2022
Annual report

MONEX

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MONEX, S.A.P.I. DE C.V.
(FORMERLY "MONEX, S.A.B. DE C.V.")

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ANNUAL REPORT

ANNUAL REPORT FILED IN ACCORDANCE WITH THE APPLICABLE GENERAL PROVISIONS FOR THE ISSUERS OF SECURITIES AND OTHER PARTIES INVOLVED IN THE STOCK MARKET, FOR THE YEAR ENDING ON DECEMBER 31, 2022.

NUMBER OF SHARES REPRESENTING THE CAPITAL STOCK: 645,808,505
SHARES OUTSTANDING AS OF DECEMBER 31, 2022: 623,271,712
CHARACTERISTICS: Common Shares, "A" and "B" Series, representative of the fixed (without withdrawal right) and variable parts of the capital stock of Monex, respectively (the "Shares").
SERIES: "A" and "B"
TYPE: Registered shares
TICKER SYMBOL: MONEX
FACE VALUE OF THE SHARES: Without face value.

The securities had been registered in the National Securities Registry and were listed as such as of December 31, 2022, in the BMV. The registration in the National Securities Registry does not imply certification of the quality of such securities, the solvency of the Issuer or the exactness or veracity of the information contained in the report, nor confirms the validity of the acts, which, accordingly, may have been carried out by infringing the law.

ISSUANCE OF BONDS

No. of Issuance under the Program: Third
Ticker Symbol: MONEX 21
Date of Issuance: June 4, 2021
Maturity Date: May 30, 2025
Validity Period of the Issuance: 1,456 days as of the date of issuance, that is, up to approximately 4 years.

Interests and calculation procedure: As of the date of issuance and until fully repaid, the Bonds will accrue annual gross interest on their Par Value at the annual gross interest rate referred to in the following paragraph (the "Annual Gross Interest Rate"), which the Common Representative: (i) will calculate 2 Business Days in advance of the beginning of each Interest Period (the "Annual Gross Interest Rate Determination Date"); and (ii) will notify the Issuer in writing on said date and that will be applicable during the relevant Interest Period.

The Annual Gross Interest Rate shall be calculated by adding 150 basis points to the interbank equilibrium interest rate ("TIIE") for a term of up to 29 days (the "Reference Interest Rate") capitalized or, as the case may be, equivalent to the number of calendar days actually elapsed by the relevant Interest Payment Date, as such Annual Gross Interest Rate is described in this Supplement in Section "I. The Offer -1.29 Interest and calculation procedure."

Periodicity in the payment of interests: The interests accrued by the Bonds shall be settled every 28 days on the dates indicated in the calendar included in this Supplement and in the Certificate documenting the Issuance.

The first interest payment shall be performed precisely on July 2, 2021.

Place and method of payment of principal and interest: The principal and ordinary interests accrued by the Bonds shall be repaid on the Maturity Date and on each Interest Payment Date, respectively, by means of electronic transfer of funds through Indeval, whose offices are located at Paseo de la Reforma No. 255, 3rd floor, Col. Cuauhtémoc, 06500, Mexico City, against the delivery of the Certificate or the records issued for this purpose by Indeval.

Voluntary early repayment: The Issuer will have the right to repay the totality, but not less than the totality, of the Bonds on any interest payment date that occurs on or after June 3, 2022, in accordance with the provisions of this Supplement in Section "I. The Offer. 1.33 Voluntary early repayment".

Guarantee: Unsecured issuance by the Issuer, in other words, the Bonds do not have any specific guarantee.

Rating assigned by HR Ratings de México, S.A. de C.V.: "HR A+" with a stable outlook. The HR A+ rating with a stable outlook, on a local scale, means that the Issuer offers acceptable security for the timely payment of debt obligations. They maintain low credit risk in the face of adverse economic scenarios. The rating assigned to the Issuance does not constitute an investment recommendation and may be subject to updates or modifications at any time, in accordance with the methodologies applied by HR Ratings de México, S.A. de C.V.

Rating assigned by Fitch México, S.A. de C.V.: "A+(mex)". National "A" ratings indicate expectations of a low level of default risk with respect to other issuers or obligations in the same country or with the same currency union. The rating assigned to the Issuance does not constitute an investment recommendation and may be subject to updates or modifications at any time, in accordance with the methodologies applied by Fitch México, S.A. de C.V.

Common representative: CIBanco, S.A., Institución de Banca Múltiple.

Depositary: Indeval, in terms and for the purposes of article 282 and other applicable provisions of the Securities Market Law ("LMV").

Tax Regime: This Section contains a brief description of certain taxes applicable in Mexico to the acquisition, ownership, and disposition of debt instruments, such as the Bonds, which is not intended to be an exhaustive description of all the tax considerations that may be relevant when making a decision to acquire, maintain or dispose of Bonds. The current tax regime may be modified throughout the term of the Program and/or this Issuance. Investors must independently and periodically consult their tax advisors regarding the provisions applicable to the acquisition, ownership, and disposition of debt instruments, such as Bonds, before making a decision of any investment in them.

The withholding rate applicable on the date hereof with respect to the interest paid in accordance with the Bonds is subject: (i) for individuals or legal entities with residence in Mexico for tax purposes, to the provisions of articles 54, 135 and other applicable provisions of the Income Tax Law in force; and (ii) for individuals and legal entities residing abroad for tax purposes, to the provisions of articles 153, 166 and other applicable articles of the Income Tax Law in force. Potential purchasers of the Bonds must consult with their advisors regarding the tax consequences resulting from their investment in the Bonds, including the application of specific rules for their particular situation. The current tax regime may be modified throughout the term of the Program and throughout the term of this issuance of Bonds.

Obligations "to Give", "to Do" and "Not to Do" of the Issuer before the Holders

Obligations "to Give" and "to Do" of the Issuer before the Holders

During the validity period of the Issuance and until all the Bonds are fully repaid, the Issuer is obliged to:

a) Maintain the registry of Bonds in the RNV and to keep them listed in BIVA.

b) In general, comply with all the information requirements to which it is subject to in terms of the LMV, the Internal Regulations of BIVA and the CUE, including, without limitation, those applicable to financial information, presentation or disclosure of information or any other report or communication related to the Program and/or the Issuance, which the Issuer is obliged to deliver to the CNBV, BIVA or the Common Representative. Additionally, at the written request of the Common Representative, the Issuer must deliver, through any Relevant Director (as such term is defined in the LMV) of the Issuer, a signed certificate indicating compliance with the obligations contained in the Certificate. Likewise, the Issuer must deliver to the Common Representative any report, financial statement or communication related to the Program and/or the Issuance, previously requested in writing by the latter, acting in a reasonable manner, with respect to the financial information of the Issuer.

c) Use the resources derived from the placement of the Bonds for the purposes stipulated in this Supplement and in the Certificate.

d) The Issuer undertakes to inform the Common Representative, at the latest within 7 Business Days following the date on which the Issuer becomes aware of any event that constitutes a Cause of Early Maturity.

The Issuer does not assume any other obligation with respect to this Supplement and the provisions of the Certificate, except those derived from the payment of principal and interest (ordinary and, where appropriate, defaults) stipulated therein or the obligations contained in this Supplement or in the Certificate.

Obligations "Not to Do" of the Issuer before the Holders

Unless the general meeting of the Bonds Holders authorizes otherwise in writing, as of the date of the Certificate and while the Issuer has any pending obligation under the Bonds, it undertakes to comply with the following obligations:

a) **Corporate purpose and course of business.** Not to substantially change its corporate purpose or in any other way modify the main line of business of its company and those of its subsidiaries, nor make investments outside the ordinary course of its business.

b) **Subsidiaries.** Not to allow any of its subsidiaries to enter into any agreement that imposes a restriction on payment of dividends and other cash distributions to its shareholders, in the understanding that said obligation will not apply to legal limitations or restrictions or those provided for in a judicial or arbitration proceeding, or existing in agreements or instruments executed before the date of Issuance of the Bonds.

c) **Merger.** The Issuer may not merge (or consolidate in any other way), unless the following requirements are met: (i) no Cause of Early Maturity or any other event has occurred that, over time or through notification, would become a Cause of Early Maturity, as a result of such merger or consolidation; (ii) the credit rating of the Bonds does not decrease, as a result of the merger, to the rating they had immediately prior to the merger; and (iii) the Common Representative is given a legal opinion in the sense that the transaction does not affect the terms and conditions of the Bonds.

d) **Payment of dividends.** In case the Issuer is in violation of any of the obligations provided for in the Certificate that documents the second Issuance, the Issuer may not decree payment of dividends, notwithstanding any grace period. Once the aforementioned violation is corrected, during or after the grace period, the Issuer may declare dividends.

The Issuer has no policies to follow in the decision-making process regarding changes of control during the validity period of the issuance, which considers participation of the holders.

The Issuer has no policies to follow in the decision-making process regarding corporate restructuring, including acquisitions, mergers, and spin-offs during the validity period of the issuance, which considers the participation of the holders.

The Issuer has no policies to follow in the decision-making process regarding the sale or establishment of encumbrances on essential assets during the validity period of the issuance, which considers the participation of the holders.

However, the Issuer has applicable procedures for the Acquisition of Shares and Change of Control, including mergers, consolidations, or other similar transactions, direct or indirect, with respect to the Issuer's Shares, as detailed in Chapter 4, item d) hereof.

This report is also available online: www.monexsapi.com > Investor Relations > Annual Reports.

For the year ending on December 31, 2022.

Mexico City, April 28, 2023.

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2022 Annual Report

Chapter 1

General Information

a) Glossary of terms and definitions

The following glossary contains the definitions of the main terms and abbreviations used in this Annual Report.

"Accounting Criteria"	Means all financial reporting rules applicable in Mexico, and, accordingly, all accounting criteria allowed by the CNBV for financial institutions.
"Administrators"	Means the Retirement Funds Administrators.
"ALIARSE"	Means "Alianza por la Responsabilidad Social Empresarial" (Alliance for Corporate Social Responsibility).
"AMIB"	Means "Asociación Mexicana de Intermediarios Bursátiles, A.C." (the Mexican Financial Intermediaries Association).
"AML" or "AML/CFT"	Means "Anti-Money Laundering" or "Anti-Money Laundering/Combating the Financing of Terrorism".
"Annual Report"	Means this document.
"Audited Financial Statements"	Means Monex's audited consolidated financial statements for the year ended on December 31, 2022, and the audited consolidated financial statements for the years ended on December 31, 2021, 2020 and 2019.
"Banco Monex" or "The Bank"	Means "Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero".
"Bancomext"	Means "Banco Nacional de Comercio Exterior, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo" (the National Foreign Trade Bank, Development Banking Institution).
"BIVA"	Means "Bolsa Institucional de Valores, S.A.B. de C.V."
"BMV" or "the Stock Exchange"	Means "Bolsa Mexicana de Valores, S.A.B. de C.V."
"Brexit"	Means the withdrawal of the United Kingdom from the European Union.
"Broker-dealer"	Means a company with authorization from the financial authorities from the United States of America to act as an intermediary in that country.
"Canadian Dollar" or "CAD"	Means the legal tender of Canada.

"CEMEFI"	Means "Centro Mexicano para la Filantropía." (the Mexican Center of Philanthropy).
"Circular Única de Auditores Externos" or "CUAE"	Means "General Provisions Applicable to the Entities and Issuers supervised by the CNBV which hire external audit services of Financial Statements" issued by the CNBV and published in the Official Gazette of the Federation on April 26, 2018, and all amendments made thereto.
"Circular Única de Bancos" or "CUB"	Means "General Provisions Applicable to Credit Institutions" issued by the CNBV and published in the Official Gazette of the Federation on December 2, 2005, and all amendments made thereto.
"Circular Única de Casas de Bolsa"	Means "General Provisions Applicable to Brokerage Houses" issued by the CNBV and published in the Official Gazette of the Federation on September 6, 2004, and all amendments made thereto.
"Circular Única de Emisoras" or "CUE"	Means "General Provisions Applicable to the Issuers of Securities and other Parties Involved in the Stock Market" issued by the CNBV and published in the Official Gazette of the Federation on March 19, 2003, and all amendments made thereto.
"CNBV" or "the Commission"	Means "Comisión Nacional Bancaria y de Valores" (the National Banking and Securities Commission).
"CNSF"	Means "Comisión Nacional de Seguros y Fianzas" (the National Insurance and Bonds Commission).
"COFECE"	Means "Comisión Federal de Competencia Económica" (the Federal Economic Competition Commission).
"Comisión Nacional de Inversión Extranjera"	Means the Foreign Investment National Commission
"CONDUSEF"	Means "Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros" (the National Commission for the Protection and Defense of Financial Service Users).
"CONSAR"	Means "Comisión Nacional del Sistema de Ahorro para el Retiro" (the National Commission for the Pensión System).
"COVID-19"	Means the disease caused by the SARS-CoV-2 virus.
"Deloitte"	Means "Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte) (member of Deloitte Touche Tohmatsu Limited)".

"Dependencia"	This term has the meaning attributed in section 2) The Issuer – b) Business description – iv) Main Clients from Appendix N of the Circular Única de Emisoras.
"DOF"	Means "Diario Oficial de la Federación" (the Official Gazette of the Federation).
"Dollar", "Dollars" or "USD"	Means the legal tender of the United States of America.
"EBITDA"	Means "Earnings Before Interest, Tax, Depreciation and Amortization".
"ECAs"	Means "Export Credit Agencies".
"ESG"	Stands for "Environmental, Social, and Corporate Governance".
"ETFs"	Means "Exchange-Traded Funds", which are traded funds or securities negotiated as individual shares in a given market.
"Comisión de Cambios"	Means the Commission in charge of issuing the foreign exchange rules which must be complied with by the Bank of Mexico.
"External Auditor" or "KPMG"	Means "KPMG Cárdenas Dosal, S.C., a Mexican company and member of the worldwide organization of independent KPMG members affiliated with KPMG International Limited".
"Euros"	Means the legal tender of the European Union.
"Financial Statements"	Means jointly, Audited Financial Statements and Non-Audited Financial Statements.
"FINRA"	Means "Financial Industry Regulatory Authority", a non-profit organization authorized by the United States government that supervises broker-dealers in the United States.
"Fintech"	Means "Financial Technology Institution".
"FIRA"	Means "Fideicomisos Instituidos en Relación con la Agricultura" (the group of trust funds formed in the Bank of Mexico as trustees, known as Trust Funds Formed in Relation to Agriculture").
"Forwards"	Means the derivative financial instruments establishing a liability to buy or sell an underlying item on a future date, in a determined amount, quality and price.
"GDP"	Means "the Gross Domestic Product of Mexico".

"INEGI"	Means "Instituto Nacional de Estadística y Geografía" (National Institute of Statistics and Geography).
"IPAB"	Means "Instituto para la Protección al Ahorro Bancario" (the Bank Savings Protection Institute).
"INFONAVIT"	Means "Instituto del Fondo Nacional de la Vivienda para los Trabajadores" (the Mexican Federal Institute for Worker's Housing).
"Indeval"	Means "S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V." (Institution for Securities Deposit).
"INPC"	Means "Índice Nacional de Precios al Consumidor" (the National Consumer Price Index or any equivalent index).
"Instituto Mexicano de la Propiedad Intelectual"	Means the Mexican Institute of Intellectual Property
"IPC"	Means "Índice de Precios y Cotizaciones de la Bolsa" (the Price and Quotation Index).
"ISR"	Means "Impuesto Sobre la Renta" (the Income Tax applicable in accordance with the Income Tax Law).
"Ley de Inversión Extranjera"	Means the Foreign Investment Act
"Ley Federal de Protección y Defensa al Usuario de Servicios Financieros"	Means "The Federal Law for the Protection and Defense of Financial Service Users".
"LGO"	Means "Ley General de Organizaciones y Actividades Auxiliares del Crédito" (the General Law of Credit Organizations and Auxiliary Activities).
"LGSM"	Means "Ley General de Sociedades Mercantiles" (the General Corporation Law).
"LIC"	Means "Ley de Instituciones de Crédito" (the Credit Institutions Law).
"LMV"	Means "Ley del Mercado de Valores" (the Securities Market Law).
"LRAF"	Means "Ley para Regular las Agrupaciones Financieras" (the Law Regulating Financial Groups).
"MexDer"	Means "Mercado Mexicano de Derivados, S.A. de C.V." (Mexican Derivatives Exchange).

