity of the allowances for loan losses for the years ended December 31, 2021, 2020 and 2019 is as follows:

	2021	2020	2019
Opening balances	$ 973	$ 433	$ 427
Provisions (applications) with debit (credit) to:			
Results	235	920	281
Other income	(14)	(20)	
Cancelation of allowances (1)	-	1	(36)
Exchange result	4	(2)	(4)
Applications	(211)	(359)	(235)
Closing balances	$ 987	$ 973	$ 433

(1) Related to payments on loans granted during 2021, 2020 and 2019, loans which had allowances recorded during previous years and were recorded in “Other income”.

Write-offs - During the year ended December 31, 2021, 2020 and 2019 Monex S.A.B punished against the allowance for loan losses:

Periods	Number of credits		Amount
Write-offs in 2021	26	$	211
Write-offs in 2020	34	$	359
Write-offs in 2019	25	$	235

Balance of the allowance for loan losses according to credit portfolio rating methodologies, as well as by credit type (business or commercial activity, financial entities, government entities, consumer and housing).

	2021		2020		2019	
Business or commercial	$	420	$	441	$	412
Financial institutions		48		21		20
Government entities		11		8		-
Housing		8		3		1
Additional general reserves		500		500		-
Total	$	987	$	973	$	433

Disclosure in the consolidated financial statements by applying the benefit of the special accounting criteria through Office P285/2020 of the Commission

On March 23, 2020, the General Health Council recognized the COVID-19 disease epidemic in Mexico as a serious priority care disease. Due to the measures adopted in this regard, there are impacts presented on various sectors of the economy.

Therefore, the "COVID-19 Support Program" was implemented for those creditors from Monex, S.A.B. These support programs grant a deferral period of up to 6 months for the payment of the capital and/or interest of the loans.

The following summarizes the special accounting criteria:

1. Loans with one-time principal payment at maturity and periodic interest payments, as well as loans with one-time principal and interest payment at maturity, which are renewed or restructured should not be considered as non-performing loan portfolio in terms of paragraph 79 of the Accounting Criteria B-6 ", consisting of:

   "Loans with one-time principal payment at maturity, regardless of whether interest is paid periodically or at maturity, which are restructured during their term or renewed at any time, will be considered as a non-performing loan portfolio as long as there is no evidence of sustained payment, in accordance with paragraph 38 of this criterion".

   For that purpose, is required that the new maturity date granted by the creditor is required to be no longer than six months from the maturity date.

2. Loans with periodic principal and interest payments, which are object of restructuring or renewal, may be considered as in force by the moment such act is performed, without the requirements result applicable in paragraphs 82 and 84 of the Accounting Criteria B-6, consisting of:

"The restructured or renewed loans, for which at least 80% of the original credit period has not elapsed will be considered as performing, only when:

a) Theborrower has paid the entirety of accrued interest as of the date of renewal or restructuring, and
b) The borrower has paid the principal of the original amount of the loan, which as of the date of renewal or restructuring should have been paid.

In the case of loans which are restructured or renewed during the course of the final 20% of the original term of the loan, these shall be considered as performing portfolio where the borrower has:

a) Settled all accrued interest at the date of renewal or restructuring;
b) Paid the principal of the original amount of the loan, which as of the date of renewal or restructuring should have been covered, and
c) Paid the 60% of the original loan amount"

3. The revolving loans, which are restructured or renewed from April 1 to July 31, 2020, should not be considered as a non-performing loan portfolio in terms of the guidance established in paragraph 80 of Criterion B-6 which requires:

    a) Settlement of the entirety of the accrued interest, and
    b) Paid the entirety of all required payments to which is obligated in terms of the contract as of the date of restructuring or renewal"

4. With regard to the loans referred in numerals 1, 2 and 3 above, they should not be considered as restructured in accordance with paragraph 40 of Criterion B-6, nor should be reported as non-performing loans for the credit reporting entities.

5. In the event of withdrawals, write-offs, bonuses or discounts on the loan balance which have an impact on lower payments for creditors, the establishment of allowance for loan losses for credit risks related to the granting of withdrawals, write-offs, bonuses and discounts may be deferred in the 2021 financial year.

6. The following amendments to the original terms of the loan should not be considered as restructurings:

    - Interest rate: when the agreed interest rate is improved to the creditor.
    - Currency or unit of account: as long as the corresponding rate to the new currency or unit of account is applied.
    - Payment date: only if the change does not involve exceeding or modifying the frequency of payments. Under no circumstances the change in the payment date should allow the omission of payment in any period.

7. Monex S.A.B. should comply with the following in the current program:

    - No contractual modifications should be made which considered explicitly or implicitly the capitalization of interest, nor the collection of any commission arising from the restructuring.
    - Previously authorized lines of credit will not be restricted, decreased or cancelled.
    - No additional guarantees or replacement will be requested.

If the special accounting criteria had not been considered, at the end of December 2021, the allowance for loan losses reserves that would have been reported on the balance sheet related to SMEs amounts to $40 (actual SMEs balance of $38) and related to Corporate customers amounts to $441 (actual corporate balance of $441) giving a total of $481 (actual commercial portfolio reserves reported in the balance sheet at the end of December of $479).

At the end of December 2021, 18 customers continue with the benefit from the Commission's special accounting criteria, of which 15 correspond to SMEs for an amount of $16 and 3 to Corporate customers for an amount of $37 giving a total of $53.

No special accounting criteria were considered for the Mortgage Portfolio.

11. Other receivables, net

As of December 31, 2021, 2020 and 2019, the other receivables, are as follows:

	2021	2020	2019
Receivables from liquidation of money market transactions	$ 4,192	$ 1,423	$ 3,099
Receivables from 24 to 96 hours on foreign exchange transactions	26,414	24,831	11,173
Receivables from transactions	1,228	1,138	943
Employee loans and other debtors	48	55	53
Collateral delivered for derivative financing transactions	395	742	540
Other receivables	264	179	95
	32,541	28,368	15,903
Allowance for doubtful accounts	(282)	(208)	(202)
Total	$ 32,259	$ 28,160	$ 15,701

12. Property, furniture and equipment

As of December 31, 2021, 2020 and 2019, property, furniture and equipment are as follows:

	2021	2020	2019
Office furniture and equipment	$ 154	$ 134	$ 131
Computers and communications equipment	171	166	136
Vehicles	5	5	6
Telecommunications	11	-	-
Fixed asset (leasing)	1,376	1,156	966
	1,717	1,461	1,239
Less-			
Accumulated depreciation	(273)	(230)	(185)
Accumulated depreciation leasing	(640)	(487)	(271)
Total property, furniture and equipment (net)	$ 804	$ 744	$ 783

The annual depreciation rates were as follows:

	Percentage
Computer and communications equipment	30%
Vehicles	25%
Office furniture and equipment	10%

For the years ended December 31, 2021, 2020 and 2019, depreciation expense recorded to results amounted to $43, $45 and $41, respectively.

13. Other assets

As of December 31, 2021, 2020 and 2019, goodwill and other assets were as follows:

	2021	2020	2019
Goodwill:			
Tempus	$ 407	$ 407	$ 407
Monex Europe LTD.	326	326	326
Arrendadora	33	33	33
Conversion effect	402	372	302
	1,168	1,138	1,068
Deferred charges, prepayments and intangible:			
Other intangible assets arising from the acquisition of Tempus (1)	201	176	176
Other intangible assets arising from the acquisition of Monex Europe (1)	1,244	1,148	1,016
Conversion effect	271	247	168
	1,716	1,571	1,360
Modifications and improvements	387	318	311
Software	98	98	98
Prepayments	838	228	105
Investment projects	304	407	358
Other deferred charges	57	56	68
	3,400	2,678	2,300
Less - accumulated amortization	(811)	(634)	(432)
	2,589	2,044	1,868
Other assets:			
Operational deposit	77	75	77
Management trust (1)	74	73	76
	151	148	153
	$ 3,908	$ 3,330	$ 3,089

As of December 31, 2021, 2020 and 2019, intangible assets for the acquisition of Tempus and Monex Europe, are as follows:

Deferred charges, advanced payments and intangibles, net

	Tempus	Monex Europe	Total 2021	Total 2020	Total 2019
Licenses	$ 75	$ 608	$ 683	$ 584	$ 452
Sales force	42	67	109	109	109
Operating agreements with banks	56	402	458	457	457
Software	28	6	34	13	13
Non-compete agreements	-	161	161	161	161
Total	201	1,244	1,445	1,324	1,192
Conversion effect			271	247	168
Total			1,716	1,571	1,360
Accumulated amortization			(88)	(70)	(65)
Total intangibles assets			$ 1,628	$ 1,501	$ 1,295

(1) Management Trust No. F/523 - On May 19, 2010, Monex, S.A.B. started a stock option plan for its key executives, which was approved during a stockholders' Meeting of the same date. Consequently, Admimonex, executed Management Trust Agreement F/523 with the Banco to grant financing to its executives to enable them to acquire shares representing the common stock of Monex, S.A.B. As of December 31, 2021, the shares deposited in the trust amount to 5,825,454 Series “B” shares of Monex, S.A.B., which were assigned and acquired by executives at that date.