"México" or the "Mexican Republic"	Means the United Mexican States.
"Monex Assets Management"	Means Monex Assets Management, Inc.
"Monex Casa de Bolsa" or "Casa de Bolsa"	Means Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero (Brokerage House).
"MNI Holding"	Means MNI Holding, S.A. de C.V. (formerly Monex Negocios Internacionales, S.A. de C.V.)
"Monex Europe"	Means Monex Europe Limited.
"Monex Operadora de Fondos"	Means Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero.
"Monex Grupo Financiero" or "The Financial Group" or "The Group"	Means Monex Grupo Financiero, S.A. de C.V.
"Monex Securities"	Means Monex Securities Inc.
"Monex Servicios"	Means Monex Servicios, S.A. de C.V. (formerly, Pagos Dimex, S.A. de C.V.).
"Monex USA"	Means Monex, Inc.
"Nafinsa"	Means "Nacional Financiera, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo" (The National Credit Union, Development Banking Institution).
"NIFs"	Means "las Normas de Información Financiera reconocidas y emitidas por el Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C." (The Financial Reporting Standards recognized and issued by the Mexican Council for the Research and Development of Financial Information Standards).
"OTC"	Means "Over the Counter"; transactions carried out in non-organized or non-recognized markets.
"Peso", "Pesos", "$", or "MXN"	Means the legal tender of Mexico.
"Pound Sterling" or "GBP"	Means the legal tender of the United Kingdom and the Commonwealth.
"Provisions"	Means "General Provisions Applicable to the Holding Companies of Financial Groups"
"PTU"	Means "la participación de los trabajadores en las utilidades de la empresa" (Workers' participation in the profits of the Company in accordance with the Federal Labor Law).

"Registro Nacional de Inversiones Extranjeras"	Means the Foreign Investments National Registry
"ROE"	Means "Return on Equity".
"RNV" or the "Registry"	Means "Registro Nacional de Valores" (the National Securities Registry kept by the CNBV).
"S.A.B."	Means "Sociedad Anónima Bursátil" (Stock Market Company as described in the LMV).
"S.A.P.I."	Means "Sociedad Anónima Promotora de Inversión" (Stock Investment Promotion Corporation as described in the LMV).
"SEC"	Means "Securities and Exchange Commission".
"Shares"	Means all shares: ordinary, registered, without face value, of "A" and "B" series, representing the minimum fixed capital stock without right to withdraw ("A" Series) and limited variable capital stock ("B" Series) of Monex.
"Shareholders or Stockholders"	Means the owners of shares representing the Issuer's shareholders' equity.
"SHCP"	Means "Secretaría de Hacienda y Crédito Público" (Ministry of Finance and Public Credit).
"SIC"	Means "International Quotation System".
"SME"	Means "Small and Medium-Sized Enterprise".
"SOFOL"	Means "Sociedad Financiera de Objeto Limitado" (Non-Bank Financial Institution (NBFI)).
"Subsidiary"	Means any corporation in which the Issuer holds the majority of the capital stock or has a significant influence, in accordance with the Circular Única de Emisoras.
"Tempus"	Means Tempus, Inc. and its subsidiary Tempus Nevada, Inc.
"The Issuer" or "Monex"	Means "Monex, S.A.P.I. de C.V." (formerly "Monex, S.A.B. de C.V.").
"TIIE"	Means "Tasa de Interés Interbancaria de Equilibrio" (Interbank Interest Rate).
"UDI" o "UDIs"	Means "Unidades de Inversión" (investment units).
"USA"	Means "the United States of America".
"UK"	Means "the United Kingdom".

b) Executive summary

The following summary contains information detailed in other parts of this Annual Report. Unless otherwise specified, all applicable financial reporting referred to herein has been prepared in accordance with the Accounting Criteria established by the Commission. Throughout this Annual Report, unless otherwise indicated or required by context, the terms "us", "our", "ours", "the Issuer" and "Monex", refer to Monex, S.A.P.I. de C.V. (formerly "Monex, S.A.B. de C.V.") and its subsidiaries. Any reference contained herein to activities other than the shareholding, refers to activities carried out through our subsidiaries Monex Grupo Financiero, MNI Holding, and Arrendadora Monex or, indirectly, through the subsidiaries of Monex Grupo Financiero and MNI Holding

Our Business

We are one of the most dynamic and growing financial services providers in the Mexican market with more than 37 years of experience.

Monex's main business is international payments and foreign exchange. Based on this business, we have developed a broad range of financial services for our clients.

The main activities of our subsidiaries in Mexico and abroad are foreign exchange, international payments, and providing banking and brokerage services. We serve more than 66,000 clients, including large and medium-sized companies, mainly related to foreign trade. We are considered the leaders in the foreign exchange and international payments market in Mexico according to figures published by the Commission and based on our own estimates.

We are a public company since 2010, whose main subsidiaries are: Monex Grupo Financiero composed of three financial entities: Banco Monex, Monex Casa de Bolsa and Monex Operadora de Fondos (in Mexico); MNI Holding, composed of Monex Europe and Monex USA (foreign subsidiaries); and Arrendadora Monex.

In Mexico, through our sales force distributed in 31 offices, we offer financial products that satisfy the needs of our clients, from which, the following products stand out:

- Foreign exchange
- International and domestic payments
- Digital banking
- Investment funds
- Credit products and international trade
- Factoring
- Leasing
- Risk management products (derivatives)
- Cash management
- Brokerage services (money markets, capital markets and investment banking)
- Private banking
- Trust services

Our approach is to be the main provider of financial products and services for clients with international operations, aimed at establishing long-term relationships. The personalized attention offered to our clients, as well as the broad experience of our sales force, allows our clients to have access to different specialized products and services that satisfy their need for banking services and international payments.

Among our competitive advantages, the following stand out:

- Market leadership in the foreign exchange and international payments services
- High-level service and execution supported by our robust technology platforms
- A broad client base, mainly composed of large and medium-sized companies (both national and international) served by an experienced sales force
- Experience in launching new products and organic geographic expansion and through acquisitions
- Increasingly diversified product portfolio that enhances cross-selling
- Effective risk management and anti-money laundering controls, as well as proper corporate governance practices
- Experienced management team
- State-of-the-art and reliable electronic platform for foreign exchange and payments.

These differentiators in the market have allowed us to attract a portfolio of recurrent clients whose continued demand provides revenue and a steady base for our growth.

In addition to our operations in Mexico, we have expanded our geographical presence in North America, Europe, and now also in Asia through Monex Europe and Monex USA, offering financial products to corporate clients with a need for foreign exchange and international payments operations.

We have increased and diversified our client portfolio and increased our sources of revenue through the incorporation of new products and banking and non-banking services in our portfolio. We have leveraged our foreign exchange and international payments business to offer foreign exchange forwards and Risk Management solutions (derivatives), as well as traditional banking and trust services, national and international brokerage services, financial asset management, and leasing.

We offer our products and carry out our activities through our main subsidiaries, such as:

- Grupo Financiero Monex and our indirect subsidiaries:
  - Banco Monex (credit institution),
  - Monex Casa de Bolsa (brokerage house),
    - Monex Securities (company acting as a broker dealer in the US market)
    - Monex Asset Management (company acting as an investment advisor in the US market)
  - Monex Operadora de Fondos (company operating investment funds) in Mexico

- MNI Holding and our indirect subsidiaries:
  - Monex USA and
  - Monex Europe (foreign companies engaged in providing foreign exchange and payments services);

- Arrendadora Monex (leasing) in Mexico

Our main subsidiary is Banco Monex, which reported a net income of $2,474 million MXN for the year ended on December 31, 2022. Most of our foreign exchange and payment services were provided through this entity.

In 2022, our revenues from foreign exchange and international payments in Mexico amounted to $4,588* million MXN, which resulted from operating with more than 22,000 clients. 91.1% of our operating volume in foreign exchange came from transactions carried out with corporations, which we consider contributes to the mitigation of our transactional and regulatory risks, including all risks related to frauds and money laundering.

* Operating income generated by foreign exchange and international payments transactions in Mexico (internal figures).

Our focus on the foreign exchange and payments market has allowed us to get a broad knowledge of our clients with international operations and their needs, which, in turn, has allowed us to expand the range of services by offering products that become more attractive in the different market segments in which we are involved. Considering the above, we believe that we can anticipate the needs of our clients better than our competitors (mainly, financial institutions that also offer foreign exchange services through their commercial banks, in some of which, those services do not constitute their main activity) and therefore, we have been able to design solutions with a higher degree of specialization.

Based on our experience and leadership in the foreign exchange and international payments market in Mexico, in 2010 we started an international expansion process through the acquisition of Tempus Consulting, Inc. (currently Monex USA), specialists in foreign exchange in the United States market.

Seeking to access to new market segments and geographical regions, in 2012 we continued our international expansion through the acquisition of Schneider Foreign Exchange Limited (currently Monex Europe), specialists in foreign exchange in the UK, company through which we offer our services to the European Union.

Our headquarters are located in Mexico City, and we currently have 31 offices within Mexico (corresponding to Monex Grupo Financiero), as well as 6 offices located in the U.S. (Los Angeles, Washington, D.C., New York, San Diego, San Antonio, and Houston), one office in Canada (Toronto), one office in the UK (London), one office in Spain (Madrid), one office in the Netherlands (Amsterdam), one office in Singapore, and one office in Luxembourg. Our network of branches and offices in Mexico allows us to have nationwide coverage and presence in the main financial and business centers. From our total revenues for the year ended on December 31, 2022, 78.4% came from our business in Mexico and 21.6% came from abroad.

We conduct our business in Mexico through our highly specialized sales force of 674 executives in Mexico, who proactively look for new business opportunities through the creation of relationships with new clients and through cross-sales of products from our different business segments. Our sales executives have access to a solid technological platform, in which we have made substantial investments with the purpose of improving the speed, efficiency, reliability and profitability of our payments processing and offering new foreign exchange and international payments solutions for our clients.

Our performance is the result of an effective business model focused on providing efficient and reliable financial services to highly profitable market segments.

As of December 31, 2022, we had assets equivalent to $217,219 million MXN, liabilities equivalent to $202,724 million MXN and a stockholders' equity equivalent to $14,495 million MXN.

Total operating revenues, calculated as the sum of financial margin after allowance for loan losses, plus commission and fee income minus commission and fee expense, plus trading income, plus other operating (expense) income, increased by 30.8% in 2022 compared to the previous year, going from $9,030* million MXN in 2021 to $11,808** million MXN in 2022. While in 2020, the total operating revenues amounted to $7,980* million MXN, and therefore, Monex's revenues increased by 13.2% in 2021 compared to 2020.

For that reason, our total operating revenues increased by a compound annual growth rate of 21.6% from 2020 until 2022.

Chapter 2 (the Issuer) details the products and services offered by our subsidiaries, as well as their growth strategies and competitive skills.

* Total operating revenues in 2021 and 2020 are calculated as: Financial margin – Allowance for loan losses + Commission and fee income – Commission and fee expense + Trading income + Results from operating leases + Participation in the result of unconsolidated subsidiaries and associates + Services income + Other operating (expense) income.

** Total operating revenues in 2022 are calculated as: Financial margin after allowance for loan losses + Commission and fee income – Commission and fee expense + Trading income + Other operating income.

Recent Events

2022

Cancellation of registration of Monex, S.A.B.'s shares (currently "Monex, S.A.P.I. de C.V.") in the RNV

On August 23, 2022, the Extraordinary Shareholders' Meeting of Monex, S.A.B. de C.V., resolved to request the Commission to cancel the registration of shares representing the capital stock of Monex, S.A.B. in the RNV, to request the Mexican Stock Exchange to cancel the listing of said shares and, with prior authorization of the Commission, to carry out a public offer to acquire up to all the shares owned by the shareholders non-members of the group of persons that control Monex, S.A.B. as of the initial date of the offer.

Appointment of the CEO of Monex, S.A.B.

Monex, S.A.B., as a part of its growth and transformation strategy, adjusted its organizational structure and appointed Mauricio Naranjo González as its new CEO. With this appointment, Mauricio assumes the leadership of all areas of the financial institution, leading a solid team highly oriented toward results, agility, and adaptation to change.

Héctor Lagos Dondé, in turn, will continue as Executive President and Chairman of the Board of Directors of Monex, S.A.B., and will be more oriented toward Monex's strategy.

Increase in the capital stock of Monex, S.A.B.

By resolution adopted by the Ordinary Annual Shareholders' Meeting of Monex, S.A.B. de C.V., held on April 19, 2022, it was resolved to increase the variable part of the capital stock of Monex, S.A.B. de C.V., by the amount of $1,000 million MXN through the issuance of 100 million Series "B" shares.

In compliance with the agreement adopted by the Ordinary Annual Shareholders' Meeting and as a result of the exercise of initial and additional preemptive rights, the period of additional preemptive rights for subscription of shares ended on July 14, resulting in subscription of all the 100 million Series "B" shares issued and, consequently, the capital stock of Monex, S.A.B. de C.V. increased by $1,000 million MXN.

Payment of Dividends

The Ordinary Annual Shareholders' Meeting held on April 19, 2022, resolved to decree the payment of dividends to shareholders in the amount of $1,050 million MXN, charged to the account of "Retained earnings", reflected in Monex's audited financial statements with figures as of December 31, 2021.

The Ordinary Shareholders' Meeting, held on April 8, 2022, resolved to decree the payment of dividends to shareholders in the amount of $300 million MXN, charged to the account of "Retained earnings", reflected in Monex's audited financial statements with figures as of December 31, 2020.

Change in shareholding percentage of subsidiary

Monex informs to have acquired on February 25, 2022, the remaining part of the shares of its direct subsidiary Arrendadora Monex, S.A. de C.V., in which Monex had a majority stake since June 2018. Arrendadora Monex offers a pure leasing service of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories, and other goods.

2021

Early amortization of MONEX 19 bonds

On June 17, 2021, Monex carried out the total early voluntary amortization of the bonds with ticker symbol "MONEX 19" issued on June 20, 2019 for an amount of $1,500 million MXN.

Issuance of MONEX 21 bonds

On June 1, 2021, Monex carried out the third Public Offering of Bonds under the protection of the program, with ticker symbol "MONEX 21", by placing the total amount of $1,500 million MXN on the market at a rate of TIIE28 + 150 bp for a term of 4 years. The issuance received a credit rating of 'A+(mex)' by Fitch Ratings and 'HR A+' by HR Ratings.

The resources were used for early amortization of the "MONEX 19" bonds. The placement involved the participation of a diversified base of investors, achieving an oversubscription of 1.14 times the amount of the offer.

Authorization of Banco Monex's bank bonds program

Banco Monex received authorization from the CNBV to establish a revolving program of long-term bank bonds for a total amount of up to $8,000 million MXN, or its equivalent in UDIs or in any other currency. The program will be valid for 5 years as of the date of authorization.

Payment of Dividends

The Ordinary Shareholders' Meeting held on April 16, 2021, resolved to decree the payment of a dividend to shareholders for an amount of $70 million MXN, charged to the account "Retained earnings", reflected in the financial statements of Monex with figures as of December 31, 2020.

2020

Payment of Dividends

The Ordinary Shareholders' Meeting held on April 29, 2020, resolved to decree the payment of a dividend to shareholders for an amount of $70 million MXN. The resources for this dividend come from our foreign subsidiary, Monex Europe, which is not part of Monex Grupo Financiero.

Change of stock exchange of MONEX 19 Bonds

On January 29, 2020, Monex, S.A.B. resolved to cancel the listing of Bonds with ticker symbol "MONEX 19" in the Bolsa Mexicana de Valores, S.A.B. de C.V., which were issued on June 20, 2019, for an amount of $1,500 million MXN, and to list those bonds in the Bolsa Institucional de Valores, S.A. de C.V.

Market Opportunity

Our main line of business is foreign exchange and international payments. The exchange market has been and shall remain being influenced, mainly by the foreign trade flow. We carry out most of our business activities in Mexico, which has registered a significant increase in international payments transactions derived from several international trade agreements, which have contributed to strengthening Mexico's foreign trade operations.

As an example, based on data from INEGI, the total value of exports of Mexico in the period of January – December 2022 increased by 16.9% compared to the previous year, while the total value of imports increased by 19.6% compared to the same period of 2021.

For that reason, we consider that the foreign exchange and international payments market in Mexico maintains an attractive growth potential, and that, as one of the leaders in this business, we are well positioned to benefit from Mexico's economic expansion and the expected growth in the volume of international payments as consequence from this expansion.

Volume of Foreign Exchange Transactions in Mexico

We have seized our experience and offered services to get geographical diversification towards the United States of America, Canada, Europe, and Asia, where traditional financial institutions are not focused on foreign exchange and payments as their main financial product. Transactions related to foreign exchange and payments in Mexico and abroad were equivalent to 60.5% of our total revenues during 2022.

Our Competitive Skills

We consider that our main competitive skills are the following:

Leadership in the foreign exchange and international payments market as result of our specialization in products, trademarks, well-known performance capacity and client-oriented approach.

We are a provider of foreign exchange and payments services for private non-financial clients in Mexico. We were able to stand out from our competitors because of our service and product portfolio, the personalized advice, and our efficient and reliable transactions carried out through our platform. We also consider that the brand of "Monex" is widely recognized in the Mexican market of foreign exchange and payments services, as a solid institution offering efficient and high-quality services at competitive prices. During 2022, we provided foreign exchange services to more than 22,000 clients.

During 2022, we carried out over 7.6 million payment transactions for our clients. Our market position allows us to seize scale economies in foreign exchange transactions and payments and our capitalization and liquidity levels allow us to have sufficient funds to efficiently carry out transactions with our counterparties.

We consider that our success is due to our business model, which is based on the efficiency of our payment processing, client service, close long-term relationships with our clients and our sales force, which provides high-quality personalized service and attention. All the above is supported on a solid technological systems platform. Our sales force has achieved to create a good reputation by offering efficient and quality services and has also been recognized by offering foreign exchange and international payments services with a high degree of speed and reliability.

As of December 31, 2022, we had 674 sales executives, 599 of which were dedicated to foreign exchange and payments services. We make an important effort to hire and keep the most talented sales executives in the market. Their compensation is mainly based on carefully formulated commission schemes, which help us to keep their interests aligned with ours. These executives decide the price that they offer to each client, based on real-time currency quotes, which helps us to maximize our profitability and to provide personalized services to our clients, and which we consider a factor that differentiates us from the majority of the largest commercial banks with which we compete in the foreign exchange market.

We seize our leadership position, as well as the recognition of our trademark and the relationships that we have with our clients with respect to the foreign exchange and payments services that we offer, with the purpose of having a similar positioning in the different markets in which we operate.

We consider ourselves as one of the largest operators of Dollar forwards in Mexico. Likewise, according to the company Structured Retail Products, we were the largest issuer of structured notes in Mexico and Latin America in 2022 (mainly short-term notes, with guaranteed capital, in relation to the Peso/Dollar exchange rate), based on the number and the value of the issued notes.

We consider that we have seized our foreign exchange and payments line of business to offer credit products for medium-sized companies with which we have long-term relationships and knowledge of their transactional performance history and their business activities.

Proven experience of growth in the offer of products and market presence through organic growth and the acquisitions of other companies.

During more than 37 years of operation, we have been able to transform our Company from a foreign exchange brokerage house with domestic transactions, to a holding company of a financial group and other companies related to the foreign exchange and payments market, with presence in 31 cities in Mexico, with 6 regional administrations, and with presence in the USA, Canada, the United Kingdom, Europe (Spain, the Netherlands, and Luxembourg), and Asia (Singapore). In 2003, we became a regulated financial group through the constitution of Monex Grupo Financiero, and in 2006, through the acquisition of Comerica Bank México, S.A., Institución de Banca Múltiple, we incorporated a credit institution into the group, that is, Banco Monex. Already in 2007, through the constitution of Holding Monex (currently Monex, S.A.P.I. de C.V.), this company became the owner of 99.99% of Monex Grupo Financiero.

Our product portfolio has grown in such a manner that we currently offer loans and deposits, trust services, brokerage services, risk management products, investment funds, asset management, pure leasing, in addition to our main services, which include foreign exchange and international payments. We achieved to offer a wide range of products through the combination of internal growth and successful acquisitions, which we consider a result of the experience of our management team, our reputation within the market, and our solid financial presence.

Since 2001, we have acquired eight companies, including CBI Casa de Bolsa, S.A. de C.V. in 2001; Comerica Bank México, S.A., Institución de Banca Múltiple in 2006; Prestaciones Universales (which has already been sold), Pagos Intermex, S.A. de C.V., and Pagos Dimex, S.A. de C.V. (which have already been sold) in 2008; Tempus in 2010 (company based in the United States of America); Schneider Foreign Exchange Limited in 2012 (company based in the United Kingdom); and Arrendadora Avance in 2018 (a company with headquarters in Mexico specializing in leasing).

Based on our capacity to seize our broad experience in Mexico, we have been able to grow geographically and diversify our revenue source abroad. Likewise, we achieved to seize synergies in our business, selling, and cross-selling practices. In addition to the successful integration of the operations from these companies to our group, we achieved to foster their growth and increase our product portfolio.

We have been successful in the organic development of new lines of business and launching new products. We also have the capability to identify new and attractive markets and products.

Investments in Fintech Companies

Since 2016, we have invested in three different Fintech companies, having a minor percentage in the equity thereof, which offer state-of-the-art technology solutions.

Our own extensive and scalable IT platform and technology systems

We have made significant investments on a sustained basis to improve the speed, efficiency, and profitability of our payment processing platform and to offer new foreign exchange services and transfer solutions to our clients. Most of the computing programs we use are developed internally and are sustained on cutting-edge technologies; however, we also use third-party applications in order to offer innovative solutions adjusted to the needs of our clients. As an example, we have a multi-currency digital account through which our clients can carry out foreign exchange operations, make transfers through SPEI, SPID, and SWIFT, obtain yield rates in Mexican pesos (MXN) and US dollars (USD), as well as to maintain balances in different currencies.

We believe that our technological systems and payment processing platforms allow us to differentiate ourselves from our competitors, offer a superior level of service to our clients and sales force, optimizing the operational efficiency of our business. We consider that our technological and payment systems are a complete, attractive offer and work efficiently, guaranteeing confidentiality, integrity, availability, and compliance with Anti-Money Laundering policies.

Financial return as a result of efficient operations and careful administration

In 2022, we had a Return on Assets (ROA) of 1.45%* and a Return on Equity (ROE) of 21.61%*. On the other hand, Banco Monex had a non-performing loan portfolio ratio of 1.50%** and an allowance for loan losses / total loan portfolio ratio of 3.76%*** as of December 31, 2022. Likewise, Banco Monex had a ROA of 1.18%**, a ROE of 24.17%** and a capitalization ratio of 19.65%** in December 2022.

We consider that our return rates are mostly due to the efficiency of our business operation, our focus on profitable products and client segments, which require lower capital levels and our careful and conservative financial administration.

Highly diversified product and services portfolio, and client base which offer profit stability and attractive organic growth opportunities

As of December 31, 2022, we offer services for over 66,000 clients (figures calculated based on the number of clients who carried out, at least, one transaction throughout the 12-month period ended on December 31, 2022). Our 10 largest clients represented 7.2% of our revenues during the fiscal year 2022, and no client represented more than 5%. Moreover, approximately 39.5% of our revenues during 2022 came from segments other than our main line of business (foreign exchange and international payments). We achieved this diversification level through the growth of our banking, brokerage, asset management, investment funds and leasing services, and of our risk management products (derivatives). Additionally, we have increased our geographical presence, through the internationalization process, having as consequence operations in the USA, Canada, the United Kingdom, Spain, the Netherlands, Luxembourg, and Singapore, through our subsidiaries Monex USA and Monex Europe. In 2022, 78.4% of our revenues came from operations in Mexico and 21.6% from the operations of our international subsidiaries.

We consider that the geographical, client, and product diversification has allowed us to have a stable income source, to broaden our growth opportunities, and to have solid financial results. Our foreign exchange business has been benefited from volatility periods with greater margins and from higher levels of transactions in economic growth periods. Also, our asset management and investment funds segments allow us to have a stable source of income, as our main revenue source is the fixed commissions that we charge based on the assets under management.

* Annualized Return Formula = (Annual Net Income / Average Assets or Equity of the fourth quarter of 2022 and the fourth quarter of 2021).
** According to figures published by the Commission as of December 31st, 2022.
*** Refers to the allowance for loan losses / total loan portfolio, same that, according to information from the Commission, refers to the application of the grading and provisions methodology in use, which takes into consideration default probability, loss severity, and exposure to default.

Risk management controls and corporate governance practices

An important part of our business philosophy has been maintaining solid corporate governance practices and adequate Risk Management controls, which include anti-money laundering practices and rigorous customer selection processes (KYC "Know Your Customer" policies). Since the incorporation of Monex Grupo Financiero in 2003 and since the date of incorporation of each of the financial entities that comprise it, we have been regulated by the CNBV, the SHCP, the Bank of Mexico and the CONDUSEF. We must comply, among others, with anti-money laundering regulations applicable in Mexico, which oblige our subsidiaries to comply with:

- The creation and implementation of procedures and policies, including mechanisms to identify and know our customers, to prevent and detect actions, omissions, or transactions that might favor, assist, or in any manner cooperate with terrorism-financing activities or money laundering.
- Implementing procedures to detect relevant, unusual, or suspicious transactions.
- Reporting relevant, unusual, or suspicious transactions to the SHCP through the CNBV
- The establishment of a Communication and Control Committee responsible for supervising the compliance with anti-money laundering regulations, among others.
- The adoption of KYC policies that include, among others:
    - i. creation of a customer identification dossier
    - ii. validation of information and documents delivered
    - iii. application of an own model to assign the risk level and profile of each customer
    - iv. application of a methodology for assessing the risk of money laundering and financing of terrorism at the entity level, including compensatory controls for their mitigation
    - v. implementation of systems and processes to prevent, detect, and report transactions related to resources of illicit origin.

Additionally, we have several intermediate administration bodies and committees that strengthen our corporate governance structure, from which, the following stand out:

- Audit and Corporate Practices Committee of Monex
- Audit Committee (Banco Monex and Monex Casa de Bolsa)
- Risk Management Committee (Banco Monex, Monex Casa de Bolsa and Monex Fondos)
- Credit Committee (Banco Monex)
- Compensation Committee (Banco Monex and Monex Casa de Bolsa)
- Financial Products Analysis Committee (Banco Monex and Monex Casa de Bolsa)
- Assets and Liabilities Committee (Banco Monex)
- Communication and Control Committee (Banco Monex, Monex Casa de Bolsa and Monex Fondos)
- Environmental, Social, and Corporate Governance Committee (Monex Grupo Financiero)

On October 17, 2022, the Ordinary Shareholders' Meeting approved the integration and ratification of the current Board of Directors.

Growth strategy and commitment of our collaborators

The management team is oriented toward the Group's strategy, achievement of growth objectives and challenges, and the transformation, which guide the strategy with collaborators efficiently and with high quality. This year, we continue having very positive results and constant growth.

The experience of our managers in the financial sector is an average of 32 years and 15 years at Monex. We have consolidated our business abroad and diversified the products to serve our clients in Mexico. Our collaborators are professionals, committed to the company and result-oriented.

The vision and capacity to achieve results have allowed Monex to become a leader in its core business and to venture into other financial businesses.

We have an excellent work environment that generates synergy among areas, productivity, and a healthy and pleasant atmosphere, allowing us to offer a better service to our clients.

We are committed to the financial success of our clients, for which high-quality service and agility are our priorities. We offer state-of-the-art technology to provide the best service to our clients and have the necessary support in the organization to meet and exceed the benefits for our environment.

Our Strategy

2020 was marked by the COVID-19 pandemic, strongly present in our region as of March. Our greatest strength was our manner to adapt to the new reality. In a very short term of approximately two weeks, we migrated to a practically 100% remote operation, both on the national level and in our international subsidiaries. Although we had been working on digitizing functions for years, this ability, to the extent that the events occurred, was new to us. In addition to implementing remote operations, we performed better than expected at the beginning of the year in various areas and businesses. We maintained the operation remotely until September, when some collaborators began to return to the offices, although with pertinent safety precautions and in small percentages. The service that we were able to maintain for our clients and good results were the main aspects to highlight during the year.

During 2021, we had to face the continuation of the pandemic. Our personnel has gradually returned during the year. By the end of the year, we had an average attendance of 60% in our corporate offices located in Mexico City. However, at the end of 2021, we had to return to a remote operation model as a measure due to the Omicron variant of COVID-19. Either way and during different stages from low to high and to low office attendance, the Group's performance remained positive. In Monex, we were fortunate to go through the pandemic with success.

As during the last years, we seek to maintain our leadership in the foreign exchange and payment services market in Mexico and, at the same time, to offer other financial services as part of our strategy to help our clients to meet their financial needs. The diversification of products and services allows us to improve and increase our clients deposit base and our credit portfolio, which, in turn, not only helps us to improve our service, but also to achieve greater profitability. As for our international position, we seek not only to continue growing in the foreign exchange and international payments market, but to enter this business in the countries where we currently have no presence. For such purpose, we have developed the following business strategies, which we believe will allow us to achieve our growth and profitability goals.

In addition to the opportunities that may arise in the foreign exchange market, we also believe there is an attractive growth potential in our credit services, and other traditional banking services. As of December 31, 2022, our loan portfolio (net) amounted to $28,982 million MXN, and it was composed of short-term and long-term credit lines. Our loan portfolio is distributed among 1,463 clients.

Leverage our experience and our relationships in the foreign exchange and payments market to expand our clients base

Based on the business relationship we have with our foreign exchange clients and our knowledge of their needs; we will rely on the sales force so that together with the credit specialists we can achieve an adequate cross-selling in order to offer financing that meets our clients' needs.

Diversification of our financial services portfolio offered to clients

Recently, we have focused on maintaining our leadership position in services for companies with international operations and on strengthening our operations of foreign exchange and payments services, while, at the same time, encouraging diversification of our activities with the purpose of having different and profitable sources of income. In recent years, we have increased our efforts on offering traditional banking products and private banking services. Through the diversification of operations, we intend to maintain the existing good relationship with our current clients and develop new relationships aiming at increasing our volume of transactions and income, both in Mexico and in our international subsidiaries. One of our main goals is to continue providing and offering services and products in an efficient way to our clients.

Increase our profit with new and existing clients through cross-selling of our products

We expect to benefit from our current distribution channels, including our nationwide network of 31 offices in Mexico, for cross-selling of our products and increase our market position in all our lines of business. Based on the carefully designed compensation scheme, our sales force has the incentive to maximize profit from the existing relationship with our clients. Currently, our foreign exchange and international payments sales force receives support from our product specialists in the rest of the financial products, which allows us to increase the promotion thereof. As a result of the above, we have achieved a high growth in our income due to the placement of these products. Among the products that we consider having the highest potential to be offered to our clients through cross-selling are risk management products, credit, brokerage services, asset management products, and pure leasing.

Based on our market share, we are looking to leverage our position in the foreign exchange and payments market to increase our loan portfolio

We consider that our credit business has important growth opportunities. We also believe that our broad client base has given us the opportunity to increase our credit portfolio. We intend to continue improving our credit product offer and to continue expanding our loan portfolio among our potential clients, as we believe that we stand out from our competitors in this market, due to the personalized services that we offer and because we have a better understanding of our clients. With the purpose of achieving the objectives indicated above, we will continue strengthening our trademark, our infrastructure and our wide and specialized sales force and our existing client portfolio, which will help us to identify clients with credit needs. When conducting a credit analysis, we take into consideration the main activities, which are commonly carried out by our clients, as well as their transactional behavior and their needs. As of December 31, 2022, approximately 1,463 of our clients had credits granted by our company.

Continue offering the most advanced technological payments processing platform

We consider that we offer our clients an efficient payment platform, which allows them to carry out foreign exchange and international payments transactions in a quick and reliable way. We have developed our platform internally focusing on continuous improvement of the clients' experience and aiming at providing a cutting-edge system to our sales force. In 2022, we reinforced the technology and process for this platform, which allows it to improve its response times and accept the growing demand of our current and future clients.

Continue growing organically in Mexico and in foreign markets, and, at the same time, to seek acquisition opportunities

We believe that there is a high potential to make our business grow in Mexico in an organic way through the implementation of certain strategies described above. We consider that we can replicate our foreign exchange business model in certain international markets, based on the focus on medium-sized companies, which currently have not been able to access these services or those who receive these services from non-specialized financial companies. By offering personalized services, competitive prices, and our advanced online platform, we will be able to attract new clients and increase the volume of our transactions abroad.

Our subsidiaries abroad have experienced a solid growth in the past, and we believe that we will continue seizing this growth through additional synergies, implementation of best practices, and better operating techniques, as well as a wider offer of related financial products. In our opinion, the foreign exchange market in the United States, Canada, Europe, and Asia presents an attractive opportunity for us to capitalize on the knowledge we have gained and developed in Mexico and, therefore, to offer a wider portfolio of value-added products and services.

Likewise, we will continue analyzing acquisition opportunities which may increase our market position, improve our product portfolio, or give us better access to our clients. Our disciplined focus to analyze, execute and integrate acquisitions has generated growth in the past and has been fundamental in the diversification and growth of our business. The experience of our management team in the integration and optimization of the acquired companies and the flexibility to act rapidly when the opportunity comes, are relevant advantages which we will keep seizing in the future.

Attract, develop, and retain talented human capital.

Talent is the fundamental piece of our growth at Monex, and therefore, the attracting, development and retention of the best human talent is our primary objective. Likewise, teamwork allows us to meet the goals of our business. We constantly strengthen our talent attraction and development strategy. Our talent management process is solid, competitive, and is based on the requirements of the industry, new technologies, advances in this digital age, and the solid culture of our company.