14. Foreign currency position

As of December 31, 2021, 2020 and 2019, foreign currency assets and liabilities of Monex, S.A.B. were as follows:

	Millions of US Dollars			Millions of Euros			Millions of Sterling Pounds			Other foreign currencies in millions of U.S. dollars		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Funds available	USD 1,330	USD 1,097	USD 1,574	€ 48	€ 59	€ 73	£ 106	£ 144	£ 114	USD 9	USD 8	USD 7
Margin accounts	10	9	8	-	-	-	-	-	-	-	-	-
Investment in securities	769	1,014	813	-	-	-	-	-	-	-	-	-
Repurchase agreements	569	568	454	-	-	-	-	-	-	-	-	-
Derivative (assets)	3,337	2,532	3,546	85	89	88	20	33	45	2	4	4
Deferred credits and prepayments	(9)	(7)	(6)	-	-	-	-	-	-	-	-	-
Performing loan portfolio	532	490	458	-	-	-	-	-	-	-	-	-
Non-performing loan portfolio	6	9	6	-	-	-	-	-	-	-	-	-
Other Assets	49	49	49	-	-	-	53	54	54	-	-	-
Property, furniture and equipment	-	-	-	-	-	-	-	1	1	-	-	-
Deferred tax and deferred PTU	(7)	(9)	(8)	-	-	-	(1)	2	(1)	-	-	-
Other receivables	23	37	35	-	-	-	91	351	36	2	2	1
Deposits	(1,194)	(1,122)	(1,017)	(46)	(33)	(37)	(1)	(2)	(1)	(8)	(8)	(6)
Bank loans and other loans	(9)	(4)	(12)	-	-	-	(19)	(31)	(20)	-	-	-
Collateral sold in guarantee	(33)	(17)	(26)	-	-	-	(69)	(95)	(85)	-	-	-
Derivative (liabilities)	(2,968)	(2,269)	(3,704)	(85)	(113)	(120)	(3)	(2)	(2)	(2)	(4)	(4)
Liabilities arising from sale and	(69)											
repurchase agreements		(475)	(296)	-	-	-	-	-	-	-	-	-
Sundry creditors and other payables	(1,413)	(1,032)	(1,104)	(1)	(1)	(3)	(100)	(380)	(52)	-	-	(1)
Collateral sold or pledged in guarantee	(642)	(596)	(393)	-	-	-	-	-	-	-	-	-
Asset (liability) position	USD 281	USD 274	USD 377	€ 1	€ 1	€ 1	£ 77	£ 75	£ 89	USD 3	USD 2	USD 1
Mexican peso equivalent	$ 5,762	$ 5,455	$ 7,112	$ 23	$ 24	$ 21	$ 2,139	$ 2,040	$ 2,224	$ 62	$ 40	$ 19

As of December 31, 2021, 2020 and 2019, the “Fix” exchange rate (48-hour) issued by the Central Bank was $20.5075, 19.9087 and $18.8642 per U.S. dollar, respectively.

As of December 31, 2021, 2020 and 2019, the “Euro” exchange rate issued by the Central Bank was $23.3222, $24.3563, and $21.1751 per Euro, respectively.

As of December 31, 2021, 2020 and 2019, the “Pound Sterling” exchange rate issued by the Central Bank was $27.7805, $27.2032 and $24.9837 per pound sterling, respectively.

As of March 30, 2022, the position in foreign currency (unaudited) is similar to that at the end of the year and the "Fix" exchange rate at that date is $19.8663 per US dollar, $22.1028 per euro and $26.0963 per pound terling.

The Central Bank sets the ceilings for foreign currency liabilities and the liquidity ratio that Monex, S.A.B. obtains directly or through its foreign agencies, branches or affiliates, which must be determined daily for such liabilities to enable Monex, S.A.B. to structure their contingency plans and promote longer term deposits within a reasonable time frame.

Monex, S.A.B. performs a large number of foreign currency transactions mainly in U.S. dollars, euros, pounds sterling, Canadian dollars, Japanese yen and other currencies. Given that the parities of other currencies against the Mexican peso are linked to the U.S. dollar, the overall foreign currency position is consolidated into U.S. dollars at each monthly closing.

15. Deposits

As of December 31, 2021, 2020 and 2019, deposits were as follows:

	2021	2020	2019
Demand deposits	$ 31,713	$ 28,612	$ 17,725
Time deposits-			
General public	11,669	12,273	25,060
Money market:			
Deposit certificates	2,179	2,700	3,395
	13,848	14,973	28,455
Debt securities			
Debt securities (bonds)	1,265	767	877
Securitization certificates	1,504	1,500	1,518
	2,769	2,267	2,395
Global account for inactive deposits	3	3	3
Total deposits	$ 48,333	$ 45,855	$ 48,578

(2) Short-term maturities which generated interest at an average rate of 2.47%, 2.68% and 5.87%, in 2021, 2020 and 2019, respectively.

Emission program

As of December 31, 2021, 2020 and 2019 Monex S.A.B. has placed the following instruments:

	Market value			Number of securities				
	2021	2020	2019	2021	2020	2019	Term	Referenced rate
Instrument								
Bank bonds	$ 1,260	$ 765	$ 874	11	1	7	34	7.1638%
Subtotal	1,260	765	874	11	1	7		
Accrued interest	5	2	3	-	-	-		
Total	$ 1,265	$ 767	$ 877	11	1	7		

16. Bank loans and other loans

As of December 31, 2021, 2020 and 2019, bank loans are composed as follows:

	2021				2020	2019
	Mexican pesos	Foreign currency	Rate	Total	Total	Total
Bank demand loans -						
Operations of "Call Money" received	$ 1,250	$ -	5.4750%	$ 1,250	$ -	$ -
Total bank demand loans	1,250	-		1,250	-	-
Short-term -						
Agricultural trust funds (FIRA)	-	-		-	-	-
Clusters	353	22	4.1165%	375	369	1,191
Interbank loans	90	1	5.4219%	91	110	-
Total short-term loan	443	23		466	479	1,191
Long-term -						
Bank loans	18	-	8.4703%	18	78	235
Total long-term loan	18	-		18	78	235
Total bank loans and other loans	$ 1,711	$ 23		$ 1,734	$ 557	$ 1,426

Loans with Development Bank Institutions - Loans are granted by, Nacional Financiera, S.N.C. (NAFIN) and Fideicomisos Instituidos en Relación con la Agricultura (FIRA), which represent a direct obligation for Monex, S.A.B. with these entities. Accordingly, Monex, S.A.B. grants loans for financial support in Mexican pesos and U.S. dollars to its customers for financial support.

Credit lines for discounts and loans, granted in Mexican pesos and U.S. dollars by the development funds mentioned above, operate under the authorizations of the internal risk units of Monex, S.A.B. The financial conditions are set under fixed and variable rate programs, both in U.S. dollars and Mexican pesos, and the term is based on the specific program or transaction determined for each project.

As of December 31, 2021, 2020 and 2019 Monex S.A.B. has lines of credit that are granted by NAFIN by $1,370, $727 and $792, respectively, and by FIRA for $603, $981 and $1,036, respectively.

17. Securitization certificates

Issuance of Monex, S.A.B.

On October 21, 2019 Monex, S.A.B. prepaid $500 related to the issuance of securitization certificates made in 2017.

On June 20, 2019, Monex S.A.B. prepaid $1,000 for the issuance made in 2017 under the ticker symbol MONEX 17.

On June 17, 2019 Monex, S.A.B. successfully made the second Public Offering of securitization certificates under the ticker symbol MONEX 19, by placing on the market $1,500 at a TIIE28 rate for a term of 5 years, based on the program of loan-term securitization certificates.

As of December 31, 2021, 2020 and 2019, Monex, S.A.B. has paid interest of $106, $122 and $158, respectively.

As of December 31, 2021, 2020 and 2019, securitization certificates are composed as follows:

	Market value			Number of securities			Current Issuance	
	2021	2020	2019	2021	2020	2019	Period	Benchmark rate
Securitization Certificates	1,500	1,500	1,500	15,000,000	15,000,000	15,000,000	4 años	TIIE28 + 150pb
Accrued interest	4	-	18	-	-	-		
Total	1,504	1,500	1,518	15,000,000	15,000,000	15,000,000		

18. Comparative maturities of principal assets and liabilities

The maturities of the significant assets and liabilities held as of December 31, 2021 were as follows:

	6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Total
Assets:					
Funds available (1)	$ 21,149	$ -	$ -	$ 39	$ 21,188
Margin accounts	1,299	-	-	-	1,299
Investment in securities	39,094	7,862	36,721	5,130	88,807
Repurchase agreements	4,199	-	-	-	4,199
Derivatives	1,122	448	1,455	922	3,947
Performing loan portfolio	6,763	1,013	12,603	6,260	26,639
Non-performing loan portfolio	211	4	78	-	293
Other receivable (net)	32,259	-	-	-	32,259
Total assets	106,096	9,327	50,857	12,351	178,631
Liabilities:					
Deposits	46,824	5	-	-	46,829
Securitization certificates	-	-	1,504	-	1,504
Bank loans and other loans	1,656	27	51	-	1,734
Liabilities arising from sale and repurchase agreements	79,106	-	435	-	79,541
Derivatives	738	106	1,632	942	3,418
Obligations arising from settlement of transactions	23,560	-	-	-	23,560
Liabilities arising from cash collateral received	3,221	-	-	-	3,221
Sundry creditors and other accounts payable	6,376	-	-	492	6,868
Total liabilities	161,481	138	3,622	1,434	166,675
Assets less liabilities	$ (55,385)	$ 9,189	$ 47,235	$ 10,917	$ 11,956

(1) Within the account of funds available, Monetary Regulation Deposits with the Central Bank are included. As of December 31, 2021 and 2020, these deposits amounted to $39 and for 2019 the deposits amounted to $229, which cannot be freely available.

19. Related party transactions and balances

As of December 31, 2021, 2020 and 2019, Monex, S.A.B. maintains loans with related parties for a total of $1,462, $1,559 and $1,160, respectively.

Management considers that transactions with related parties were performed according to the terms that would be utilized with or between independent parties for comparable transactions.

20. Labor benefits

Under Mexican Labor Law, Monex, S.A.B. is liable for pensions, severance payments and seniority premiums to employees terminated under certain circumstances.

Each year, Monex, S.A.B. records the net periodic cost for defined benefits (PNBD) to create an obligation from seniority premiums, pensions and severance payments as it accrues based on actuarial calculations prepared by independent actuaries, which are based on the projected unit credit method and the parameters established by the Commission. Therefore, the liability is being accrued which at present value will cover the obligation from benefits projected to the estimated retirement date of Monex, S.A.B.'s employees.