The increasingly digital and remote training programs have enabled the development of our collaborators, which respond to the detection of training needs that we carry out and our interest in promoting the growth of our team.

We provide our collaborators with a competitive compensation package, development and growth opportunities, and wellness programs allowing us to promote a healthy lifestyle and a better family-work relationship. We promote teams where respect, openness and innovation are essential.

We work on a basis of fairness and respect; we are committed to inclusion and diversity in our actions, and we do not discriminate.

At Monex, we do not distinguish the personnel we hire demonstrating exclusion or preference based on race, gender, age, color, religion, political opinion, social status, ethnic origin, giving the same treatment and opportunities in the process of recruitment.

For 19 years, we have had the Distinction of a Socially Responsible Company and we improved our position at the annual Distinction of Healthily Responsible Organization. For 20 years, we have consistently received through Monex Grupo Financiero the recognition granted by the Great Place to Work Institute as one of the Best Companies to Work in Mexico.

Financial Information Summary

Consolidated Statement of Financial Position as of December 31, 2022

Concept	2022
Assets	
Cash and cash equivalents	29,771
Margin accounts	1,157
Investment in financial instruments and Debtors in repurchase/resale agreements	125,536
Derivative financial instruments	8,719
Loan portfolio, net	28,982
Other accounts receivable, net	17,480
Furniture and equipment, net and Assets for rights of use	589
Deferred taxes, net	1,005
Other assets*	3,980
Total Assets	**217,219**
Liabilities	
Deposits	51,522
Bonds	1,507
Banks and other borrowings	4,707
Creditors on repurchase/resell agreements	112,551
Sold/pledged collateral	577
Derivative financial instruments	7,396
Other Liabilities**	24,464
Total Pasivo	**202,724**
Stockholders' Equity	
Paid-in capital	3,818
Earned capital	10,665
Non-controlling interest	12
Total Stockholders' Equity	**14,495**
Total Liabilities + Equity	**217,219**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

Regarding the financial structure, as of December 31, 2022, Monex's total assets amounted to $217,219 million MXN and its stockholders' equity amounted to $14,495 million MXN.

* Other Assets is composed of the following accounts: Foreclosed assets, net; Prepayments and other assets, net; Permanent investments; Intangible assets, net; Assets for rights of use of intangible assets, net; and Goodwill.

** Other Liabilities is composed of the following accounts: Valuation adjustments of financial liabilities' hedging, Lease obligations, Other accounts payable, Income tax liability, Employee benefits, and Deferred credits and advanced payments received.

Consolidated Balance Sheets as of December 31, 2021 and 2020

The following chart contains our Consolidated Balance Sheets with audited figures for the years ended on December 31, 2021 and 2020, in millions of MXN:

Concept	2021	2020
Assets		
Funds available	21,188	14,579
Margin accounts	1,299	1,957
Investment in securities and repurchase agreements	93,006	70,746
Derivatives	3,947	6,492
Loan portfolio (net)	25,945	24,256
Other receivables (net)	32,259	28,160
Deferred taxes and PTU (asset)	1,188	1,557
Other assets	4,994	4,237
Total Assets	**183,826**	**151,984**
Liabilities		
Deposits	46,829	44,355
Bonds	1,504	1,500
Bank loans and other loans	1,734	557
Liabilities arising from sale and repurchase agreements	79,541	50,760
Collateral sold or pledged in guarantee	3,635	3,591
Derivatives	3,418	5,902
Other Liabilities	34,732	34,499
Total Liabilities	**171,393**	**141,164**
Stockholders' equity		
Contributed capital	2,818	2,818
Earned capital	9,568	7,965
Non-controlling interest	47	37
Total Stockholders' equity	**12,433**	**10,820**
Total Liabilities + Stockholders' equity	**183,826**	**151,984**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Consolidated Statement of Comprehensive Income for the year ended on December 31, 2022

Concept	2022
Financial margin	**1,612**
Allowance for loan losses	(327)
Financial margin adjusted for allowance for loan losses	**1,285**
Commission and fee, net	793
Financial intermediation income, net ("Trading income")	9,510
Other operating income, net	220
Administrative and promotional expenses	(7,907)
Income before income taxes	**3,901**
Income tax	(992)
Net income	**2,909**
Other comprehensive income	5
Equity in other comprehensive income of other entities	(342)
Comprehensive income	**2,572**
Net income attributable to:	
Controlling interest	2,910
Non-controlling interest	(1)
Comprehensive income attributable to:	
Controlling interest	2,573
Non-controlling interest	(1)
Earnings per share	4.67

Internally prepared with audited figures for the year ended on December 31, 2022.
Figures in millions of MXN.

Consolidated Statements of Income for the years ended on December 31, 2021 and 2020

The following chart contains our Consolidated Audited Statements of Income for the years ended on December 31, 2021 and 2020:

Concept	2021	2020
Trading income	**6,204**	**6,627**
Financial margin	**1,604**	**2,088**
Allowance for loan losses	(235)	(920)
Financial margin after allowance for loan losses	**7,573**	**7,795**
Commission and fee (net)	624	588
Results from operating leasing	118	28
Participation in the result of unconsolidated subsidiaries and associates	-	(1)
Total operating revenues	**8,315**	**8,410**
Services income	2	-
Other operating income (expense)	713	(430)
Administrative and promotional expenses	(6,846)	(6,728)
Income before income taxes	**2,184**	**1,252**
Current income taxes	(291)	(788)
Deferred income taxes (net)	(233)	412
	(524)	**(376)**
Controlling interest	1,654	878
Non-controlling interest	6	(2)
Net Income	**1,660**	**876**

Internally prepared with audited figures for the years ended on December 31, 2021 and 2020.
Figures in millions of MXN.

Consolidated Statement of Cash Flow for the year ended on December 31, 2022

	2022
Cash flows from operating activities:	
Income before income taxes	3,901
Items relating to investment activities	
Depreciation of furniture and equipment	109
Amortization of intangible assets	728
Impairment of long-lived assets	1
Share in net income of other entities	(1)
Items relating to financial activities:	
Other interests	775
Total	5,513
Changes from operating activities:	
Change in margin accounts (derivative financial instruments)	(152)
Change in investment in financial instruments	(36,273)
Change in debtors on repurchase/resell agreements	3,620
Change in derivative financial instruments (assets)	1,071
Change in loan portfolio, net	(1,183)
Change in other accounts receivable, net	14,780
Change of foreclosed assets, net	(48)
Change in deposits	5,404
Change in banks and other borrowings	2,973
Change in creditors on repurchase/resell agreements	32,900
Change in sold/pledged collaterals	(3,058)
Change in derivative financial instruments (liabilities)	(285)
Change in hedging derivative financial instruments (items hedging related to operation activities)	8
Change in employee benefit	337
Change in accounts payable	(10,671)
Change in other provisions	(2,018)
Income taxes paid	(1,435)
Net cash provided by operating activities	11,483

	2022
Cash flows from investing activities:	
Proceeds from sale of furniture and equipment	22
Payments for acquisition of furniture and equipment	(40)
Payments for acquisition of other entities	(90)
Payments for acquisition of intangible assets	(454)
Proceeds from sale of intangible assets	201
Net cash used in investing activities	(361)
Cash flows from financing activities:	
Payments on lease obligations	(178)
Dividends paid	(1,365)
Common stock reimbursement	997
Interest paid for lease obligations	(51)
Other payments for financing activities	(92)
Net cash provided by financing activities	(689)
Net increase in cash and cash equivalents	10,433
Effects from cash value changes	(1,850)
Cash and cash equivalents at the beginning of the year	21,188
Cash and cash equivalents at the end of the year	**29,771**

Internally prepared with audited figures for the year ended on December 31, 2022.
Figures in millions of MXN.

Consolidated Statements of Cash Flows for the years ended on December 31, 2021 and 2020

The following chart contains the Consolidated Audited Statements of Cash Flows for the years ended on December 31, 2021 and 2020, expressed in millions of MXN:

	2021	2020
Net income:	1,660	876
Depreciation	367	342
Amortization	132	131
Current and deferred income taxes	524	376
Provisions	-	642
Adjustment for items that do not require cash flows	2,683	2,367
Operating activities:		
Change in margin accounts	658	(370)
Change in investments in securities	(19,035)	(31,021)
Change in repurchase agreements	(3,199)	3,509
Change in derivatives, net	147	496
Change in hedging instruments	10	(32)
Change in loan portfolio, net	(1,689)	(844)
Change in foreclosed assets	(101)	(13)
Change in other operating assets	(4,489)	(12,873)
Change in deposits	2,474	(2,705)
Change in bank and other loans	1,177	(869)
Change in collateral sold or pledged in guarantee	45	(649)
Change in liabilities arising from sale and repurchase agreements	28,781	33,228
Change in other operating liabilities	25	6,234
Others	(177)	(2)
Net cash flows from operating activities	7,310	(3,544)
Investing activities:		
Payments for acquisition of property, furniture and equipment	180	(387)
Proceeds from sale of property, furniture and equipment	(431)	85
Payments for acquisition of intangible assets	(213)	(185)
Payment for acquisition of subsidiaries and associates	-	-
Other investing activities	(31)	-
Net cash flows from investing activities	(495)	(487)

	2021	2020
Financing activities:		
Repurchase of own shares	(111)	(2)
Dividends paid	(70)	(70)
Interest paid	-	-
Debt payments	(106)	(113)
Net cash flows from financing activities	(287)	(185)
Net (decrease) increase in funds available	6,528	(4,216)
Effects from changes in value of funds available	81	259
Funds available at the beginning of the year	14,579	18,536
Funds available at the end of the year	**21,188**	**14,579**

Internally prepared with audited figures for the years ended on December 31, 2021 and 2020.
Figures in millions of MXN.

Changes in Stockholders' Equity

The following chart shows the Changes in Stockholders' Equity with audited figures for the year ended on December 31, 2022, in millions of MXN:

	Total Stockholders' Equity
Balance as of December 31, 2021	**12,433**
Retrospective adjustments for error corrections	(123)
Balance as of December 31, 2021, adjusted	12,310
Movements inherent to the decisions of the stockholders	
Contributions for capital stock increases	997
Dividend paid	(1,350)
Total	(353)
Comprehensive income	
Net income	2,909
Other comprehensive income:	
Valuation of cash flow hedge instruments	5
Equity in other comprehensive income of other entities	(376)
Total	2,538
Balance as of December 31, 2022	**14,495**

Internally prepared with audited figures as of December 31, 2022.
Figures in millions of MXN.

The following chart shows the Changes in Stockholders' Equity with audited figures for the years ended on December 31, 2021 and 2020, expressed in millions of MXN:

	Total Stockholders' Equity
Balance as of December 31, 2020	**10,820**
Entries approved by stockholders	
Transfer of results from prior years	-
Capital reserve	-
Dividends paid	(70)
Others	(110)
Total entries approved by stockholders	(180)
Comprehensive income	
Net income	1,660
Result from valuation of securities available for sale	52
Result from hedging instruments at fair value	16
Remeasurement of defined employee benefits	(15)
Translation effects of foreign subsidiaries	80
Total comprehensive income	1,793
Balance as of December 31, 2021	**12,433**

Internally prepared with audited figures as of December 31, 2021 and 2020.
Figures in millions of MXN.

Revenues from the main lines of business

Through our subsidiaries, we have diversified our base of operating revenues.

	2022							
	Foreign exchange	International	Derivatives	Securities brokerage	Credit and deposits	Trust services	Others	Total
Interest income	0	15	1	8,391	2,594	-	1,587	12,588
Interest expense	(24)	(68)	(432)	(9,420)	(238)	-	(794)	(10,976)
Financial margin	(24)	(53)	(431)	(1,029)	2,356	-	793	1,612
Allowance for loan losses	-	-	-	-	(287)	-	(40)	(327)
Financial margin adjusted for allowance for loan losses	(24)	(53)	(431)	(1,029)	2,069	-	753	1,285
Commission and fee income	118	286	0	277	56	390	39	1,166
Commission and fee expense	(19)	(105)	(15)	(51)	(68)	-	(115)	(373)
Financial intermediation income	4,660	2,577	1,406	889	-	-	(22)	9,510
Other operating income (expenses)	-	116	-	2	4	(31)	129	220
Administrative and promotional expenses	(2,894)	(2,329)	(587)	(54)	(1,261)	(220)	(562)	(7,907)
	1,865	545	804	1,063	(1,269)	139	(531)	2,616
Operating income	1,841	492	373	34	800	139	222	3,901
Income before income taxes	1,841	492	373	34	800	139	222	3,901
Income taxes	(423)	(141)	(86)	(8)	(184)	(32)	(118)	(992)
Net income	1,418	351	287	26	616	107	104	2,909
Non-controlling interest	-	-	-	-	-	-	1	1
Controlling interest	1,418	351	287	26	616	107	103	2,908

Internally prepared with audited figures as of December 31, 2022.
Figures in millions of MXN.

	2021								
	Foreign exchange	International 1	International 2	Derivatives	Banking products	Loans and deposits	Trust services	Others	Total
Trading income	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)
Services income	-	-	-	-	-	-	-	2	2
Other operating (expenses) income	-	(110)	27	-	1	27	(8)	776	713
Participation in the result of unconsolidated subsidiaries and associates	-	-	-	-	-	-	-	-	-
Administrative and promotional expenses	(2,381)	(1,805)	(156)	(103)	(491)	(874)	(230)	(806)	(6,846)
Current and deferred income taxes	(246)	(1)	(10)	(10)	(51)	(91)	(24)	(91)	(524)
Non-controlling interest	-	-	-	-	-	-	-	(6)	(6)
Net income	**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
Trading income	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
Net income	**594**	**(166)**	**42**	**60**	**223**	**22**	**50**	**53**	**878**

Internally prepared with audited figures as of December 31, 2021 and 2020.
Figures in millions of MXN.

Performance of MONEX B shares in the Mexican stock market

The following chart shows the performance of the Series "B" shares of Monex in the last three years:

Data per share	2022	2021	2020
Minimum*	12.00	11.89	9.90
Maximum*	20.85	12.50	13.25
Closing Price*	20.85	12.00	12.13
Daily Trading Volume	3,302	26,078	8,652
Shares outstanding**	623.3	523.6	532.8
Market Cap***	12,995	6,283	6,463
Dividend TTM*	2.58	0.13	0.13
Basic earnings TTM*	4.67	3.16	1.65
Book Value*	23.26	23.75	20.31
Price / Basic earnings TTM	4.46	3.80	7.35
Price / Book Value	0.90	0.51	0.60
Dividend Yield TTM %	12.37	1.08	1.07

* Figures in MXN
** Figures in millions of shares
*** Figures in millions of MXN

Issuer Default Ratings

FitchRatings Long Term	FitchRatings Short Term	FitchRatings Outlook	HR Ratings Long Term	HR Ratings Short Term	HR Ratings Outlook	Rating
'AA-(mex)'	'F1+(mex)'	Stable	'HR AA-'	'HR1'	Stable	Monex, S.A.P.I. (NS)*
'AA-(mex)'	'F1+(mex)'	Stable	'HR AA'	'HR1'	Stable	Banco Monex (NS)
'BB+'	'B'	Stable	-	-	-	Banco Monex (GS)**
'AA-(mex)'	'F1+(mex)'	Stable	'HR AA'	'HR1'	Stable	Monex Casa de Bolsa (NS)
'AA-(mex)'	-	-	'HR AA-'	-	Stable	MONEX 21 (NS)***

* NS: National Scale
** GS: Global Scale
*** Bonds

c) Risk factors

Investing in our securities involves some risks. Potential investors must carefully analyze and take into consideration the following risk factors, in addition to all other information contained herein, prior to investing in our securities. The occurrence of any of the risks described below may significantly and adversely affect our business, financial condition and/or operating results. Consequently, the price of our securities may decrease and thus the stockholders' investment may have a negative effect. The risks described below are those we currently consider as relevant, and which might have an effect on us. Our business, financial condition, and/or operating results might also be affected due to currently unknown risks or risks that, at present, we do not consider as relevant.

Risk Factors related to our line of business

Government involvement in our industry and the implementation of restrictive policies related to foreign exchange may have a negative effect on our line of business

A severe depreciation of the Mexican Peso may also result in involvement from the government, as it has occurred in the past, or in the disruption of foreign exchange markets. Currently, and for many years, the Mexican government has not imposed restriction to the right or capacity of Mexicans or foreigners to exchange Mexican Pesos for US Dollars or to transfer other currencies abroad; however, these measures have been applied in the past and may be implemented in the future. Consequently, the fluctuation of the Mexican Peso before the US Dollar may have a negative effect on us.

Additionally, if the government implements measures, such as fixing the price of the Peso before the US Dollars or other similar measures, the margin charged by us for each transaction may decrease as consequence of the differences between our margins for transactions with fixed and variable exchange rates. This intervention may result in a negative effect on our operating results and our financial position.

Future restrictions on interest rates or changes in loan risk reserves from the Mexican Government may have a negative effect on us

The Law on Protection and Defense of the Financial Service User currently does not set a limit on the interest rates that a bank may charge, subject to certain exceptions. However, the possibility of imposing such limits has been and will continue being discussed by the Congress, Mexican financial authorities, and different debtor groups at a conceptual level. If the Mexican Government were to impose limitations to the amounts, or additional information requirements in relation to these interest rates in the future, on the date here the Congress and Mexican financial authorities have not proposed specific limits to the interest rates that we would be able to charge. A part of our income and operating cash flow comes from the interest rates that we charge to our clients, and therefore, any additional restrictions or information requirements in relation to such interest rates may have a significant negative effect on our operating results and financial position.

If the Mexican authorities oblige banking institutions to increase their preventive forecast levels for credit risks, modify the way in which forecasts are performed, or change capital requirements, a significant adverse effect on our operating results and financial position may be caused.

We are subject to inspections, reviews, visits, and audits from the Mexican authorities, as well as possible sanctions, fines and other penalizations derived from these inspections and audits, which might have a significant negative effect on us

We are subject to extensive regulation and supervision by the Mexican financial authorities, such as the Bank of Mexico, the CNBV and the SHCP. These authorities are fully authorized to issue guidelines and other regulations affecting and restricting practically all the aspects of our capitalization, organization and transactions, including changes to capital requirements and preventive credit risk forecasts, supervision of compliance with confidentiality regulations, implementation of measures for anti-money laundering and the regulation of the terms of our own products, including interest rates and commissions received in exchange of the services we offer. Likewise, the Mexican financial authorities have wide faculties to demand the compliance with applicable regulations, including the imposing of penalties, the requirement of new capital contributions, the prohibition of the payment of dividends to shareholders, the payment of interests per banking notes or the payment of bonuses to employees, or the revoking of authorizations to operate our business (including our authorization to operate as a multiple banking institution or brokerage house). In the event of facing significant financial or insolvency problems, the Mexican financial authorities would have the capability to get involved in our administration and operation.

The Mexican legislation may have a negative effect on us and our subsidiaries

We are subject to a wide range of legal provisions related to our organization, transactions, credit and financing activities, capitalization, transactions with related parties, taxing, and other matters. All applicable laws and regulations impose several requirements for the Issuer and its Subsidiaries, including the maintenance of minimum capital levels based on the risks of assets and the type of operating risk, preventive forecast for credit risks, the regulation of our commercial practices, regulations related to the sale of investment services, anti-money laundering, charged interest rates, the application of compulsory accounting regulations and tax liabilities. A considerable number of the applicable regulating laws for the Company's regulated Subsidiaries have been subject to substantial modifications in the last years. Consequently, changes may occur in the applicable legislation or in its interpretation, including tax regulations, which might have a negative effect on our Company and our operating results and financial position.

In virtue of the environment prevailing in the financial service sector, changes may occur in the regulating system or in the interpretation and application of the laws and other legal provisions in the future, which may result in a negative effect on us and our subsidiaries, including our expenses and operating margins, which, in turn, may affect our operating results and financial position.

We are obliged to comply with regulations related to anti-money laundering, combating the financing of terrorism, and other Mexican regulations

Those regulations require our subsidiaries to be able to choose and implement "Know Your Customer" policies and procedures and report suspicious transactions for significant amounts to the competent authorities, among other requirements. These regulations require specialized systems and highly-trained staff for the supervision and compliance with all provisions, being subject to a higher surveillance level by the authorities.

We have implemented policies and procedures to prevent the occurrence of money laundering and other related activities. Additionally, the staff that we employ to supervise these activities has specialized experience on these topics and takes a yearly recertification course. Currently, we fully comply with all applicable laws and regulations, the penalties that have been imposed to the company in that matter correspond to periods prior to 2017, and all findings have been fully corrected.

We are subject to judicial procedures, which may have an adverse material effect on our operating results and financial situation in case an unfavorable resolution is adopted

From time to time, we have been, and we may be part of judicial, administrative, and other legal procedures related to claims derived from our regular business operations. These judicial or administrative procedures are subject to certain risks inherent to this type of processes and unfavorable resolutions, which may be adopted in the future. We cannot guarantee that these or other judicial or administrative procedures would not materially affect our capacity to conduct our business in the expected manner, or in the event of issuing an unfavorable resolution, it might affect our operating results and financial situation.

According to the Mexican legislation, all the rights of shareholders may be limited, different or less defined than the rights of the same persons in other jurisdictions

We are regulated by our By-laws which are subject to the Mexican legislation (including special laws that are not applicable to us as a holding corporation of a financial group). It is possible that some of the provisions that are applicable to us differ from similar regulations in jurisdictions other than Mexico.

Modifications to tax regulations

Changes in the tax treatment for the financial transactions in different markets, might have an effect on the operating volume that may be carried out by our clients. Undoubtedly, these changes may affect all the competitors, which might, at any given moment, have an impact on the market's general volume.

We are vulnerable to distortion and the volatility which currently prevail in global financial markets

During the last years, financial systems have undergone worldwide difficult credit and liquidity conditions, as well as distortions that have resulted in less liquidity, higher volatility, and generalized spreading of financial margins, and in some cases, lack of transparency in interbank rates.

Additionally, deposit outflows have occurred in several financial institutions around the globe, many institutions have required additional shareholders' equity or have been assisted by governments, and a considerable number of credit institutions and institutional investors have decreased or suspended financing for their borrowers (including other financial institutions).

There's uncertainty in relation to the future financial environment, and we cannot guarantee that financial conditions are going to be better. Although, certain segments of the global economy recently have experienced a moderate recovery, we estimate that the prevailing adverse conditions will continue having a negative impact in our business and operating results. The global confidence of investors remains cautious. In case of a financial deceleration, renewed volatility conditions in capital markets or insufficient recovery, the negative effects that financial and market conditions have had on us and other participants in the financial service industry may get worse.

A severe depreciation of the Mexican peso may have a negative effect on the Issuer and its subsidiaries, for instance, by increasing the amount in pesos of their liabilities calculated in foreign currency and the default rate among its credited parties or affecting operating results in dollars. Additionally, any severe depreciation may result, as it has occurred in the past, in the implementation of foreign exchange controls that may affect our capacity to convert pesos into dollars or transfer currencies abroad, which may have an impact on our business and our operating results.

Moreover, in the event of having a severe depreciation or appreciation, the government may intervene, as it has happened in other countries, or in the crash of international exchange markets. The Mexican government has consistently implemented a series of measures to limit the volatility of the Mexican peso, from auctioning dollars to intervening in interest rates and regulating the coverage of liabilities from Mexican banks calculated in foreign currency. However, we cannot guarantee that these measures are effective or that they will be observed, or the way in which these measures will impact Mexican economy. Currently, as during many years, the Mexican government has not imposed restrictions on the right or capacity of the Mexican and foreigners to convert pesos into dollars or to transfer other currencies abroad. However, such measures have been applied in the past and may be implemented in the future. Consequently, the fluctuation of the Mexican peso against the dollar may have a negative effect for Monex.

We are also exposed to foreign exchange risks as a consequence of imbalances between assets and liabilities calculated in foreign currencies and to market risks related to our stock-market investments and transactions. We are exposed to foreign exchange risks when we keep an open position in relation to currencies other than the Mexican peso, and interest rate risks when we have exposure to the recalculation of interest rates or keep securities accruing interests with fixed rates in real or nominal terms. The exchange rate of the Mexican peso and interest rates in Mexico have been subject to relevant fluctuations in the last years. Due to the historic volatility of the Mexican peso's exchange rate and interest rates in Mexico, associated risks may be higher than in other countries. Our liabilities in foreign currencies are subject to regulation by the Bank of Mexico, imposing liquidity requirements in its equivalence in these currencies, depending on the maturity of these liabilities. Although we have followed several Risk Management procedures and policies, including Value at Risk (VaR) limits, coverages, and risk analysis, in relation to our brokerage and treasury activities, and we are subject to regulations tending to prevent relevant imbalances, we cannot guarantee that we are not going to experience losses in relation to these positions in the future, any of which may have a negative effect on Monex, including our operating results and financial position.

Our Bank is also exposed to credit risks as part of the ordinary course of our business. Inasmuch as any of these risks materializes, our financial margin or the market value of our assets and liabilities may be adversely affected, impacting not only our business but also operating results and financial position.

We operate in a highly competitive market and competition with other financial institutions offering foreign exchange services and commercial banking may have a negative effect on our company

We face significant competition in the foreign exchange and international payments market with commercial banks, as well as with national and international financial institutions in other areas of our business. The main financial institutions and commercial banks in Mexico have not been traditionally focused on providing foreign exchange and international payments services to our traditional clients, i.e. medium-sized companies, but they could do so in the future.

Likewise, better capitalized companies and larger enterprises carrying out foreign exchange transactions, including commercial banks, may decide to explore the Mexican foreign exchange and payments market. It is possible that all potential competitors, such as commercial banks, have more resources, nationwide coverage and a better-known trademark or name. The largest financial institutions may also have, in advance, financial and business relations with companies, with which we currently do business. If commercial banks and financial institutions decide to offer the same services as Monex to international companies, in a more aggressive manner, or in case they start to offer services related to other financial services, or if they offered more competitive conditions on the provision of these services (such as lower prices) through the consolidation with other financial services or in any other manner, it is possible that we may face strong competition and our profitability as well as our capacity to keep and attract new clients may decrease. The majority of commercial banks in Mexico have a higher number of branches, which may result in a competitive advantage for them. It is possible for us to compete against large financial institutions by dealing with bigger clients with a larger operating volume.

On the other hand, it is also possible to face an increase in competition, as a result of online brokerage, online auctions, and the growing access to updated information related to online prices, or the involvement of other foreign exchange service providers, which in the future may operate online. Any increase in competition and/or the involvement of new participants may have a negative and significant effect on our business, financial condition, and results through a decrease in our client portfolio and a lower growth in our volume/income in comparison with the market, and a reduction of margins, and therefore, our profits, among others.

The CNBV keeps authorizing the construction of banking institutions from time to time, including niche banks, which are only authorized to carry out a limited number of transactions. It is probable that new banks seek an aggressive expansion of their participation in the Mexican market, which may have a negative effect on our activities and operating results.

Additionally, legal, and regulatory reforms in the Mexican banking industry have increased competition among banks and other financial institutions. We believe that the commitment of the Mexican government to implement reforms in order to accelerate and liberalize the Mexican financial industry has been translated into an increase in competition. Inasmuch as the financial sector reform continues, international financial institutions, many of which possess more resources than our company, have explored and will continue exploring the Mexican market in order to compete with us, either by themselves or in collaboration with other Mexican financial institutions. We cannot guarantee that we are going to be capable of competing with the success of such financial institutions, both national and international.

It is necessary to contract services from third parties to carry out our international payment transactions

We require the participation of third parties abroad to provide our international payment services. We currently carry out these activities through foreign correspondent banks, with whom we have entered into service agreements. We cannot guarantee that in the future there will be third parties willing to provide their services, which we need to offer our international payment services.

We are exposed to market risks due to our foreign exchange business

Currencies are assets that respond to a wide range of internal and external factors in the economic, political, and commercial environments. The environment was especially turbulent in 2022, as the determinants linked to monetary policy suffered violent adjustments at the beginning of the restrictive policy cycle in the United States. With the emergence of higher interest rates, the dollar followed a global trend of accelerated strengthening, which at times led it to show its best quotations in 21 years. This led to substantial depreciations for most of the world's currencies, especially in the first 10 months of the year, as the movement began to reverse in November after the fears of a tightening of policy began to yield to signs of weakness of the global economy. In conjunction, these dynamics culminated in a year of wide volatility for the foreign exchange markets.

However, the Mexican peso was an exception to this scenario. Our currency increased by 5.0% throughout the year and was the second one with the best performance internationally. Its average exchange rate was $20.13, with a range of $19.60 and $20.60 respected in more than 80% of sessions, and the fluctuation range in 40 out of the 50 weeks of 2022 was less than 50 cents, showing the stability that was experienced. At the end of the year, Mexican peso registered a sharp increase that allowed it to reach the minimum rate of $19.02 that had not been seen since before the pandemic.

The behavior of the Mexican currency was due to a number of factors, including, among others: 1) historical records in remittance flows, which in some months recorded variation rates of up to 37% year over year compared to an average of 5.8% between 2010 and 2019; 2) the widening of the interest rate differential between Mexico and United States, which went from an average of 425 basis points in 2021 to 600 in 2022 (+56%) due to Banxico's anticipated action on local interest rates; 3) stability of public finance and country risk indicators compared to other emerging markets and Latin American economies; 4) entry of Foreign Direct Investment flows through merger and acquisition operations among companies, as well as through relocation of manufacturing companies to our country.

At the beginning of 2023, Mexican peso continued its downward movement due to strengthening of the aforementioned trends and has consolidated at levels below $19.00. Monetary policy events have been particularly relevant, since the Bank of Mexico returned to widening the differential with the Federal Reserve and, given the divergence in the inflation outlook, it is possible that this factor will regain relevance later on. However, the future is uncertain given the possibility that the global economy enters a recessive period, which would lead to an adjustment in expectations on all fronts.

While foreign exchange transactions represent a high percentage of our revenues, market volatility may have a positive impact on the margin of our transactions. However, we cannot guarantee that our performance will be the same as before, facing a sustained market volatility.

We are exposed to market risks, related to our financial derivatives business

We carry out derivative transactions both for intermediation and coverage purposes. We are subject to market and transaction risks, associated with these transactions, including basis risks (the risk of loss associated with variations in the difference between the asset's return and the financial coverage cost) and the credit risk (the insolvency risk or any other default from the counterparty in a specific transaction in relation to the compliance with their corresponding liabilities, including the granting of sufficient securities).

Additionally, Mexican courts have limited experience handling matters related to transactions with derivatives, as most controversies have been typically solved through negotiations between Mexican financial institutions. Consequently, results from controversies in relation to derivatives in the Mexican Legal System are not fully predictable.

Our capability to adequately supervise, analyze and report all derivatives financial transactions, depends, to a considerable extent, on our information technology systems. This factor may increase even more risks associated with these transactions and may have a significant negative effect on the Issuer, our operating results, and our financial position.

We are exposed to market risks caused by our debt investment transactions

Our transactions on own behalf carried out with debt instruments have exposed us to risks related to fluctuations in interest rates. Increases in interest rates in the market may reduce the value of our fixed-income instruments, in relation to our transactions with debt instruments, and may cause losses in brokerage activities for us. Moreover, increases in interest rates, or uncertainty in relation to changes therein, may affect the credit demand, and therefore, the demand for our credits. Additionally, an increase in interest rates in the Mexican market may cause an increase in our financing cost under circumstances in which we may not be able to reflect them in the price of our credit services. In fact, this situation would reduce the financial margin that we obtain from our credits and may affect our capacity to pay our debts, including the payment of our bonds obligations. However, we have several policies and procedures to cover our market risks, including limitations to the VAR, coverage, and risk analysis, although we cannot guarantee full coverage of these policies and procedures.

We are exposed to the same global risks faced by other financial institutions

Frequently, we carry out transactions with our counterparties within the financial service industry, including brokerage houses, commercial banks, investment banks, investment funds, venture capitalists, hedge funds and other institutional clients. Default from certain financial institutions and the financial service industry in general or rumors or questions in relation to their solvency have caused generalized liquidity problems in the markets and may cause losses or default from other financial institutions. A considerable number of transactions that we currently carry out, have exposed us to relevant credit risks, in case of default from any of our main counterparties. In the last years, the financial stability of several European governments was affected by the European sovereign debt crisis, which contributed to volatility of the stock and bond markets.

On a global level, the state of the economy surprised by its resilience in the first signs coming from 2023, especially since the war between Russia and Ukraine caused a severe restriction in the energy resources available to Western Europe, which could have triggered a recessive spiral in the region and in other latitudes. Additionally, it was expected that, after several months of inflation and jacked-up interest rates, the consumption bases would show notable wear, but instead the indicators showed dynamism, especially in North America. Another important sign of challenge to expectations comes from the labor markets, and the case of the United States stands out among others for having had its second-best year on record, adding 4.5 million jobs during 2022.

Although results, such as those mentioned above, strengthen the trend of economic growth, they are also a source of pressure for the prices of goods and services. This way, global inflation has shown a slow decline, and the explanation for the persistence of high levels is increasingly focused on endogenous factors instead of on the shocks that came to emerge at times on the global horizon. In the United States, the peak of annual inflation was reached in June with 9.1% and, although the declines have been sustained since then, inertia has recently slowed down, leaving inflation at levels far exceeding those of the Federal Reserve's 2.0% target and reinforcing the need for a restrictive attitude for a long period of time.