As of December 31, 2021, 2020 and 2019, balances and activity reflected in labor benefits, which include, seniority premiums, pensions and severance payments, were as follows:

	2021	2020	2019
Defined benefit obligation	$ 631	$ 598	$ 518
Plan assets at fair value	(141)	(186)	(192)
Plan deficit or surplus	-	-	(4)
Underfunded liabilities	490	412	322
Pending amortization items:			
Prior service cost	-	-	(27)
Unrecognized actuarial gain or loss and prior service cost	-	-	(2)
Defined benefit liability (net)	$ 490	$ 412	$ 293

As of December 31, 2021, 2020 and 2019, the defined benefit liabilities (net) "NDBL" for severance payments at the end of the employment relationship for reasons other than restructuring amounts to $135, $113 and $108, respectively.

The cost of defined benefits is integrated as follows, according to the concepts that current NIF D-3 requires to disclose:

	2021	2020	2019
Service cost for the year	$ 68	$ 37	$ 34
Interest net related to NDBL	30	26	24
Recycling of remeasurement of net liability for defined benefits	15	15	3
Recycling of unrecognized gains or losses	-	-	1
Net cost	113	78	62
Change in accounting allowance	-	-	-
NDBL remeasurement recorded in comprehensive income	20	37	51
Gradual recognition in retained earnings	-	27	27
Defined benefits cost	$ 133	$ 142	$ 140

The economic assumptions used by Monex, S.A.B. were as follows:

	2021	2020	2019
Discount rate	8.91%	7.75%	8.37%
Expected return rate on assets	8.91%	7.75%	8.37%
Rate of wage increases	5.00%	5.00%	5.00%

The changes in the liability net related to defined benefits were as follows:

	2021	2020	2019
Opening balance (face value)	$ 412	$ 293	$ 209
Initial recognition for defined benefit obligations	3	-	-
Payment of benefits and fund contributions	(59)	(23)	(56)
Net cost of the period and earnings and losses recognition	134	142	140
Defined benefit liability (net)	$ 490	$ 412	$ 293

As of December 31, 2021, 2020 and 2019, the fair value of the assets and their investment structure are integrated as follows:

	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Capital market	$ 16	11%	$ 48	26%	$ 56	29%
Money market	93	66%	92	49%	126	64%
Repurchase market	32	23%	46	25%	14	7%
Total	$ 141		$ 186		$ 196	

As of December 31, 2021, 2020 and 2019, there is no fund created for severance payments at the end of the employment relationship for reasons other than restructuring.

Changes in the present value of the defined benefits obligation:

	2021	2020	2019
Present value of the defined benefits obligation as of January 1	$ 598	$ 518	$ 444
Actual payment of benefits during the year	(112)	(48)	(60)
Actuarial gain (loss) in defined benefit obligation	29	49	58
Cost of the year	113	79	76
Present value of the defined benefits obligation as of December 31,	$ 628	$ 598	$ 518

The main items giving rise to a deferred PTU asset (liability) are:

	2021	2020	2019
Deferred PTU asset:			
Provisions	$ 11	$ 10	$ 8
Labor benefits	23	17	21
Allowance for loan losses	149	144	43
Gain on derivative financial instrument transaction	20	74	30
Other	37	18	73
Total	240	263	175
Deferred PTU liability:			
Advance payments	(10)	(8)	(5)
Total	(10)	(8)	(5)
Total deferred PTU asset	$ 230	$ 255	$ 170

The deferred PTU recorded in the results of the year amounted $25, $(85), $52 and in 2021, 2020 and 2019, respectively.

21. Obligations arising from settlements of transactions

As of December 31, 2021, 2020 and 2019, obligations arising from settlement of transactions are as follows:

	2021	2020	2019
Payables from operations by foreign currency exchange	$ 23,147	$ 22,667	$ 17,541
Payables for settlement of transactions of securities	413	1,404	2,818
	$ 23,560	$ 24,071	$ 20,359

22. Sundry creditors and other payables

As of December 31, 2021, 2020 and 2019, sundry creditors and other payables were as follows:

	2021	2020	2019
Employee retirement obligation provision	$ 631	$ 598	$ 489
Investments for pension funds and seniority premium (net)	(141)	(186)	(192)
	490	412	297
Suppliers	73	42	115
Payables from operations (1)	1,637	876	338
Intercompany payable	-	-	-
Commissions, bounds and other gratifications	537	463	470
Contingent liabilities	117	662	147

	2021	2020	2019
Various taxes and social security contribution	38	38	34
Withholding tax	248	243	227
Reclassification of creditor bank balances	-	-	(19)
Funds available overdraft	3,279	2,470	-
Others sundry creditors	449	429	603
	$ 6,868	$ 5,635	$ 2,212

(1) Based on the internal accounting policy for the cancellation of unidentified customer deposits, whose aging equals or exceeds three years as of the deposit date, as of December 31, 2021, 2020 and 2019 Monex, S.A.B. recorded in "Other income" an amount of $30, $28 and $63 respectively.

23. Income taxes

Monex, S.A.B. is subject to ISR, in accordance with ISR Law as of December 31, 2021, 2020 and 2019, the rate was at 30% and will continue for the following years.

	2021	2020	2019
ISR:			
Current	$ 291	$ 788	$ 762
Deferred	233	(412)	(230)
	$ 524	$ 376	$ 532

Reconciliation of the accounting tax result - The main items affecting the determination of Monex, S.A.B.'s tax result was the annual adjustment for inflation, provisions, the difference between accounting and tax depreciation and amortization, the allowance for loan losses, provisions created for the expenses of prior years that were settled in the current year and the valuation effect of financial derivatives instruments.

Tax loss carryforwards - As of December 31, 2021, Monex, S.A.B. has ISR tax loss carryforwards as follows (unaudited):

Company	Amount
Admimonex	$ 2
Monex, S.A.B.(Individually)	$ 435

Deferred taxes and PTU - As of December 31, 2021, 2020 and 2019, the consolidated deferred taxes are integrated as follows:

	2021	2020	2019
Deferred ISR asset:			
Provisions	$ 32	$ 30	$ 19
Labor obligations	70	53	63
Gain on derivative financial instrument	62	228	160
Others	826	978	608
Total deferred ISR asset	990	1,289	850
Deferred ISR (liability):			
Prepaid expenses	(28)	(24)	(16)
Loss on derivate financial instruments	(4)	-	(1)
Others	(193)	(174)	(176)
Deferred ISR liability	(225)	(198)	(193)
Deferred PTU asset	230	255	170
Net deferred taxes and PTU	$ 995	$ 1,346	$ 827

Management does not record a reserve on deferred tax (asset), since it considers a high probability that it can be recovered in accordance with its financial and tax projections.

The deferred tax is recorded in the consolidated statements of income or in the shareholders' equity in accordance with the item that gives origin to it.

Monex, S.A.B. does not consolidate the results of its subsidiaries for tax purposes, therefore, the Management of Monex, S.A.B. considers that the effective rate presented individually from its main subsidiaries, provides more realistic information than if it were presented on a consolidated basis, since it has foreign subsidiaries with different tax rates.

The reconciliation of the legal ISR and the effective rate of main entities of Monex, S.A.B., expressed as a percentage of income before ISR are:

	The Bank (standalone entity)			Casa de Bolsa (standalone entity)		
	2021	2020	2019	2021	2020	2019
Legal rate	30%	30%	30%	30%	30%	30%
Valuation of instruments	-	(1)%	(3)%	-	-	-
Annual adjustment for inflation	(12%)	(4)%	(3)%	(4%)	(7)%	14%
Others	3%	2%	3%	9%	6%	(3)%
Non-deductible expenses	-	-	-	-	-	2%
Effective tax rate	21%	27%	27%	35%	29%	43%

Other tax issues:

As of December 31, 2021, 2020 and 2019, the main subsidiaries of Monex, S.A.B. have the following balances for significant tax measures (individually):

	the Bank (standalone entity)			Casa de Bolsa (standalone entity)		
	2021	2020	2019	2021	2020	2019
Contributed capital account	$ 4,075	$ 3,796	$ 3,680	$ 759	$ 707	$ 686
Net tax income account	$ 7,808	$ 7,083	$ 5,614	$ 896	$ 690	$ 646

24. Stockholders' equity

As of December 31, 2021, 2020 and 2019, capital stock, at par value, were as follows:

	Number of shares	Amount
Fixed capital:		
Series A Shares	50,000	$ 1
Variable capital:		
Series B Shares	545,758,505	2,054
	545,808,505	$ 2,055

In the Stockholders' Ordinary Meeting held on April 16, 2021, the following capital movements were agreed upon:

- Carry out the transfer of net income 2020 to "Results from prior years" of $878.
- Increase in the legal reserve by an amount of $10 of the profit recorded in the Financial Statements Ruled of 2020 covering the entire fund, corresponding to 20% of the share capital.
- Declaration of dividends to stockholders for an amount of $70, with a charge to "Retained earnings" account from previous years before 2020 following the Commission's recommendation.

As of December 31, 2021, 2020 and 2019, the reserve created to repurchase shares is composed as follows:

	2021	2020	2019
Repurchased shares	22,250,233	13,020,108	12,827,521
Market price per share (in Mexican pesos)	$ 12.00	$ 12.13	$ 12.00
Market value	$ 267	$ 158	$ 154
Opening balance of reserve	$ 199	$ 202	$ 238
Less:			
Historic value of repurchased shares	(111)	(3)	(36)
Balance for repurchased shares	$ 88	$ 199	$ 202

Minimum fixed capital is $50 (fifty thousand Mexican Pesos), represented by 50,000 fully subscribed and paid-in Series "A" shares.

Variable capital is unlimited and represented by ordinary, nominative Series "B" shares at no face value.

Foreign entities that exercise the function of authority may not participate under any circumstance in the Capital Stock of Monex, S.A.B., as well as Mexican financial institutions, even if they form part of Monex, S.A.B. group, unless they act as institutional investors within the terms of Article 19 of the Law Regulating Financial Groups.

In cases where dividends are distributed prior to the payment of taxes applicable to Monex, S.A.B., such tax must be paid when the dividend is distributed; therefore, Monex, S.A.B. must keep track of profits subject to each rate.

Capital reductions will incur in taxes on the excess of the amount distributed against the capital tax value, as set forth in the Income Tax Law.

Monex, S.A.B. and its subsidiaries, except the Bank, must maintain a legal provision from at least 5% of the net profits of each year must be separated and transferred to a capital reserve fund until they equal to 20% of paid-in capital. In the case of the Banco, the applicable legal provision requires the creation of a legal reserve equal to 10% of net profits until reaching 100% of paid-in capital. While these entities exist, this reserve can only be distributed to stockholders as share dividends.

According to the Income Tax Law, in the case of dividend payment by Mexican companies, there is an additional ISR, of 10% on the payment of dividends to individuals and residents abroad, in the case of residents abroad treaties may be applied to avoid double taxation.

25. Earnings per share

Earnings per share related to the years ended as of December 31, 2021, 2020 and 2019 were determined as follows:

	2021	2020	2019
Net income	$ 1,654	$ 878	$ 1,380
Weighted average number of ordinary shares	523,508,272	532,738,397	532,930,984
Earnings per share	$ 3.16	$ 1.65	$ 2.59

26. Capital ratio of the Financial Group (ICAP) 2021, 2020 and 2019 (latest information submitted to the Central Bank) (Unaudited)

As of December 31, 2021, 2020 and 2019, in accordance with the capital requirements in effect applicable to full service Banco, Monex Grupo Financiero presents the following capitalization ratio, which exceeds the minimum level required by the authorities:

	2021	2020	2019
Net capital / required capital	2.11%	1.84%	1.89%
Basic capital / assets subject to credit, market and operational risk	16.88%	14.76%	15.10%
Net capital / assets subject to credit risk	27.60%	21.33%	20.18%
Net capital / assets subject to credit, market and operational risk	16.88%	14.76%	15.10%

(1) The capitalization ratio of the Bank was updated and submitted to the Central Bank for the years 2021, 2020 and 2019, on January 21, 2022, January 21, 2021 and January 20, 2020 respectively.

As of December 31, 2021, 2020 and 2019, the net capital used to calculate the capital ratio is as follows:

	2021	2020	2019
Basic capital:			
Stockholders' equity disregarding convertible securities and subordinate debt	$ 8,889	$ 7,163	$ 6,852
Less:			
Organization costs and other intangible	(449)	(447)	(449)
Investment in shares of entities	(67)	(59)	(58)
	(516)	(506)	(507)
Complementary capital:			
Complementary preventive allowance	187	234	153
Total net capital	$ 8,560	$ 6,891	$ 6,498

	2021		2020		2019	
	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)	Equivalent amount position	Capital requirement (8%)
Market risk:						
Transactions with nominal rate and above par rate in Mexican pesos	$ 4,023	$ 322	$ 4,040	$ 324	$ 1,569	$ 125
Transactions with real rate	728	58	958	77	1,135	91
Transactions with nominal rate in foreign currency	2,080	166	606	48	390	31
Transactions with shares and related to shares	13	1	12	1	13	1
Foreign exchange transactions	689	55	253	20	358	29
Transactions in UDIS relating INPC	22	2	12	1	14	1
For impact Gamma	-	-	3	-	1	-
	7,555	604	5,884	471	3,480	278
Credit risk:						
Loan creditors	22,144	1,772	20,627	1,652	23,255	1,860
From repurchase agreements and derivatives counterparties	1,125	90	2,047	164	1,014	81
From issuers of debt securities in position	3,100	248	4,353	348	3,796	304
From long-term investment in shares and other assets	1,846	148	1,856	148	1,512	121
From guarantees and credit lines and securitization	757	60	689	55	837	67
From collateral issuers and persons received	-	-	-	-	11	1
Transactions with related parties	1,643	131	1,769	141	1,323	106
Due to the credit risk of the counterparty in case of non-compliance with the free delivery mechanisms	23	2	75	6	41	3
Adjustment for credit valuation in derivative transactions	378	30	891	71	394	32
	31,016	2,481	32,307	2,585	32,183	2,575
Operational risk:	12,145	972	8,491	679	7,339	587
Total assets at risk	$ 50,716	$ 4,057	$ 46,682	$ 3,735	$ 43,002	$ 3,440

As of December 31, 2021, 2020 and 2019, weighted positions by market risk are as follows:

	2021		2020		2019	
	Weighted assets by risk	Capital requirement	Weighted assets by risk	Capital requirement	Weighted assets by risk	Capital requirement
Market risk	$ 7,555	$ 604	$ 5,884	$ 471	$ 3,480	$ 278
Credit risk	31,016	2,481	32,307	2,585	32,183	2,575
Operational risk	12,145	972	8,491	679	7,339	587
	$ 50,716	$ 4,057	$ 46,682	$ 3,735	$ 43,002	$ 3,440

Impact in the change of rates from LIBOR to SOFR

Background:

With regard to coverage relationships that are under the scope of this INIF, Monex, S.A.B. must disclose:

a) How Monex, S.A.B. is managing the transition process to the new interest rates of reference;

For the migration of Libor to SOFR (Secured Overnight Financing Rate hereinafter "SOFR") considering the trading positions, together between risks, FO ("FrontOffice") and IT ("Information Technologies or Systems" depending on the context) was implemented in the production environment where the effect on the result and sensitivities of using Libor and SOFR is compared daily, based on the discounting switch and we are ready for when the Libor process (London InterBank Offered Rate) cesation comes into force

In fact, IRS ("Interest Rate Swap") and futures operations associated with SOFR are already being carried out, obtaining the valuation, the result and the sensitivities.

b) A description of the main assumptions and judgments made by the entity by applying what is stated in this interpretation (such as assumptions and judgments about when the uncertainty arising from changes in reference interest rates will cease to exist);

Since we do not have coverage relationships associated with Libor it was not necessary to make any assumption. Later when we migrate to funding TIIE we will review the coverage scheme.

c) About the reference interest rates involved in the main hedging relationships of Monex, S.A.B.;

Later in Monex, S.A.B., for the TIIE rate, the change from the TIIE to the funding TIIE will be considered and for hedges in USD, if any, the SOFR will be considered instead of Libor.

d) The amount of risk exposure that the entity manages that is directly affected by changes in reference interest rates;

The amount exposed to this change is presented in the following table (not audited):

The amount exposed to this change is presented in the following table (not audited):

	Live_QTY_signed		Valuation		Delta	
	LIBOR	**OIS**	**LIBOR**	**OIS**	**LIBOR**	**OIS**
CF	8,213	8,213	10	10		
CS	3,659	3,659	(15)	(17)	(7)	(7)
FUT			(66)	(66)	215	215
FXD	118	118	(116)	(116)	118	118
IRS	79,350	79,350	(75)	(75)		
OPT	(48)	(48)	27	27	14	14

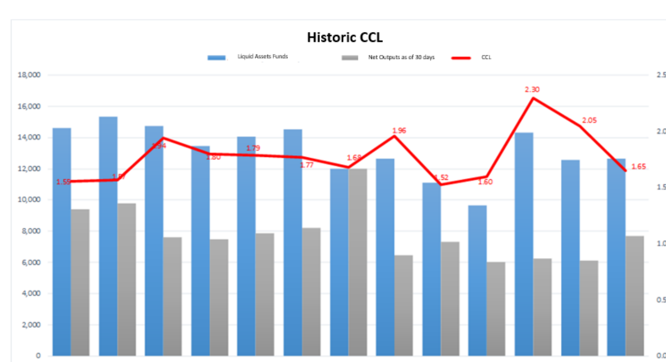
Impact of CVA on MTM

Based on the development and implementation of Murex's PFE/CVA module for clients and financial counterparties, UAIR is conducting the evaluation of the impact of the CVA component on the MTM of Banco derivative positions, with clients and with financial counterparties

With and without facility from Capitalization-weighted Index ("ICAP") and Liquidity Coverage Ratio ("CCL") - Banking Liquidity Regulation Committee:

a) With facility the ICAP was 16.884%.
b) Without facility the ICAP would have been 16.664%

EVOLUTION FROM THE CCL



Date	CCL C/Facility	CCL S/Facility
01/12/2021	2.77	2.37
02/12/2021	2.38	2.20
03/12/2021	1.84	1.64
06/12/2021	2.71	2.33
07/12/2021	2.13	1.87
08/12/2021	1.64	1.50
09/12/2021	1.75	1.59
10/12/2021	2.26	1.95
13/12/2021	2.42	2.06
14/12/2021	2.11	1.83
15/12/2021	2.08	1.81
16/12/2021	2.37	2.20
17/12/2021	2.30	1.98
20/12/2021	1.99	1.72
21/12/2021	1.78	1.56
22/12/2021	2.29	2.12
23/12/2021	1.60	1.43
24/12/2021	1.50	1.34
27/12/2021	1.79	1.58
28/12/2021	2.01	1.72
29/12/2021	1.89	1.64
30/12/2021	1.64	1.47
31/12/2021	1.65	1.44

Note: The CCL of december already has updated accounting information and is subject to validation by Banxico.
Left axis in a billion of Pesos and right axis in number

- Effects of the facilities published by the Commission:

  a) The facilities only affected the Banco.
  b) The facility was that the credits granted from September 24, weigh a factor less than 100%.
  c) The effect on ICAP is presented in the note which presents the impact on ICAP (on the part of risk-weighters risk credit to the provisions as of September 24).