The case of Mexico is more drastic, since inflation has barely fallen from 8.7% to 7.8% between August (the peak) and December, while medium-term expectations have been subject to a continuous deterioration that threatens the compatibility of the trend with the goals of the Bank of Mexico.

This way, interest rates have remained under pressure for the most part of the year, although the current expectation in the market for the economy to weaken during 2023 has led to partially reversed movements. In the case of the United States, Treasury Bonds began 2022 offering a yield of 1.67% and the highest point was reached in October with a yield of 4.33%. Furthermore, there have been setbacks that have led to the yield stabilizing around 3.64%, which, in any case, implies an increase of 2.5 times compared to the initial level. The 1-year bond also reached its highest point in said period (4.85%) but has remained stable since then. This behavior is associated with poor performance in the stock markets, with the S&P 500 posting a 19.4% loss for the full year and the Nasdaq posting a 33.5% loss in the same period.

Absence of a market for registered securities

The lack of liquidity in the securities registered in the RNV and listed in BIVA represents a potential risk. The occurrence of this event fundamentally depends on the low interest of investors or the weakness in the Issuer's fundamentals.

We are exposed to payment risks in relation to our foreign exchange transactions and counterparty risks in our financial transactions with derivatives

We are subject to liquidation risks in our transactions with currencies and counterparty risks in our transactions with derivatives, which we carry out with individuals, companies, and financial institutions. Liquidation risk means the risk that any of our clients, who have been previously approved by our risk committee to carry out foreign exchange transactions with our currencies without any advance payments on funds derived from that transaction, does not pay the total price of that foreign exchange transaction closed with us, in the agreed moment, which would leave us vulnerable to an exchange rate exposure risk, and probably with an uncollectible account receivable. Counterparty risk means the risk that our counterparties in the derivatives market fail to pay their contractual liabilities with us due to changes in market conditions, which may have a negative effect on our counterparties, due to practices or any other reason. Even though we keep these control mechanisms with the purpose of being protected from those losses, such as continued monitoring of the risk limits of our clients or their security bonds, we cannot guarantee that the measures are in fact able to give us full protection.

These risks may be increased to the extent to which our foreign exchange and derivatives transactions increase, causing losses which may have a negative effect on our operating results and financial position.

The scarcity of foreign currencies in Mexico may reduce the amount of the transactions that we carry out

The Bank of Mexico constantly regulates the monetary base in Mexico. Under certain conditions, such as deficit in the balance of payments or scarcity of foreign currencies, the Bank of Mexico may implement measures to reduce the amount of available foreign currencies in the Mexican economy. In case the Mexican economy experiences scarcity of foreign currencies, the number of transactions in foreign currencies that we process may decrease significantly, which may have a negative material effect on our business, financial situation, and operating results.

If we are not able to adequately evaluate or monitor credit risks in our client portfolio, we may suffer an increase in outstanding or uncollectible debts

We use different methodologies and models to evaluate our possible clients and establish adequate credit limits, but these measures do not eliminate all the credit risk, thus, it is possible that the models do not prevent us from holding risky transactions with our clients. If we are not able to manage our credit risks adequately, our outstanding debt expenses may have a significant increase, in comparison with their condition in the past, which may cause lower income and may have a negative effect on our operating results and financial positions. We are committed to the construction and preservation of reserves in our portfolio. However, this does not mean that our reserves are sufficient to cover losses in case of an increase in outstanding debts.

The downgrade in the credit rating of our company or any of our subsidiaries may increase our financing costs, make us give additional securities or implement protection clauses in our contracts for derivative financial transactions, which may have a negative effect on our financial margins and operating results

Credit ratings affect the cost and all other terms under which we may be able to obtain financing. Rating agencies regularly evaluate our company, and their debt ratings are based on a series of factors, including our financial capability, the quality of our credit and the composition of our loan portfolio, the level and volatility of our income, our capital adequacy and leverage ratio, the liquidity of our balance and our capacity to access financing sources, as well as conditions affecting the financing services industry in general.

A downgrade in our credit rating may have a negative effect on the perception of our financial stability and increase our financing costs. Additionally, our creditors and counterparties in financial derivative transactions (and those of our subsidiaries) are sensitive to the risk of a downgrade in our rating. Changes in the credit rating of our company or any of our subsidiaries may increase the cost to obtain funds in stock exchange markets or through financing, thereby reducing our liquidity. Any of these results derived from a downgrade in our credit rating, may have a negative effect on our business, financial situation, and operating results.

Allowance for loan losses

If the Mexican authorities make banking institutions increase the levels of their loan risk reserves or modify the way in which that calculation is made, or to modify all minimum capitalization requirements, that may have a negative effect on Monex, including our operating results.

We may request additional equity and we may not be capable of obtaining it or obtaining it in favorable terms

In order to grow, remain competitive and participate in new businesses or comply with equity adequacy, we might need new capital contributions. Furthermore, we may need to obtain additional capital under the assumption that we may incur in significant losses in our loan portfolio, which may result in the reduction of the Issuer's shareholders' equity. Our capability to obtain additional capital is subject to several uncertain factors, including:

- Our future financial condition and our operating results and cash flows
- Obtaining of any sort of corporate or government authorizations
- General market conditions for capital gain activities carried out by commercial banks and other financial institutions
- Financial, political, and other type of conditions in Mexico and other places

We may be required to make significant contributions to the Institute for the Protection of Bank Savings (IPAB)

The IPAB oversees the system for the protection of bank savings and financial leverage for banks in Mexico. According to Mexican legislation, banks are obliged to make monthly contributions to the IPAB with the purpose of supporting their transactions, for an amount equivalent to a twelfth of 0.4% (annual rate) multiplied by the average of certain liabilities minus the average of other certain assets. The Mexican authorities impose continued supervision mechanisms on institutions with coverage for the IPAB funds.

We have contributed to the IPAB $195 and $217 million MXN in 2021 and 2020, respectively. There were no contributions in 2022. If the IPAB reserves are insufficient for the administration of the system for the protection of bank savings and provide sufficient financial leverage to guarantee the operation of those banking institutions with solvency problems, the IPAB has the capability to require the payment of extraordinary contributions to the system's participants, which we could be obliged to carry out. While we have not been required to make extraordinary contributions to the IPAB in the past, we could be required to make extraordinary contributions in the future. The extraordinary contributions would increase our expenses and could have a negative effect on our operating results and financial position.

Liquidity risks may have a negative and significant effect on our company

A considerable number of Mexican banks have suffered serious liquidity problems in the past. We anticipate that, in the near future, our clients will continue making short-term deposits (specifically, registered deposits), and we intend to keep our focus on the use of bank deposits as the source of our financing. The nature of short-term deposits is that this source could cause liquidity problems for us in the future if the deposits volume is below expectations and if it is not renewed. If a considerable number of our clients do not renew their deposits upon maturity or withdraw their deposits, we could suffer a significant negative effect on our operating results and financial position. Likewise, as a relevant point, it is necessary to clarify that most of these deposits are foreign currency, mostly U.S. dollars, while the operations of the Bank require to settle throughout the day in Mexican pesos, which represents additional complexity for the management of the balance sheet.

We cannot guarantee that, in the event of a sudden liquidity shortage in the banking system, we would be able to keep our funding levels without incurring in high financing costs, reduction of our financing instruments or in the liquidation of certain assets. Given that we would suffer a negative effect on our operating results and financial position.

While we have not had any significant liquidity problems in the last years, we cannot guarantee that liquidity problems will not affect the Mexican banking system in the future, or that liquidity restrictions will not affect us in the future. While we expect to be able to refinance our liabilities, we cannot guarantee that we will be capable of repaying or refinancing our liabilities in all those cases.

According to the single liabilities agreement, Monex Grupo Financiero holds an unlimited subsidiary responsibility for the compliance of the obligations contracted by its subsidiaries

According to the single liabilities agreement entered into by Grupo Financiero and its financial services subsidiaries in accordance with the provisions of the LRAF, Monex Grupo Financiero holds an unlimited subsidiary responsibility for the compliance of the provisions contracted by its subsidiaries arising from their authorized activities and is the direct responsible of certain losses incurred by its subsidiaries, for the total amount of their assets. For such purposes, a subsidiary shall be considered as having losses when:

(i) Its shareholders' equity represents a lesser amount than the minimum paid-in capital required by the applicable legal provisions.

(ii) The shareholders' capital and its reserves are below the amount that our subsidiary is obliged to keep according to the applicable legal provisions.

(iii) Upon consideration of the regulating authority supervising the activities of our subsidiary if it is insolvent and cannot pay its liabilities.

Additionally, if Banco Monex reports losses, the payment of dividends or transfer of any financial benefits to Monex, as shareholders, will be prohibited from the date in which the IPAB determines the losses of Banco Monex and until the date in which we have had paid those losses. Likewise, we are obliged, among other things, to guarantee to the IPAB the payment of such losses. In accordance with the LRAF, Monex Grupo Financiero will be required to grant its shares as bonds, as well as the shares of its subsidiaries, in favor of the IPAB, to guarantee the payment of the losses incurred by Banco Monex. In accordance with the provisions of article 120, penultimate paragraph of the LRAF, shareholders of Monex Grupo Financiero, due to the fact of being the holders of the aforementioned shares, accept that their shares may be granted as bonds in favor of IPAB and that the ownership of these shares will be transferred to IPAB if we are not capable of paying the amounts owed to the IPAB as a result of the losses suffered by Banco Monex.

We cannot guarantee that Banco Monex or any other of our subsidiaries will not suffer losses in the future, and if that is the case, that we will have financial resources to cover the losses.

We carry out transactions with related parties that third parties may consider out-of-market conditions

We, as a wholly owned company, and our subsidiaries and affiliated companies have entered into a series of service agreements providing thereby administrative, accounting, financial, treasury, legal, and other services.

Mexican legal provisions applicable to companies with securities quoted in the BMV and groups of financial institutions, as well as our By-laws, establish several procedures designed to guarantee that the transactions carried out with and between our groups of financial subsidiaries and other related parties comply with the terms and conditions of the market in use for this type of transactions, including the approval from our Board of Directors.

We are likely to continue carrying out transactions with our subsidiaries or affiliated companies. Even though the CNBV has not objected our determination that the terms of these transactions are "substantially under market conditions" in the past, we cannot guarantee that the CNBV will agree with any of our future considerations. Additionally, new conflicts of interest may arise among us and any of our subsidiaries or affiliated companies in the future, which may or may not be solved in our favor.

We depend on a trained and motivated sales force and if we are not capable of attracting and retaining our skilled staff, our business and its financial results may be affected

Our performance highly relies on the way in which sales force operates, the experience and training of our sales executives is fundamental for the relation with our clients, and therefore, for the success of our business. We do not enter non-compete agreements with our sales force and their payment is mainly based on commissions. We cannot guarantee that we will be capable of keeping our sales force, mainly if the competence within the sector increases. The loss of sales executives may result in a reduction in profit and a loss in the relations with our clients, serviced by such sales executives. Likewise, if we are not capable of attracting and retaining new qualified sales executives and experienced personnel to expand our credit business, our business would suffer significant negative effects on its financial results.

Our systems and suppliers' systems may fail due to factors outside of our control, which may interrupt our service, causing losses to our business and increases in our expenses

We depend on the efficiency and uninterrupted operation of our computer systems, software, information centers and telecommunication networks, as well as applications owned by third parties. Our operations and systems, or those applications provided to us by third parties, may be exposed to damages or interruptions caused by fires, natural disasters, electric power outages, telecommunications failure, computer virus, or unauthorized access, among others. Defects in our systems or in those applications of third parties used by our company, errors, or delays in the processing of transactions, telecommunication failures, and violations to security measures resulting in access to private or personal information or any other related difficulties may result in:

- An inefficient calculation of the price of our foreign exchange transactions
- Loss of clients and revenues
- Damage to our business reputation
- Risk of frauds or incurring in other liabilities
- Publicity impact
- Additional operating and development costs
- Incorrect use of technical and other resources

Some of the services related to our business, such as the development of technology and support on our software applications, hosting and maintenance of our operating systems, have been outsourced to third-party suppliers of these services, which will be difficult to substitute quickly. If suppliers did not want or were not able to supply these services, our business and our transactions would be negatively affected.

Due to the foregoing, there is a permanent effort to implement measures to minimize the identified risks. At least two simulation exercises of critical situations are carried out annually to ensure that if any risk crystallizes, it represents the least possible impact.

Our systems could be subject to cyber-attacks or other violations to our networks security and information technology, which may interrupt our service, causing losses to our business and increases in our expenses

Risk of cyber-attacks and other violations to our networks and information technology security has grown in the financial system in last years, and we are not exempt from suffering this kind of attacks, such as: exploitation of vulnerabilities in technology components, configuration errors in information systems, interruption of service and telecommunications, social engineering attacks, infrastructure technology attacks that would aim to undermine the systems information in order to get privileged access, as well as other violations to our networks or technology information, which might cause an adverse effect on our business.

Concerned about this environment, Monex takes the following preventive and control measures:

- We have the ISO 27001 certification, which establishes the best international practices in information security matter, which is renewed annually.
- We have a Security Master Plan, which, in addition to being aligned with the Institution's business strategy, defines, and prioritizes information security projects, aiming at reducing exposure to technological risks and materialization of information security incidents.
- We have policies, controls, systems, and procedures in information technology matter which allow us to evaluate, manage and identify the potential risks to which the information is exposed, as well as to carry out a proper follow-up to the control deviations to detect any anomalous behavior seeking to vulnerate the security systems implemented.
- We fully observe the Bank of Mexico and CNBV regulations, complying with the instructions in information security matter and the protection thereof through best practices and available technologies.
- We constantly strengthen our technologies with security measures such as: Secure Sockets Layer (SSL), secure websites, Transport Layer Security (TLS), encryption methods to protect the information, Intrusion Detection System (IDS), access with at least a second method of authentication, artificial intelligence tools against threats via email, penetration tests, vulnerability scanning, among others.
- We issue communications to our clients and personnel. Additionally, we have a training program on security with the purpose of strengthening the knowledge and increasing the prevention.

Our capability to keep the competitiveness of our company depends on the adequate maintenance of our technology systems. Our failure to maintain this technology level may put at risk our position as leader in this sector

As providers of the foreign exchange and payments service and other related services, we must be up to date with the best technology available in the market and respond to technological advances that open opportunities to improve our service, including technologies related to the internet and mobility, in order to maintain and improve our competitive position. We are aware of the importance of maintaining the technological and service level, given that our position as a leader in the sector would be jeopardized in case we did not do it.

A higher dependence on technology implies a higher risk of having errors in programming, limitations in the availability of the computer or other difficulties. These problems may result in a delay or interruption of services, loss or incorrect use of important information and/or failure to satisfy our clients. It is possible that we will not be able to implement new operating software without having problems that may affect our business.

We maintain security systems of our electronic databases. However, we are not immune to problems in our system or violations incurred by computer hackers, viruses or other persons trying to illegally access our confidential information. Any malfunction or violation of our security systems allowing access for third parties to the personal and confidential information of our company or clients may harm our reputation or make us subject to legal procedures or application of penalties, which may have a negative monetary effect on our results and financial position. Additionally, any malfunction or violation in our security systems may require investment of a considerable amount of resources to be solved and would also result in the interruption of our transactions, especially transfers and electronic payments.

Our organic growth and integration plans for recent and future acquisitions, as well as the expansion of our banking and non-banking services may not be favorably completed

According to the description contained herein, we currently have plans and strategies for the expansion and increase of our banking services outside of our foreign exchange and international payment transactions (which represent our main source of income). If these plans or strategies cannot be successfully completed, due to the financial environment or causes outside our control, it may bring a negative impact on our business, financial situation, and operating results, which, in turn, may affect our capability to liquidate our liabilities. We cannot guarantee that we will successfully implement our expansion plans and strategies.

Likewise, we currently have organic growth and integration strategies for the businesses that have been purchased in previous years. We constantly analyze other companies and businesses for possible acquisitions, in order to continue our inorganic expansion.

Even though we have achieved to merge the companies that we have acquired to our business, we cannot guarantee that future acquisitions will be successful. The integration of purchased businesses involves important risks, including:

- Those acquired businesses do not reach the expected results
- That savings expected from synergies are not reached
- Difficulties in the integration of transactions, technologies, and control systems.
- Possible failure to hire or retain key staff from purchased companies
- Possible failure to achieve expected scale economies
- Unforeseen liabilities
- Antitrust and regulatory provisions
- Difficulties to retain the clients of the purchased companies
- Failure to rapidly modify accounting standards
- The possibility of deviation of the administration from its everyday duties due to the activities of integration and solutions of problems related thereto
- Possible existence of regulatory restrictions, which may prevent us from reaching the benefits expected from the acquisition

The success in the acquisition, or at least a part of it, will be subject to a series of political, financial, or other type of factors outside our control. Any of these individual or collective factors may have a negative material effect on us.

Failure in the integration of recent or future purchases may result in a negative impact on our financial situation and operating results.

We are exposed to risks related to future expansion and strategic acquisitions

In accordance with our business strategies, which include growth through the acquisition of new lines of business, both in Mexico and abroad, we constantly evaluate opportunities to carry out purchases that provide a higher added value to our shareholders and that are consistent with our business. The implementation of acquisitions may consist in existing assets or transactions, such as the acquisition of Schneider Foreign Exchange in July 2012, or of Arrendadora Avance in June 2018. Derived from our experience, the success of future purchases for Monex or any of our subsidiaries, or at least some of them, will be subject to a series of political, financial, or other factors out of our control. In case any of these factors occur, individually or jointly, may have a negative material effect on us. The subjects representing a higher exposure to risk are:

- The time and expenses associated with the identification and evaluation of potential purchases, partners, and businesses
- Mistakes and/or omissions in the calculation and the criteria used for the evaluation of transactions and their market risks
- Incorrect calculation of the return of investment once the company had been purchased. Example: statutory regimes, the opening of new offices, the creation of assets and detailed knowledge of existing liabilities within the company, among others
- Changes in the distribution of Monex's shares resulting from the purchase of new companies
- Failure in transactions derived from limited knowledge (lack of market studies and inadequate training) related to new lines of business, markets, and countries

Additionally, our capability to benefit from any of these acquisitions will depend to certain extent on the success that we have in the integration of these businesses. The integration of businesses involves important risks, including:

- Difficulties to retain or assimilate employees of purchased businesses
- Difficulties to retain clients of purchased businesses
- Unforeseen difficulties in the integration of transactions and systems
- Failure to rapidly modify accounting standards
- The possibility that the administration may deviate from its everyday activities due to integration and problem-solving activities
- The possible existence of regulatory restrictions preventing us from reaching the expected benefits

Finally, an acquisition may result in loss of key staff and inconsistencies in standards, controls, procedures, and policies. Moreover, the success in the purchasing, or at least part of it, will be subject to a series of political, financial, or other factors outside of our control. Any of these factors, individually or jointly, may have a negative material effect on us.

Risk Factors related to Mexico and the main countries in which we operate

The Mexican government has had and will continue having a significant influence on the Mexican economy

Most of our clients, assets and operations are in Mexico. The Mexican Federal Government has had and will continue having a significant influence on the Mexican economy. Consequently, the actions and policies of the Mexican Federal Government in relation to the company, state-owned companies, and government-funded financial institutions, may have a significant effect on the private sector and on us, as well as the market conditions, prices and returns on Mexican securities. The Mexican Federal Government occasionally makes significant changes to policies and regulations and may do it again in the future. Actions to control inflation and other regulations and policies have involved, among other measures, increases in interest rates, changes to tax policies, price control, currency devaluation, capital controls and limits to imports.

Therefore, we cannot guarantee that these events will not happen again in the future and that the situations that may be caused by them will not affect its financial situation. It is impossible to guarantee that the future political and economic development of Mexico, over which we have no control, will not have an unfavorable effect on our financial position or operating results. Specifically, the current government may implement significant changes to the law and other regulations that could affect the political and economic situation of Mexico, which may have a negative effect on Monex. If such impact would happen, the valuation of the assets may be equally affected.

Future restrictions, requirements or modifications to the legal framework used by Monex from the Mexican Government may have a negative effect on us

A severe depreciation of the Mexican peso may also result in the intervention from the government, as it has occurred in the past, or in the crash of international foreign exchange markets. Currently and for many years, the Mexican government has not imposed restrictions to the right or capacity of the Mexican or foreigners to convert dollars to pesos or to transfer other currencies outside of Mexico; however, such measures have been applied in the past and may be applied in the future. Consequently, the fluctuation of the peso in relation to the dollar may have a negative effect on the Company.

Additionally, if the government decides to implement measures like fixing the value of the Peso in relation to the US Dollar or similar measures, the margin collected for each transaction may decrease as consequence of the differences between the margins for the transactions with fixed and variable interest rates. This intervention may result in a negative effect on our operating results and our financial position.

The Mexican Government regulates our transactions. The creation of new regulations may have a negative effect on our results

We own operating subsidiary financial corporations, and therefore, we are subject to the LRAF, the LIC, the LMV, LGO, regulations issued by the CNBV and other authorities, as well as other laws and rules applicable to the financial sector. Our transactions with currencies and other transactions are subject to extensive and continued review by the authorities. To date, the SHCP, the CNBV and the CONDUSEF and the Bank of Mexico are the main government entities in charge of supervising financial institutions.

Regulations in force, as well as the way those are interpreted and enforced may be modified and it is also possible that new legal regulations may be issued. These changes may have a negative effect on our operations and results.

If the regulating authorities suspended our licenses or the licenses of our Subsidiaries, we would not be capable of continuing with our business

We have received approval from the SHCP and the CNBV to operate under the applicable legislation. In some scenarios, the SHCP or the CNBV may revoke authorizations, which will restrict our field of operation to continue offering financial services. This would have a substantially negative effect on our transactions, results, and financial condition.

Adverse economic conditions in Mexico may have a negative effect on us

We are a holding company of Mexican financial institutions and most of our transactions and assets are in Mexico. Therefore, our operations are largely dependent on the performance of the Mexican economy. Consequently, our business, financial situation and operating results may be affected by general conditions of the Mexican economy, the exchange rate of the Mexican peso in relation to the dollar, the volatility of financial markets, inflation, interest rates, legislation, taxes, social instability, and other political, social, and economic events, in Mexico or affecting Mexico, over which we have no control. In the past, Mexico has suffered long periods of weak economic conditions and declines in economic situation, which have had a negative impact on us. We cannot assume that such conditions will not happen again, or that these conditions will not have a negative impact on our activities, financial situation, and operating results.

Historically, Mexico has suffered financial crises caused by both internal and external factors, which have been marked by the exchange rate instability (including consequential devaluations), high inflation indexes, raised interest rates, economic contractions, decrease in cash flows coming from international payments, lack of liquidity in the banking sector and high unemployment indexes. In addition to the foregoing, corruption scandals in different levels of the government, criminal rates and problems related to drug trafficking and organized crime throughout the country have recently increased and may continue increasing in the future. These conditions may have a negative effect on our business, financial situation, and operating results, which, in turn, may affect the expected financial performance.

The Mexican government has influenced and will continue influencing the Mexican economy. The measures implemented by the government in relation to the Mexican economy and state-owned companies might continue having a significant effect on the Mexican financial institutions, in addition to affect the market conditions, prices and returns on securities issued by Mexican companies, and cause a decrease in the demand of our products and services. Since a considerable amount of our costs and expenses are fixed, we may be incapable of reducing our costs and expenses in case any of such events occur, which may affect our profit margins, in a significant manner, along with our operating results and financial position.

Developments in other countries may have a negative effect on the Mexican economy, the market value of our Shares and our operating results

We are exposed to exchange rate risks each time we have an open position in currencies other than the Mexican Peso, and to the risk of interest rates in case of mismatch in revaluation of our interest rates or when we maintain securities causing interests with fixed interest rates in real and nominal terms. The exchange rate of the Mexican peso and interest rates in Mexico have been subject to relevant fluctuations in the last years. Due to the historic volatility of the exchange rate of the Mexican peso and interest rates in Mexico, associated risks may be higher than in other countries. Our liabilities in foreign currencies are subject to regulation by the Bank of Mexico, which imposes liquidity requirements in their equivalent in such currencies according to the maturity of those liabilities. While we have complied with several procedures and policies related to Risk Management, including limits in VaR (Value at Risk), coverage and risk analysis, in relation to our brokerage or treasury activities and we are subject to regulations tending to prevent relevant imbalance, we cannot guarantee that we will not experience losses in relation to these positions in the future, which may have a significant negative effect on us, including our operating results.

The market value of securities in Mexico is influenced by economic and market conditions of both developed and developing countries. Even though the events occurring in these countries may vary significantly from the situation in Mexico, the prospects of the materialization of a deep global slowdown, and eventually a recessive environment, will limit the growth potential of the Mexican economy, with ramifications for financial assets. This may be emphasized by greater restriction of the monetary policy in Mexico, which may extend longer than in other countries.

However, the horizon of risks may have an equilibrium more balanced than expected, given that the focus of the economic policy in North American countries prioritizes the reinforcement of commercial integration, which represents an opportunity for the reception of investment flows in the manufacturing and energy sectors, among others. The outlook for Mexico, therefore, is mixed, with immediate risks derived from the current situation in the global economy but with visible catalysts that may improve the outlook for firms in the medium term.

The recent increase of violence in Mexico has had a negative effect and may continue having a negative effect on the Mexican economy and may have a negative material effect on us

In the recent years, Mexico has experienced a substantial increase in violence related to drug trafficking, specifically in the northern states of Mexico. The increase of violence has had a negative effect on the Mexican economic activity at large. Likewise, social instability in Mexico or social and political development in Mexico or affecting Mexico could have a negative effect on us, including our capacity to operate our business and offer services and our capacity to obtain financing. We cannot guarantee that violence levels in Mexico, over which we have no control, will not increase or decrease and that they will not have additional negative effects on the economy or our company.

Additionally, illegal activities have caused more detailed and broad regulations to prevent money laundering and a stricter supervision of these activities by the competent authorities, which has had an impact in the way we carry out our cash business in foreign currency and has resulted in a strengthening of our systems and supervision measures. Our incapability to detect and report money laundering activity may result in penalties and have a negative impact on our business, operating results, and financial position.

We are subject to fluctuations in interest rates and other market risks which may have a significant negative effect

Market risks refer to the probability of variations in our financial margin, or in the market value of our assets and liabilities, due to the volatility of interest rates. Changes in interest rates affect, among others, the following areas of our businesses:

- Financial margin
- Volume of granted credits
- The market value of our financial assets
- Profits derived from the sales of credits

Variations in short-term interest rates may affect our financial margin. When interest rates increase, we pay higher interest rates in credits at a variable rate that have been granted to us, while interests obtained by our fixed-rate assets do not increase at the same rate, which may cause an increase in our financial margin at a lower rate, or a decrease, in certain sections of our loan portfolio. Variations in interest rates may have a negative effect, reducing growth rates of our financial margin, and even result in losses.

Increases in interest rates may result in a reduction of the number of credits granted by our company. Historically, the sustained raise of interest rates has discouraged the demand of debt from clients and has resulted in a higher number of defaults in current credits and a decline in the quality of assets. An increase in interest rates may also cause low propensity from clients to pay or refinance their credits at a fixed rated. Likewise, the increase of interest rates may reduce the value of our assets. We keep a significant loan and securities portfolio with both fixed and variable interest rates.

In the event of a decrease in interest rates, it is likely that our profits derived from investment in securities will be affected, independently from the probable reduction in our financing costs.

The market value of securities at a fixed interest rate generally decreases when interest rates raise. The above may have a negative effect on our profits or financial situation. Likewise, we may incur in expenses that, at the same time, may affect our results, while we implement strategies to reduce our exposure to interest rates in the future. The market value of securities at variable rates may be affected when interest rates increase, due to a delay in the implementation of revaluation strategies or failure to refinance at lower rates.

The increase of interest rates may reduce our profits or liabilities to register losses in the sales of our credits or securities. In recent years, interest rates in Mexico have reached historic lows. However, we cannot guarantee that interest rates will remain low in the future.

The Law on Protection and Defense of the Financial Services User currently does not limit the interest rates that the bank can charge, with certain exceptions. However, the possibility to impose such limitations has been and will continue being discussed by the Congress, and financial authorities of Mexico, as well as by several groups of debtors at a conceptual level. While the Mexican Government may be able to set limitations on the amounts or requirements of additional information in relation to such interest rates in the future, to the date hereof, the Congress and Mexican financial authorities have not proposed specific limits to the interest rates that we may be able to collect. Part of our profit and cash flows are generated by the interest rates that we charge to our clients. Therefore, any additional restrictions or information requirements in relation to such rates may have a significant negative effect on Monex.

The volatility of the exchange and interest rates in Mexico may have a negative effect on our business

In the foreign exchange business, it is generally not possible to obtain the corresponding counterpart contribution for each foreign exchange transaction. Consequently, the foreign exchange trading area may sometimes take market positions in currencies as part of the everyday foreign exchange transactions. Additionally, relevant fluctuations in all foreign exchange rates may increase default risks in such instruments related to our counterparts.

As our main activity are the foreign exchange transactions with our clients (a sector that is closely related to exports and imports of the economy as a whole), sudden changes in the exchange rate may affect our transactional volume, and therefore, the financial performance of Monex. If market and credit risks are not properly covered of the operation of Risk Management products, the statement of income will be affected.

A serious devaluation or depreciation of the Mexican peso may have a negative effect on Monex and its subsidiaries, for instance, by increasing the amount in pesos of our liabilities calculated in foreign currency and increasing the default rate among our debtors or affecting our operating results in dollars. Additionally, any severe devaluation, as it has happened in the past, may result in the implementation of foreign exchange controls with an impact on our capacity to convert dollars or transfer currencies abroad, which may have a negative impact on our business and operating results.

Likewise, any drastic devaluation or appreciation, may result in the intervention of the Mexican Government, as it has occurred in other countries or in the crash of international foreign exchange markets. The Mexican Government has consistently implemented a series of measures to limit the volatility of the Mexican peso, from auctioning dollars to intervening in interest rates and regularly cover the liabilities of Mexican banks calculated in foreign currency. However, we cannot guarantee that such measures are effective or that they will be kept, or the way such measures will have an impact on the Mexican economy. Currently and for many years, the Mexican Government has not imposed restrictions to the right and capacity of Mexican or foreigners to convert pesos into dollars or to transfer other currencies abroad. However, such measures have been applied in the past and may be implemented in the future. Consequently, the fluctuation of the Mexican peso in relation to the dollar may have a negative effect on us.

We are also exposed to foreign exchange risks as consequence of imbalance between our assets and liabilities in foreign currencies and risks related to capital prices in relation to our negotiation investments in the stock exchange market. As a bank, we are also exposed to credit risks, as part of the ordinary course of our business. Inasmuch as any of these risks arises, our financial margin or the market value of our assets and liabilities may be affected.

Risk factors related to Shares and the Shares Ownership

Certain provisions in the applicable legislation and our By-laws impose limitations to the transfer of our securities and may delay or prevent a control change

According to our By-laws and in accordance with the LMV, the purchase of shares granting the Control of the Company by third parties or shareholders, either directly or indirectly, is prevented through the implementation of a measure requiring that the purchase of shares issued by the Company, or securities or instruments issued based on these shares, or the rights on these shares, may only be carried out with the authorization of the Board of Directors if the number of shares, or rights on these transactions is intended to be purchased in a single or several transactions, without time limit, or by a group of related shareholders acting jointly, represent 10% (ten percent) or more of the shares with right to vote issued by the Company.

All persons or groups of persons holding or increasing their shares in the Company, without a prior public tender offer for that purchase in accordance with the LMV or by infringing the provisions thereof, may not be able to exercise the corporate rights derived from securities with the right to vote, being the Company entitled to refrain from registering these shares in the registry referred to in articles 128 (one hundred and twenty-eight) and 129 (one hundred and twenty-nine) of the Ley General de Sociedades Mercantiles and, in which cases the Company will not register, recognize, or give any value whatsoever to the deposit certificates of the shares issued by any credit institution to have the right to attend to any general shareholders' meeting.

Consequently, regarding the acquisitions that must be carried out through public tender offers for acquisition in accordance with the LMV, the acquirers must be authorized by the Board of Directors to carry out the transaction prior to the beginning of the period for the public tender offer. In any case, acquirers must disclose at all times the existence of this prior authorization procedure by the Board of Directors for any purchasing of shares amounting to 10% (ten percent) or more of the shares representing the Company shareholders' equity, unless it refers to the acquirers described in article 57 (fifty-seven) of the LMV, which, for such purposes, must comply with the provisions of articles 366 (three hundred and sixty-six) and 367 (three hundred and sixty-seven) of that legal regulation. Those provisions may delay or prevent a change in the control or a change in our administration.