27. Index of capital consumption (the Casa de Bolsa)

As of December 31, 2021, 2019, and 2018, the index of capital consumption is as follows (unaudited):

	2021	2020	2019
Capital consumption index	35.27%	23.16%	25.29%
Capital index on assets at credit risk	146.32%	74.20%	86.41%
Capital index on assets at credit, market and operational risk	35.27%	23.16%	25.29%

28. Ratings of Monex S.A.B., the Banco and the Casa de Bolsa

As of December 31, 2021, Monex, S.A.B., the Banco and the Casa de Bolsa has the following ratings:

	Monex S.A.B. Fitch Ratings	Banco Fitch Ratings	Casa de Bolsa Fitch Ratings
National level-			
Short- term	F1+(mex)	F1+(mex)	F1+(mex)
Long-term	AA-(mex)	AA-(mex)	AA-(mex)
Financial strength/ perspective	Stable	Stable	Stable
Released date	December 14, 2021	December 14, 2021	December 14, 2021

	Banco Fitch Ratings Global
International level-	
Short- term	B
Long-term	BB+
Financial strength/ perspective	Stable
Released date	December 14, 2021

	Monex S.A.B. HR Ratings	Banco HR Ratings	Casa de Bolsa HR Ratings
National level-			
Long term	HR1	HR1	HR1
Short term	HR A+	HR AA-	HR AA-
Financial strength/ perspective	Stable	Stable	Stable
Released date	October 22, 2021	October 22, 2021	October 22, 2021

29. Memorandum accounts

Memorandum accounts are not included in the balance sheet and only the memorandum accounts in which transactions are directly related to the balance sheet were reviewed by external auditors, such as: customer banks, customer securities in custody, customer repurchase agreements, customer loan securities transactions, customer collateral received in guarantee, customer transactions of purchase or sale derivatives, contingent assets and liabilities and collateral received and sold or delivered in guarantee.

a. ***Trust or mandate transactions (unaudited)* -** As of December 31, 2021, 2020 and 2019, Monex, S.A.B. administered the following trusts and mandates:

	2021	2020	2019
Trusts under-			
Administration	$ 180,041	$ 174,883	$ 146,336
Guarantee	12,295	5,565	5,223
Investment	11,683	108	1,635
Total transactions under trust or mandate	$ 204,019	$ 180,556	$ 153,194

As of December 31, 2021, 2020 and 2019, the income from the administration of such assets was $182, $166 and $147, respectively.

b. ***Other record accounts (unaudited)* -** As of December 31, 2021, 2020 and 2019, other record accounts were $218, $199 and $66, respectively.

30. Gains/losses on financial assets and liabilities

For the years ended December 31, 2021, 2020 and 2019, the gains/losses on financial assets and liabilities are as follows:

	2021	2020	2019
Foreign exchange result:			
Valuation	$ -	$ 11	$ 3
Realized gains or losses	3,851	3,666	2,875
	3,851	3,677	2,878
Derivatives result:			
Valuation	201	(271)	(265)
Realized gains or losses	1,451	3,060	3,072
	1,652	2,789	2,807
Income from debt securities:			
Valuation	112	15	58
Realized gains or losses	605	155	477
	717	170	535
Equity result:			
Valuation	(44)	-	7
Realized gains or losses	28	(9)	19
	(16)	(9)	26
	$ 6,204	$ 6,627	$ 6,246

During 2021 and 2020 no reclassification is reported at the end of the financial year.

During 2019, Monex S.A.B. reclassified a valuation equivalent to $78, from the comprehensive income to results of the year, corresponding to Hedging valuation at fair value.

31. Financial margin

As of December 31, 2021, 2020 and 2019, the financial margin was as follows:

	2021	2020	2019
Interest income:			
Investment securities, debt and securities	$ 3,698	$ 3,446	$ 3,548
Bank and other loans		1	-
Deposits with financial institutions	341	286	540
Loan portfolio:			
Commercial portfolio	1,392	1,647	2,014
Housing portfolio	215	59	50
Others	323	325	270
	5,969	5,764	6,422
Interest expenses:			
Interest from repurchase agreements	(3,606)	(2,320)	(2,705)
Interest on bank and other loans	(36)	(84)	(113)
Demand deposits	(21)	(82)	(107)
Time deposits	(540)	(1,014)	(1,839)
Securitization certificates	(99)	(112)	(170)
Others	(63)	(64)	(26)
	(4,365)	(3,676)	(4,960)
Total	$ 1,604	$ 2,088	$ 1,462

32. Segment information

As of December 31, 2021, 2020 and 2019, Monex, S.A.B. identified operating segments within its different business activities, considering each as part of its internal structure and with its own risks and performance opportunities. These segments are regularly reviewed in order to assign appropiate monetary resources for their operations and evaluate their performance.

2021	Foreign exchange	International 1	International 2	Derivatives	Banking products	Loans and deposits	Trust services	Others	Total
Gain/losses on financial assets and liabilities (net)	$ 3,421	$ 1,961	$ -	$ 421	$ 661	$ -	$ -	$ (260)	$ 6,204
Result for operating lease	-	-	-	-	-	-	-	118	118
Interest income	-	11	1	14	3,398	1,728	-	817	5,969
Interest expense	(26)	(25)	-	(269)	(3,542)	(218)	-	(285)	(4,365)
Allowance for loan losses	-	-	-	-	-	(235)	-	-	(235)
Commission and fee income	67	61	186	-	242	53	342	63	1,014
Commission and fee expense	(20)	(79)	(5)	(17)	(51)	(91)	-	(127)	(390)
Other operating (expenses) income	-	-	-	-	-	-	-	2	2
Participation in the result of unconsolidated subsidiaries and associates	-	(110)	27	-	1	27	(8)	776	713
Administrative and promotional expenses	-	-	-	-	-	-	-	-	-
Current and deferred income taxes	(2,381)	(1,805)	(156)	(103)	(491)	(874)	(230)	(806)	(6,846)
Non-controlling interest	(246)	(1)	(10)	(10)	(51)	(91)	(24)	(91)	(524)
	-	-	-	-	-	-	-	(6)	(6)
Total general	$ 815	$ 13	$ 43	$ 36	$ 167	$ 299	$ 80	$ 201	$ 1,654

2020	Foreign exchange	International 1	International 2	Derivatives	Banking products	Loans and deposits	Trust services	Others	Total
Gain/losses on financial assets and liabilities (net)	$ 3,419	$ 2,458	$ -	$ 591	$ 115	$ -	$ -	$ 44	$ 6,627
Result for operating lease	-	-	-	-	-	-	-	28	28
Interest income	-	7	1	33	3,267	1,769	-	687	5,764
Interest expense	(24)	-	-	(252)	(2,252)	(780)	-	(368)	(3,676)
Allowance for loan losses	-	-	-	-	-	(911)	-	(9)	(920)
Commission and fee income	67	18	171	-	218	53	306	46	879
Commission and fee expense	(16)	(49)	(6)	(22)	(51)	(31)	-	(116)	(291)
Other operating (expenses) income	-	(528)	8	-	2	23	(16)	81	(430)
Participation in the result of unconsolidated subsidiaries and associates	-	-	-	-	-	-	-	(1)	(1)
Administrative and promotional expenses	(2,627)	(2,070)	(122)	(267)	(991)	(93)	(221)	(337)	(6,728)
Current and deferred income taxes	(225)	(2)	(10)	(23)	(85)	(8)	(19)	(4)	(376)
Non-controlling interest	-	-	-	-	-	-	-	2	2
Total general	$ 594	$ (166)	$ 42	$ 60	$ 223	$ 22	$ 50	$ 53	$ 878

2019	Foreign exchange	International 1	International 2	Derivatives	Banking products	Loans and deposits	Trust services	Others	Total
Gain/losses on financial assets and liabilities (net)	$ 2,902	$ 2,347	$ -	$ 434	$ 555	$ -	$ -	$ 8	$ 6,246
Result for operating lease	-	-	-	-	-	-	-	136	136
Interest income	-	5	2	13	3,405	2,114	-	883	6,422
Interest expense	(2)	(1)	-	(368)	(2,625)	(1,520)	-	(444)	(4,960)
Allowance for loan losses	-	-	-	-	-	(281)	-	-	(281)
Commission and fee income	76	14	119	-	171	77	303	50	810
Commission and fee expense	(16)	(62)	(3)	(31)	(39)	(51)		(100)	(302)
Other operating (expenses) income	-	18	16	-	2	44	(32)	(70)	(22)
Administrative and promotional expenses	(2,189)	(1,857)	(105)	(36)	(1,086)	(283)	(201)	(377)	(6,134)
Current and deferred income taxes	(218)	(108)	(6)	(4)	(108)	(28)	(20)	(40)	(532)
Non-controlling interest	-	-	-	-	-	-	-	(3)	(3)
Total general	$ 553	$ 356	$ 23	$ 8	$ 275	$ 72	$ 50	$ 43	$ 1,380

Foreign exchange - Purchases and sales currencies, includes intermediation services in the acquisition or sale and international payments.

International 1- International operations that include the results of the operations of Tempus and Monex Europe LTD companies, which include purchase and exchange services and foreign exchange forward transactions in the United States, the United Kingdom and Spain.

International 2- International operations that include the results of the operations of the Monex Securities and Monex Assets companies, which include broker services and investment advice.

Derivatives - Risk management solutions including intermediation services of forwards, cross currency options, interest rate swaps, stock options, notes and structured bonds.

Banking products: Asset management services which includes intermediation services for fixed income investment, stock securities and funds and managed portfolios.

Loans and deposits - Banking products and services, as well as, lending services and client’s deposits.

Trust Services - Trust and representation services.

Others - This segment is including the result obtained in the stock exchange operations carried out by Monex, S.A.B., because the volume of the operations depends on the needs and strategies defined by the Assets and liabilities Committee, so the gains/losses are very volatile during the year.

33. Contingencies and commitments

a. ***Lawsuits*** - Over the normal course of business, Monex, S.A.B. and its subsidiaries have been involved in certain lawsuits which are not expected to significantly affect their financial position or future results of operations. Reserves have been recognized for those matters representing probable losses. As of December 31, 2021, 2020 and 2019 Monex, S.A.B has contingency reserves of $117 respectively, which are included in "Sundry creditors and other accounts payable". Monex, S.A.B.'s management considers the reserve is reasonable, in accordance with its internal and external legal counsel opinion.

b. ***Administered loan portfolio*** - As discussed in Note 9, the portfolio administered by Monex, S.A.B. derived from the sales made and equity held under the outline agreement executed with ExIm-Bank is for the amount to $10, $5 and $11 as of December 31,2021, 2020 and 2019, respectively. In relation to this loan portfolio, Monex, S.A.B. has committed to assume all credit risks in the event of noncompliance with the terms agreed with ExIm-Bank regarding the documentation of each loan. However, management considers that the possibility of a refund to ExIm-Bank is unlikely.

34. Comprehensive risk management (unaudited)

This disclosure is supplemental to the obligation to disclose information on adopted risk management policies, procedures and methodologies, together with the information on potential losses by risk and market type.

Management has policies and procedures manuals which follow the guidelines established by the Commission and Central Bank to prevent and control the risks exposure Monex, S.A.B. is incurs based on the transactions it performed.

The assessment of policies, procedures, functionality of risk measurement models and systems, the compliance with risk management procedures and assumptions, parameters and methodologies used by risk analysis information systems is carried out by an independent expert, as required by the Commission.

This assessment is presented in "Prudential risk management provision" and "Review of risk measurement valuation and procedures model" reports, which are presented to the Board of Directors, Risk Committee and General Management.

a. ***Environment*** - Monex, S.A.B. identifies, manages, supervises, controls, discloses and provides information on risks through its UAIR and the Risk Committee, analyzing the information received from business units.

   To enable it to measure and evaluate the risks resulting from its financial transactions, Monex, S.A.B. has technological tools to calculate the Value at Risk (VaR), also performing supplemental sensitivity analysis and stress testing. In addition, Monex, S.A.B. has developed a plan allowing operations continuity in case of a disaster.

   The UAIR distributes daily risk reports and monthly reports risk information to the Risk Committee and Audit Committee. Also presents quarterly risk reports to the Board of Directors.

b. ***Risk management entities*** - The Board of Directors is responsible for establishing risk management policies. However, according to established policies, it delegates responsibilities for implementing risk identification, measurement, supervision, control, information and disclosure procedures to the Risk Committee (RC) and General Management.

   The policies approved by the Board of Directors are documented in the Comprehensive Risk Management Manual (MAIR), which includes risk management objectives, goals, procedures and maximum risk exposure tolerances.

The RC holds monthly meetings and ensures that transactions reflect the operating and control objectives, policies and procedures approved by the Board of Directors. Also, the RC delegates responsibility for providing comprehensive risk monitoring and follow-up to the UAIR.

In urgent cases and depending on market conditions or the specific needs of different business units, the RC holds extraordinary meetings to determine the increase of established limits or temporary limit excesses.

The Risk Lines Committee holds weekly meetings to evaluate the risk lines used for foreign exchange transactions.

c. ***Market risk -*** Monex, S.A.B. evaluates and provides follow-up on all positions subject to market risks based on Value at Risk models which measure the potential loss of a position or portfolio associated with risk factor movements with a 99% reliance level and a one-day horizon.

The UAIR also prepares a GAP analysis among rates used for assets and liabilities denominated in Mexican pesos and foreign currency. The GAP analysis is represented by assets and liabilities with rates at different moments in time, while considering the characteristics of the respective rates and time frame.

d. ***Liquidity risk -*** The UAIR calculates daily liquidity GAP's (time at which interest or principal is received) based on the cash flows from total financial assets and liabilities of Monex, S.A.B.

Monex, S.A.B. quantifies its liquidity risk exposure by preparing cash flow projections which consider all assets and liabilities denominated in Mexican pesos and foreign currency, with the respective maturity dates.

The SHCP of Monex, S.A.B. is responsible for ensuring the conservation of a prudent liquidity level in relation to Monex, S.A.B.'s needs. In order to reduce its risk level, Monex, S.A.B. keeps call money lines open in U.S. dollars and Mexican pesos with different financial institutions.

Daily, the SHCP monitors the liquidity requirement for foreign currency provisions in Circular 3/2015 of the Central Bank.

e. ***Credit risk -*** Monex, S.A.B.'s credit risk is managed in each phase of the credit process: promotion, evaluation, approval, implementation, follow-up, control and recovery.

This risk management is carried out by identifying, measuring, supervising and informing the different corporate bodies and business units of the risks that the credit portfolios and the individual credits are exposed.

Individual risks are managed by means of expert analysis, and by classifying the portfolio of each borrower and each credit.

For credit portfolios the risk is managed through the establishment and follow-up of criteria such as: concentration limits, financing limits, indicators of portfolio quality, analysis of the evolution of risk indicators and trends.

Furthermore, there is a follow-up methodology in place for the entire portfolio, in which policies and parameters are applied to classify the risk level of the borrowers, also, is established criteria to manage borrowers considered as high risk.

The Recovery Unit plays an active role in the process of risk management and portfolio follow-up, with the aim of minimizing the risks for Monex, S.A.B.

Furthermore, Monex, S.A.B. makes the classification of each customer using the methodology established by the Commission, which considers aspects related to financial risk, payment experience and collateral.

As established in the Accounting Criteria, Monex, S.A.B. established a maximum credit risk exposure limit equal to 40% of basic capital for an individual entity or group of entities constituting a common risk.

f. ***Operating risk -*** The Comprehensive Risk Management Manual (MAIR) and Operating Risk Management Manual (MARO) establish policies and procedures for monitoring and control of operating risks. Procedures to follow up operational risk and inform periodically to UAIR, RC and the Board of Directors were established.

Monex, S.A.B. has implemented the risks and control matrices to get a qualitative qualification of the impact and frequency of the risks.

Through the classification of Risks, catalogues of risks are being integrated to determinate possible losses if an operational risk identified occurred and the future operational risks.

Risk frequency and impact classifications have been utilized to create risk maps for the different processes implemented by Monex, S.A.B.; these risk maps indicate the tolerance levels applicable to each risk.

Scale	Level
1	Low
2	Medium
3	High

– The maximum tolerance level utilized by Monex, S.A.B. is scale 3.

– Accordingly, each identified operating risk must be classified at levels 1 and 2 (Low - Medium) of the scale.

General Director , CR and the areas involved must be informed immediately, if some of the identified operational risks exceed the tolerance levels.

These levels indicate the possible economic loss that could be suffered by Monex, S.A.B. if a given risk materializes.

Monex, S.A.B. has built an historic database with the information of the losses incurred by operational risks. Thus, they will be able to generate quantitative indicators to monitoring the operational risk in the operations of Monex, S.A.B.

g. ***Legal risk -*** Monex, S.A.B. has established policies and procedures in the MARO and implements the same process for legal risks as the used for operating risks.

h. ***Technological risk -*** Monex, S.A.B. has policies and procedures for systems operation and development.

Regarding technological risks, Monex, S.A.B. has policies and procedures contained in MARO and implements the same process as the used for operational and legal risks.

i. ***Quantitative information (unaudited)***

a) ***Market risk -***

As of December 31, 2021, 2020 and 2019, the VaR was $15, $12 and $8, respectively (unaudited) with a 99% reliance for one day. This value represents the maximum loss expected during one day and is situated within the limits established by Monex, S.A.B.

As of December 31, 2021, 2020 and 2019, portfolio concentration by segment was as follows (unaudited):

	2021	2020	2019
Farming	$ 283	$ 455	$ 409
Foods	1,215	1,076	935
Automotive	1,634	1,046	1,377
Commerce	1,550	2,106	2,013
Housing construction	941	1,052	1,018
Specialized construction	1,018	468	1,916
Energy	878	987	1,088
Pharmacist	425	588	346
Financial	3,166	2,138	2,244
Government	2,114	1,412	4
Hospitality / Restaurants (tourism)	1,646	1,628	1,231
Chemistry industry	200	135	149
Real state	3,910	3,881	2,801
Manufacturing (manufacture of plastic)	61	120	238
Manufacturing (manufacture of electrical and electronic)	113	13	28
Manufacturing (manufacture of construction products)	430	456	1,036
Manufacturing (other)	1,846	1,893	2,069
Mining and metals	380	317	771
Legal person	1,828	1,562	523
Suppliers (PEMEX)	49	343	241
Services	1,305	1,714	2,524
Transport and telecommunications	749	563	757
Others	1,037	1,276	127
Total	$ 26,778	$ 25,229	$ 23,845

No special market risk treatment for securities available for sale was identified in this period.

Market risk statistics

	VaR Minimum	VaR Average*	VaR Maximum
Global	14.819	20.817	47.609
Derivatives	4.302	7.862	13.774
Money market	10.143	14.404	38.26
Foreign exchange	2.415	8.038	28.42
Treasury	7.284	6.953	14.055
Changes	0.0006	0.08	0.807

* The average value refers to the daily exposure of the money market, derivatives and foreign-exchange as of December 31, 2021.

b) ***Credit risk -*** Corporate bonds portfolio.

The credit VaR of the corporate bonds portfolio of the Money market as of December 31, 2021 in Monex, S.A.B. was (1.109%) relative to an investment of $16,509, whereas the credit stress of such portfolio was (2.343%) at the same date. The credit VaR was calculated using the Monte Carlo Simulation method with a confidence level of 99% on a one-year horizon; the stress was obtained by considering the following lower classification of each instrument.

	VaR	**Expected loss**	**Unexpected loss**
Maximum	1.16%	0.26%	0.90%
Minimum	1.05%	0.23%	0.81%
Average	1.10%	0.25%	0.85%

Note: The figures presented are expressed in amounts relative to the value of the corporate bonds portfolio, for the daily exposure of December 31, 2021.

Commercial loan portfolio.

Every month the calculation of reserves is made for the commercial loan portfolio, in which the expected loss forms part of the result issued; the methodology applied refers to that established in the Accounting Criteria. This method also assigns the degree of risk for the operations.

Expected loss statistics of commercial loan portfolio.

	Minimum	**Maximum**	**Average**
Expected loss*	486	532	514
Unexpected loss	133	156	141
Var	642	665	655

* The expected loss statistics unexpected loss and VaR refer to the daily exposure of December 31, 2021 for the commercial loan portfolio.

No significant variances were identified in this period in financial revenue or the economic value to report.

c) ***Liquidity Risk -***

Monex, S.A.B. evaluates the expiration of the assets and liabilities of the balance sheet in Mexican pesos and foreign currency. The gap of liquidity in Mexican pesos is as follows (unaudited):

Year	**Requirement <=30 days**	**Requirement >30 days**
2021	$ (11,028)	$ 26,574

The gap of liquidity in U.S. dollars is presented as follows (unaudited):

Year	**Requirement <=30 days**	**Requirement >30 days**
2021	$ (466)	$ 490

GAP Repricing total*

Statically	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total*
Minimum	(19,066)	9,483	4,716	3,105	4,205	3,940	2,532	11,233
Maximum	(18,427)	11,745	5,386	4,537	6,437	4,443	6,932	19,301
Average	(18,703)	10,561	5,021	4,047	5,021	4,188	5,375	15,511

GAP maturity total**

Statically	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total**
Minimum	(21,422)	3,435	8,896	11,642	7,003	13,496	(20,797)	16,043
Maximum	(20,583)	9,612	14,621	13,247	16,745	20,429	(17,456)	23,905
Average	(20,929)	6,801	12,343	12,391	11,916	16,165	(18,929)	19,758

*The statistics of the maturity GAP refer to the position of the money market, credit, derivatives and foreign-exchange portfolios of December 31, 2020.

Liquidity or sensitivity analysis considers the asset and liability positions based on an extreme scenario for the assessment of variances in economic value and in relation to financial income, a sensitivity analysis due to interest rate changes.

Repurchase agreements renewal effect	Amount	VaR Absolut	Effect of Selling to unusual discounts MD	Amount
Actual Cost	(402)	-	Value of securities	85,140
Sensitivity 1	(442)	(40)	Sensitivity 1	(14)
Sensitivity 2	(482)	(80)	Sensitivity 2	(143)
Stress 1	(522)	(121)	Stress 1	(1,406)
Stress 2	(563)	(161)	Stress 2	(2,757)
Sensitivity 1 = 10%,			Sensitivity 1 = 1bp,	
Sensitivity 2 = 20%,			Sensitivity 2 = 10bp,	
Stress 1 = 30%,			Stress 1 = 100bp,	
Stress 2 = 40%.			Stress 2 = 200bp.	

Effect of selling unusual discounts in treasury	Amount	Interest paid on deposits	Current MTM	MTM variation
Securities' value	29,688	Interest paid (actual)	(4)	-
Sensitivity 1	(7)	Sensitivity 1	(4)	(1)
Sensitivity 2	(74)	Sensitivity 2	(5)	(2)
Stress 1	(723)	Stress 1	(5)	(1)
Stress 2	(1,413)	Stress 2	(7)	(3)
Sensitivity 1 = 1bp,		Sensitivity 1 = 10%,		
Sensitivity 2 = 10bp,		Sensitivity 2 = 20%,		
Stress 1 = 100bp,		Stress 1 = 30%,		
Stress 2 = 200bp.		Stress 2 = 40%.		

d) ***Operational Risk***

At the monthly CR sessions, is presented the information on the events related to operational risk which arise in the business units reported by them. This information indicates the event and date of occurrence.

Controllership staff prepare a log of these risks used as the basis to start their quantification, which comprise the database of operational risk events.

Type of Operational Risk		**4T-2021**		
Materialized events	**Frequency**	**% Total**	**Average impact**	**%Total**
Internal fraud	11	11%	0.11	100%
Unmaterialized events	**Frequency**	**% Total**	**Average impact**	**%Total**
Execution, delivery and process management	12	12%	-	0%
Incidents in the business and system failures; external events	81	78%	-	0%
Customers, products and business practices	-	-	-	0%
Total	104	100%	0.11	100%

e) ***Risk policies applied to derivative financial instruments***- Market risks of transactions involving derivative financial instruments are limited because customer transactions are hedged through organized markets or inverse transactions with financial intermediaries.

These transactions involve a counterpart risk which is analyzed by the credit risk. Transaction amounts and initial margins are authorized and/or ratified by the Lines Committee.

For OTC derivatives transactions with customers, operating lines based on the analysis of the financial situation of each of the partners are determined. The credit risk covers customers requesting margins depending on the situation presenting.

In addition, customers are subject to margin calls at the end of the day or during the day if they face significant valuation losses in their open positions.

For foreign exchange transactions, credit risk is analyzed through the credit evaluation of the customers. The credit lines proposals are presented to the credit line Committee, which can approve, deny or modify the proposal. Control of this risk is performed by monitoring the use of the lines and the corresponding payment behavior.

f) ***Detection of transactions with illegal resources* -** Monex, S.A.B. has a Communication and Control Committee which monitors compliance with applicable standards, while also notifying the involved areas and respective authorities of any transactions considered as unusual, significant or worrying according to SHCP provisions.

35. Subsequent events

On February 25, 2022, Monex S.A.B. acquired an 8.71% stake in Arrendadora Monex S.A. de C.V. to increase its percentage stake to 100%.

36. New accounting pronouncements

Improvements to the NIF 2022 that generate accounting changes that enter into force for the years that begin on or after January 1, 2022; its early application for the financial year 2021 is allowed:

NIF B-7, Business acquisitions – Includes transactions performed under common control, including mergers performed for restructuring purposes, in the scope. An "accounting value method" is established for recognizing business acquisitions taking place between entities under common control, except when the acquiring entity has stockholders with a noncontrolling interest whose shareholdings are affected by the acquisition or when the acquiring entity is listed on a stock market.

NIF B-15, Translation of foreign currencies - The amendment indicates that when the recording currency and reporting currency are the same, even though the functional currency is different, these NIF allow the practical expedient of not translating them to the functional currency and presenting the financial statements based on recording information, as long as the financial statements are exclusively intended for the legal and tax purposes of entities that:

a) Are individual entities without subsidiaries or a holding company, or users that require complete financial statements prepared by considering that;
b) They are subsidiaries, associated entities or joint ventures without users requiring complete financial statements prepared by considering the effects generated by the translation to the functional currency; e.g., a subsidiary, the immediate holding company of which is located abroad.

NIF D-3, Employee benefits - In those cases in which the entity considers that employee statutory profit-sharing (PTU) will be paid at a rate below the present legal rate because this payment is subject to the limits established by applicable laws, the entity must:

a) Determine the temporary differences existing at the date of the financial statements for PTU purposes, according to the terms of paragraph 43.3.1;
b) Determine the PTU rate that is expected to be incurred in the following years based on financial and tax projections or according to the PTU rate generated during the present year;
c) Apply the PTU rate mentioned in numeral b) to the amount of temporary differences referred to in numeral a).

Disclosures - Amendments have been made to certain standards to eliminate some of the disclosure requirements contained in NIF B-1, *Accounting changes and error corrections*, NIF B-10, *Effects of inflation*, NIF B-17 *Determination of fair value and Property, plant and equipment*.

Amendments -

NIF D-5, Leases - extends the practical expedient until June 30, 2022 to include rental waivers that fulfill all the conditions established in numerals a), b) and d) of paragraph 4.4 of the original INIF 23 and involve payments with original maturities no later than June 30, 2022. If these payment reductions extend beyond June 30, 2022, the total waiver would fall outside the scope of INIF 23 and this amendment, and must be treated in conformity with NIF D-5.

Improvements to NIF 2022 that do not generate accounting changes, whose fundamental intention is to make the regulatory approach more precise and clear.

Accounting treatment of Investment Units (UDI) - Improvements have been included in NIF B-3, *Statement of comprehensive income,* NIF B-10, *Effects of inflation,* and NIF B-15, *Translation of foreign currencies,* to give broader coverage to the accounting treatment of UDI. For example, NIF B-3 indicates that items such as the exchange rate fluctuations of headings denominated in foreign currency or any other exchange unit such as UDI must be presented within Comprehensive Financing Cost.

Additional headings – The following assets and liabilities are included in NIF B-6, *Statement of financial position,* as applicable: cost of fulfilling a contract, costs of obtaining a contract, conditioned account receivable, right-of-use asset and contractual liability.

Accounts receivable - the wording of the scope of NIF C-3 was adjusted to ensure consistency with its objective, which implies referring to the general concept of accounts receivable as opposed to the specific concept of commercial accounts receivable. The reference to commercial accounts receivable has been eliminated from other NIF.

Impracticability of retrospectively presenting accounting changes, error corrections or reclassifications - adjustments were made to the wording of NIF B-1, *Accounting changes and error corrections*, to avoid duplicating the information already contained in NIF B-1.

Specific NIF involving fair value - NIF B-17 has been updated to include standards involving fair value: NIF B-11, NIF C-3, NIF C-15 and NIF C-22, while also clarifying that certain disclosures are not applicable to assets whose recovery value is the net sales price (fair value less their disposal cost) according to NIF B-11. However, it also specifies that fair value must include the risk whereby an entity fails to satisfy its obligation, while referring to the credit risk definition detailed in NIF C-19, *payable financial instruments*.

New accounting principles issued by the Commission that will take effect as of January 1, 2022

Homologation of the Commission's Accounting Criteria

On December 4, 2020, the Commission through an Amending Resolution of (the Resolution) into the Official Gazette of the Federation, established that next Mexican Financial Reporting Standards will enter into force on January 1, 2022: B-17 "Determination of fair value", C-3 "Accounts receivable" , C-9 "Provisions, contingencies and commitments", C-16 "Impairment of financial receivable instruments ", C-19 "Financial instruments payable", C-20 "Financial instruments to collect principal and interest", D-1 "Income from contracts with clients", D-2 "Costs from contracts with clients" and D-5 "Leases", issued by the Mexican Council of Financial Information Standards, A.C.

NIF B-17, *Determination of fair value* – Defines fair value as the *initial price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date (i.e., a real value based on an initial price)*. The following must be considered in order to determine fair value: a) the particular asset or liability being valued; b) in the case of a nonmonetary asset, the highest and best use of the asset and whether the asset is used in conjunction with other assets or independently; c) the market in which an orderly transaction would take place for the asset or liability; and d) the appropriate technique or techniques used to determine fair value, which must maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

NIF C-3, *Accounts receivable* - The main changes consist of specifying that: a) accounts receivable based on a contract represent a financial instrument; b) the allowance for bad debts related to commercial accounts is recognized when revenue is accrued, based on expected credit losses; c) from the initial recognition, given that the value of money over time must be considered, if the present value effect of the account receivable is material as regards its term, it must be adjusted based on this present value, and d) an analysis of the change between the opening and closing balances of the allowance for bad debts must be presented.

NIF C-9, *Provisions, contingencies and commitments* - The definition of a liability was adjusted, whereby the term "*probable*" replaced "*virtually unavoidable*". The first-time application of this NIF does not generate accounting changes in the entities' financial statements.

NIF C-16, Impairment of receivable financial instruments (RFI) – Determines when and how expected losses derived from the impairment of RFI must be recognized, which must occur when, after having increased the credit risk, it is concluded that a part of the future cash flows of the RFI will not be recovered. The recognition of the expected loss is proposed based on historical experience as regards credit losses, present conditions and reasonable, sustainable forecasts involving the different quantifiable future events that could affect the amount of the recoverable future cash flows of the RFI. This implies that estimates must be prepared and periodically adjusted according to the experience obtained. Likewise, in the case of RFI that accrue interest, the amount expected to be recovered and the moment when this will occur must be determined as the recoverable amount must be presented at its present value.

NIF C-19, Payable financial instruments - Establishes: a) after their initial recognition, the possibility of valuing certain financial liabilities at fair value when certain exceptional conditions are fulfilled; b) the valuation of long-term liabilities at their present value in their initial recognition, while considering their value over time when their term exceeds one year or lies outside regular credit conditions, and c) when restructuring a liability without substantially modifying the future cash flows required for its settlement, the costs and commissions incurred in this process will affect the liability amount and will be applied based on a modified effective interest rate instead of directly affecting net profit or loss.

NIF C-20, Receivable financial instruments - Specifies the classification of financial instruments contained in the asset based on the business model: a) if generating a profit through a contractual return predetermined in a contract, they are recognized at their amortized cost; b) if they are also utilized to generate a profit based on their purchase-sale, they are recognized according to their fair value. The embedded derivative that modifies the principal and interest cash flows of the host instrument will not be separated because the entire instrument will be valued at fair value, as though a negotiable financial instrument.

NIF D-1, Revenue from contracts with customers - As a Mexican accounting principle did not previously exist as regards the topic of revenue recognition, the main changes involve giving greater consistency to revenue recognition, while eliminating the weaknesses of the previous standard, which was applied on a suppletory basis. The most significant changes consist of establishing a revenue recognition model based on the following steps: a) the transfer of control as the basis for revenue recognition; b) the identification of different obligations to be fulfilled in a contract; c) the allocation of the transaction amount between different obligations to be fulfilled based on independent sales prices; d) the introduction of the concept of a *conditioned account receivable* when fulfilling an obligation and generating an unconditional right to payment, which only requires the passage of time before the settlement of the payment becomes due; e) the recognition of collection rights which, in certain cases, may involve any unconditional right to the payment for having satisfied the obligation to be fulfilled, and f) the valuation of revenue, while considering aspects such as the recognition of material financing components, a payment other than cash and the amount to be paid to a customer.

NIF D-2, Costs of contracts with customers - Separates the standard governing the recognition of costs derived from contracts with customers from the standard related to the recognition of revenues from contracts with customers, while extending the scope to include all the costs related to all types of contracts with customers.

NIF D-5, *Leases* - The accounting recognition determined for the lessee establishes a single lease recognition model that eliminated the classification of leases as operating or capitalizable. Accordingly, the assets and liabilities of all leases with a duration exceeding 12 months are recognized (unless the underlying asset is of low value). Consequently, the most important effect on the *consolidated statement of financial position* consists of recognizing the right-of-use assets covered by the lease and the financial liabilities resulting from the assets under lease that reflect the obligation to make payments at present value.

The account recognition determined for the lessor remains unchanged and only certain disclosure requirements were added.

The main aspects considered by this NIF are: a) a lease is a contract that transfers the right to use an asset to the lessee for a given period of time in exchange for a payment. Accordingly, at the start of the contract, it must be evaluated whether the right to control the use of an identified asset for a given period of time is obtained; b) the nature of lease-related expenses changed when replacing the operating lease expense according to Bulletin D-5, *Leases*, due to the depreciation or amortization of right-of-use assets (the operating costs), together with an interest expense for lease liabilities in Comprehensive Financing Cost (RIF); c) the presentation in the *(consolidated)* statement of cash flows based on the reduction of cash disbursements for operating activities, together with increased disbursements for financing activities to reflect payments of lease liabilities and interest; d) modified the recognition of the gain or loss when a vendor-lessee transfers an asset to another entity and once again obtains it through a leaseback agreement.

Given the complexity that may arise when determining the discount rate, the Commission has established the possibility of utilizing a risk-free rate discount for future lease payments and recognizing the lease liability of a lessee.

Amendments issued by the Commission in relation to the adoption of these NIF.

Portfolio effective interest rate

On September 23, 2021, a Ruling was published so that, when recognizing the interest accrued by their credit portfolios, Institutions would be able to continue using the contractual interest rate and straight-line method to recognize collected commissions and transaction costs in conformity with the Criterion B-6 in effect until December 31, 2021; i.e., the recognition and disclosure of the effects derived from the initial application of the effective interest method and the effective interest rate as of 2023.

Facilities for recognizing the initial adoption of allowances for loan losses.

Derived from the adoption of the aforementioned NIF, on January 1, 2022, credit institutions may determine the amount of the allowance for loan losses based on the following alternatives:

I. As of January 31, 2022, recognize within the result of prior years under stockholders' equity the initial accrued financial effect derived from the first-time application of the credit portfolio rating methodology in question, as long as the situation is disclosed in the respective quarterly and annual financial statements of 2022, and in any other publication of financial information containing at least the following:

   a. The rating methodology used for determining allowance amounts;
   b. Why the entity opted to recognize the accrued financial effect derived from the first-time application of the Ruling;
   c. An extensive explanation of the accounting record prepared to recognize this effect;
   d. The amounts that would have been recorded and presented in both the statement of financial position and the statement of comprehensive income had the entity opted to recognize this effect in the results of the year, and
   e. A detailed explanation of the headings and amounts for which an accounting effect was recorded. For the purposes of this section, the initial accrued financial effect will be understood as the difference obtained by subtracting the allowances that must be created at that date for the Credit Portfolio according to this instrument by applying the selected methodology in effect as of January 1, 2022, from the allowances determined according to the portfolio balance by using the methodology in effect until December 31, 2021.

   Create allowances for all loan losses in a 12-month period as of January 31, 2022. In this regard, credit institutions must create these allowances in a cumulative manner according to the following formula:

   MEFACIi =
   MEFACI x (i/12)

   Where:

   MEFACIi = The amount of the allowances to be recognized in stockholders' equity for the Credit Portfolio of month i.

   MEFACI = The amount of the allowances to be created for the initial accrued financial effect referred to by section I of this temporary article.

   i = 1, …, 12, where 1 represents the first month elapsed from the implementation referred to by the Ruling (January 1, 2022).

When the amount of the allowances for loan losses to be created for the application of the methodology used as of January 1, 2022 exceeds the balance of the result of prior years heading, the resulting difference must be recognized in the results of the respective year. When the allowances for loan losses created prior to January 1, 2022 exceed 100% of the amount required according to the methodology selected as of that date, credit institutions must release the allowance excess according to the accounting criteria detailed in the article 174 of the Provisions.

Credit institutions must create all their allowances for loan losses according to the Credit Portfolio rating, derived from the use of the methodology applicable as of December 31, 2022.

Presentation of the basic financial statements

As of January 1, 2022, the terms “balance sheet” and “statement of income” are replaced by the “statement of financial position” and “statement of comprehensive income”, respectively. Furthermore, a portfolio with a stage 3 credit risk will be understood in the same way as what was formerly known as the overdue portfolio. Finally, references to the term securities held-to-maturity will be understood as financial instruments for the collection of principal and interest (securities), in conformity with the Accounting Criteria.

The Management of Monex, S.A.B. is in the process of evaluating the financial effects derived from the adoption of the other standards on its financial information.

37. Authorization of the issuance of the consolidated financial statements

On March, 30, 2022 the issuance of the consolidated financial statements was authorized by Héctor Pío Lagos Dondé, Chief Executive Officer of Monex, S.A.B., Alfredo Gershberg Figot, Chief Financial and Planning Officer, José Luis Orozco Ruíz, Chief Internal Auditor and José Arturo Álvarez Jiménez, Director of Accounting and Tax and by the Board of Directors, who, in addition to the Commission may be modified.

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