The market price of our shares may experience relevant fluctuations in price and volume

The volatility of the market price of our shares may prevent them from being sold at an equal or higher price than paid for their purchasing. The quotation value of our shares may be subject to higher fluctuations in response to a series of factors, such as:

- Significant volatility in the market value and volume of transactions of companies in our sector, which may not necessarily be related to their operating performance
- Financial, legislative, and political trends in Mexico, the U.S., Europe, and other countries
- General conditions and trends of the sector in which we operate
- The introduction of new products by our company or competitors
- Changes in income and operating results
- Differences between our actual financial and operating results and those expected by investors
- Announcements made by our company or other parties in relation to events affecting our line of business
- Legislation and regulatory changes
- Actions by our competitors

- Investors' perceptions of our Issuer and other similar companies quoting in public markets
- Changes in financial calculations by stock-exchange analysts
- Revocation of all or part of our authorizations granted by the government authorities
- Announcements from our companies in relation to acquisition, key alliances, or joint ventures
- Currency devaluation or implementation of foreign exchange control systems
- Firing or hiring key staff members
- Sale of our shares or issuance of additional shares

Many of these factors are out of our control. Those factors based on the market and sector, globally, may have a significant effect on the market price of our Shares, independently from our operations.

Additionally, although we do not have an intention to do so, in the future, we may issue additional capital and our main shareholders may be able to sell their interest in our Company. Such issuance or sale, or the plans to carry them out, may result in the dilution of the shareholders' financial or corporate rights or may have a negative effect on the market value of our shares.

The relative volatility and lack of liquidity of the Mexican Stock Exchange may cause a considerable fluctuation in the price and volume of transactions with our Shares

Our shares are listed in the BMV, which is one of the largest securities markets in Latin America. Despite this fact, in terms of market capitalization, it is still smaller and less liquid than other securities markets, particularly in comparison with USA and Europe. Although several transactions are carried out at the BMV with government securities, a significant part of these transactions are carried out by institutional investors. These market characteristics make our shares difficult to sell and may have a negative effect on the market value of our shares. The exchange volume of securities issued by incorporated companies operating in emerging markets tend to be lower than the exchange volume of securities issued by incorporated companies operating in developed countries.

Acquisitions or attempts by a person or a group to purchase a relevant number of shares in our shareholders' equity or entering into voting agreements, must be approved by our Board of Directors, which may delay, obstruct, or even prevent the acquisition of shares in our Company, or a relevant part of our shareholders' equity, or a change of control

In accordance with our By-laws, any acquisition of our shares will require a favorable agreement, prior and in writing, of our Board of Directors, whereas the number of shares intended to be acquired, in addition to the shares previously held, both directly or indirectly, of the possible acquirer, results in a number equal to or higher than 10% of the Issuer shareholders' equity or any other multiple of 10%. Any acquisition or attempt of acquisition of any share by any competitor resulting in a stock ownership above 5% of our shareholders' equity, will require a favorable agreement by the Members of the Board.

A prior favorable agreement of the Board of Directors will be required in writing in order to enter into any voting agreement in relation to our shares implying a change of control in the Issuer, a participation of 20% in the Issuer shareholders' equity or a significant influence on the Issuer. If any acquisition of shares or restricted voting agreements occurred in accordance with the terms of By-laws without complying with the prior and favorable written authorization by the Board of Directors (and, accordingly, the execution of the public tender offer in accordance with the provisions of the LMV), the shares subject of acquisitions or the voting agreement:

i. Will grant to the acquirer all the property rights derived from holding shares to the same extent to which such rights correspond to the rest of the shares.

ii. Will not grant to the acquirer corporate rights of any kind (including, but not limited to, the right to vote the acquired shares, the right to request or summon a Shareholders' Meeting and any of the rights derived from holding shares without contents or not being of patrimonial nature). The above, notwithstanding that our Board of Directors may agree, among other things, the reversal of all completed transactions, or that the acquired shares may be transferred to a third party approved by the Board of Directors at the reference price determined by the Board of Directors.

Decrease in the minimum capital or reserves required in accordance with the applicable legal provisions

Our subsidiaries are subject to certain minimum capitalization and reserve requirements in order to support their transactions in accordance with the Accounting Criteria (or the applicable accounting criteria of the subsidiary in question).

Before any default in the compliance of the required minimum capital, the CNBV may intervene in the administration of the subsidiary in question.

The CNBV may also impose penalties to the subsidiary in case of infringing the specific regulation, which is applicable for an amount equivalent to a given percentage of the paid shareholders' equity of the subsidiary in question.

We are a holding corporation, and we depend on dividends and other sources coming from our subsidiaries in order to finance our transactions and pay dividends to the extent we decide

We are a holding corporation carrying out our transactions through financial and non-financial service subsidiaries. Considering the above, our capacity to find new sources to finance our transactions, and, to the extent that we decide, pay dividends, mainly depends on the capacity of our subsidiaries to generate profit, and pay dividends. Our subsidiaries are independent entities and are different from us. The payment of dividends, contributions, loans, and advanced payments by our subsidiaries will be contingent in relation to the profits and payments generated by our subsidiaries, and such transactions are or may be limited by legal, regulatory, and contractual restrictions. If any shareholder submits a claim against our company, such shareholder may only execute the available assets of our subsidiaries. The payment of dividends by our subsidiaries will also depend on their income and business considerations. Additionally, our right as shareholder to receive any asset from any of our subsidiaries derived from its liquidation or public tender offer, is effectively subject to any claim from the creditors of our subsidiaries, including commercial creditors.

The declaration of dividends is subject to approval of our shareholders

Our Board of Directors shall present our annual audited consolidated financial statements corresponding to the prior year for the approval by the Annual Shareholders' Meeting of the Company. Once our shareholders approve the annual audited consolidated financial statements, they may decide on the use of the net profits, if any.

The payment of dividends is subject to the approval of the Shareholders' Meeting of the Company based on the advice of its Board of Directors. While the main shareholders of the Issuer hold the majority of its shares, they will be in conditions to appoint the majority of the Board of Directors and decide, as agreements, if the Issuer will pay dividends, and determine accordingly the amount of such dividends. Consequently, there might be years in which we do not distribute any dividend and other years in which a substantial part of our profit is distributed. In the latter assumption, our growth potential may be limited. The payment of dividends recommended by our Board of Directors will depend on several factors including operating results, the financial situation, cash flow needs, entrepreneurial perspective, fiscal implications and terms and conditions of financing that may limit the payment capacity of dividends and other factors that our Members of the Board and shareholders may take into consideration.

In any case, according to the Mexican legislation, we can only pay dividends based on annual financial statements approved by the General Shareholders' Meeting having covered the losses corresponding to prior fiscal years and when the payment of dividends has been deliberately approved by our shareholders. The payment of dividends in the past does not guarantee its future payment.

Additionally, the Mexican legislation provides that, before any distribution of dividends, at least 5% of our net profit must be assigned to a legal reserve fund, until such fund amounts to at least 20% of the paid-in capital stock. Additionally, shareholders may decide on the additional amounts assigned to the determined reserve funds, including funds for the repurchasing of shares. The remaining balance, if any, may be distributed as dividends.

Finally, the Issuer and its subsidiaries, except for Banco Monex, are subject to the legal provisions requiring that at least 5% of the net profits of each year are separated and transferred to a capital reserve fund until such fund amounts to 20% of the paid shareholders' equity. In the case of Banco Monex, legal provisions establish the requirement to build a legal reserve of 10% of the net income and up to 100% of the paid capital stock. The last reserve is not susceptible to distribution to shareholders during the existence of those entities, except as dividends on shares.

Rounded Figures

We have adjusted for the rounding of some of the figures included herein. As a result of the above, the figures shown as the total amounts in some charts in this Annual Report may not exactly match the result of the mathematical sum of the foregoing figures.

Industry and Market Data

This Annual Report contains information related to our competitive position and participation in the financial services market and the size of the financial services market in Mexico and in other jurisdictions in which we operate. As indicated in every case, the information on the industry and the market contained herein is based on independent publications of the industry, government publications, mainly the CNBV and the Bank of Mexico, reports made by specialized companies and other independent sources. Certain information of the industry and market is based on our estimates, which come and/or derive from our internal research and analysis, as well as from independent sources. Although we believe that these sources are reliable, we have not verified information independently, and we cannot guarantee its accuracy and completeness. The information related to our industry and market intends to be a general guide but is inherently imprecise. Although we believe that our estimates were reasonably obtained, investors must not indiscriminately trust it, as they are inherently uncertain.

d) Other securities

The Issuer's Capital Stock

As of December 31, 2022, our capital stock was represented by 645'808,505 shares, 645'758,505 of which belong to the Series "B" representing the variable capital. These shares were registered in the capital markets section of the RNV and were listed in the BMV from July 2010 until March 2023, under the ticker symbol "MONEX".

By resolution adopted by the Ordinary Annual Shareholders' Meeting of Monex, held on April 19, 2022, it was resolved to increase the variable part of the capital stock of the Issuer, by the amount of $1,000 million MXN through the issuance of 100 million Series "B" shares.

See the cover page hereof for further details of the securities we have issued.

During 2022, 2021 and 2020, we delivered in full and timely manner all reports required by the Mexican legislation in relation to periodic information and relevant events to the BMV, the BIVA, and the CNBV, in compliance with the Circular Única de Emisoras, and we are up to date in the payment of all our liabilities.

We do not have securities registered in the RNV or listed in other markets, apart from those described herein. We must deliver quarterly, annual, and legal information established in the applicable regulations in relation to issued securities.

e) Material changes to the rights of securities registered before the Registry

As of December 31, 2022, no relevant changes have been made to the rights of any class of security issued by Monex and registered in the RNV, except for all matters related to the cancellation of the registration of the shares representing the capital stock of Monex, S.A.B. in the RNV authorized by the Commission on March 1, 2023, and the subsequent cancellation of the listing in the BMV, which came into force on March 6, 2023.

f) Intended use of funds

Debt Issuance:

The first issuance of bonds was carried out on June 8, 2012, for a total amount of $1,000 million MXN represented in 10 million bonds with a face value of $100.00 MXN each, with the ticker symbol MONEX 12. During July 2015, we amortized this first issuance.

On November 7, 2014, we carried out the second issuance of bonds with ticker symbol MONEX 14. The total amount of the offer amounted to $1,000 million MXN distributed in 10 million bonds with a face value of $100.00 MXN each. During November 2017, we amortized this second issuance.

On May 25, 2017, we successfully issued the third public offering of bonds with the ticker symbol MONEX 17, for a total amount of $1,000 million MXN distributed in 10 million bonds with a face value of $100.00 MXN each. On June 20, 2019, these bonds were fully amortized in their terms, by principal and interest.

On October 18, 2017, we set up a new program of bonds of up to $4,000 million MXN or its equivalent in UDIs. This program will be valid for 5 years following the Official Authorization date.

On October 19, 2017, under the program described in the previous paragraph, we carried out the fourth issuance of bonds with the ticker symbol 'MONEX 17-2'. The total amount of the offer amounted to $500 million MXN distributed in 5 million bonds with a face value of $100.00 MXN each. On October 21, 2019, said bonds were fully amortized in their terms, by principal and interests.

On June 20, 2019, we carried out the fifth public offering of bonds with the ticker symbol "MONEX 19". The total amount of the offer amounted to $1,500 million MXN distributed in 15 million bonds with a face value of $100.00 MXN each. On June 17, 2021, we carried out the total early voluntary amortization of said bonds.

On June 20, 2019, $1,000 million MXN of the net resources obtained from MONEX 19 were used to prepay the MONEX 17 bonds, and on October 21, 2019, $500 million MXN were used to prepay the MONEX 17-2 bonds.

On June 1, 2021, we successfully carried out the third public offering of bonds under the protection of the program with ticker symbol 'MONEX 21', by placing the total amount of $1,500 million MXN on the market at a rate of TIIE28 + 150 bp for a term of 4 years. The issuance received a credit rating of 'A+(mex)' by Fitch Ratings and 'HR A+' by HR Ratings.

The "A+(mex)" rating granted by Fitch Ratings indicates expectations of a low level of default risk with respect to other issuers or obligations in the same country or with the same currency union. The rating assigned to 'MONEX 21' does not constitute an investment recommendation and may be subject to updates or modifications at any time, in accordance with the methodologies applied by Fitch México, S.A. de C.V.

The 'HR A+' rating with a stable outlook granted by HR Ratings means that the Issuer offers acceptable security for the timely payment of debt obligations. They maintain low credit risk in the face of adverse economic scenarios. The rating assigned to 'MONEX 21' does not constitute an investment recommendation and may be subject to updates or modifications at any time, in accordance with the methodologies applied by HR Ratings de México, S.A. de C.V.

Monex does not have securities registered in the RNV or listed in other markets or in other stock exchanges, other than those indicated in this section. No resources derived from the issuance of bonds with ticker symbol "MONEX 21" are pending to be applied. Likewise, there have been no variations in the use of funds obtained through the issuance of bonds to those specified in the corresponding supplement.

Net resources obtained by Monex from the issuance of bonds with the ticker symbol MONEX 21 are composed as follows:

Concept	Amount*
Issuance expenses	16.1
Net resources obtained from the issuance	1,483.9
Gross resources from Bonds	**1,500**

* Figures in millions of MXN

It should be mentioned that regardless of the destination of the resources obtained through the issuances of Bonds, they will obey the diversification strategy at the level of offered products, as well as at the level of geographical areas in which we have a presence, both domestically and internationally, either having a direct impact in terms of organic growth, or by strengthening our performance and that of our subsidiaries.

g) Public documents

In accordance with articles 33 and 34 of the Circular Única de Emisoras, Monex has submitted financial information (monthly, quarterly, and annual financial statements, as well as Audited Financial Statements) and the corporate information (summons for shareholders' meetings, minutes of shareholders' meetings, payments of dividends, repurchasing of shares and other relevant events) in full and timely manner. Likewise, we have delivered the information required for being a public entity and our subsidiaries have delivered the corresponding information to the CNBV for being regulated institutions.

This Annual Report, as well as the documents submitted by Monex to the CNBV, the BMV, and BIVA with the purpose of obtaining and maintaining the registration for the listing of its securities in the RNV, as well as the authorization for their public tender offer, may be consulted in the CNBV's webpage (https://stivconsultasexternas.cnbv.gob.mx/), in Monex, S.A.P.I.'s webpage (www.monexsapi.com), or in BIVA's webpage (www.biva.mx).

Copies of these documents can be provided to any investor upon request made to Monex at their offices located at Av. Paseo de la Reforma No. 284, Piso 15, Colonia Juárez, C.P. 06600., Ciudad de México, Tel.: +52 55 5231 0870, e-mail: agershberg@monex.com.mx, addressed to: Alfredo Gershberg Figot, Corporate Director of Finance and Strategic Transformation.

For further information on Monex, please visit our website www.monexsapi.com, on the understanding that this webpage is not a part of this annual report.

MONEX

Stay agile

2022
Annual Report

Chapter 2

The Issuer

a) History and development of the Issuer

Company name and business name of the Issuer

We are a public company with variable capital incorporated under the laws of Mexico. Our current company name is "Monex, S.A.P.I. de C.V." (formerly "Monex, S.A.B. de C.V.") and our main brand and trade name is "Monex".

Date, place of incorporation and duration of the Issuer

We were incorporated on July 10th, 2007, in Mexico City, Mexico. The duration of the Issuer is perpetual.

Address and phone number of the headquarters

Paseo de la Reforma No. 284, piso 15, Colonia Juárez, C.P. 06600, Ciudad de México, México.
Tel.: +52 (55) 5231-4500

Description of the development of the Issuer and its subsidiaries

Beginning and main business

Founded in 1985, Monex started offering financial services to companies with international businesses under the name of "Casa de Cambio Monex, S.A. de C.V."

Our main business is focused on national and international companies that carry out foreign exchange and international payments transactions.

Development of the Issuer

Our financial group started operations over 37 years ago, doing business both nationally and internationally, with commercial and financial entities, through Casa de Cambio Monex, S.A. de CV, a company authorized by the SHCP to operate as a foreign exchange brokerage house, in order to provide foreign exchange and international payment services both to individuals and corporations, in an efficient, reliable and high-quality manner, at competitive prices.

The following summary contains our most important moments:

- **1985.** We started operations as Casa de Cambio Monex, S.A. de C.V.

- **2001.** We acquired CBI Casa de Bolsa, S.A. de C.V., CBI Grupo Financiero, and its subsidiary CBI International Securities, Inc. (currently Monex Casa de Bolsa and Monex Securities, respectively), a broker-dealer registered in the USA.

- **2002.** As part of our strategy to offer asset management services, we obtained authorization for the distribution of investment funds.

- **2003.** As part of our corporate integration, our main shareholders incorporated Monex Grupo Financiero as a holding company. Likewise, in the same year, we migrated our foreign exchange and international payment services from Monex Divisas to Monex Casa de Bolsa.

- **2004.** We obtained authorization to operate OTC risk management products.

- **2005.** Monex Financiera, S.A. de C.V., (SOFOL) began operations. Monex Financiera and Banco Monex merged in December 2007

- **2006.** We acquired Comerica Bank Mexico, S.A., Institución de Banca Múltiple (currently Banco Monex), incorporating this company to Monex Grupo Financiero. On the other hand, and as part of our investment in state-of-the-art technology and systems, Monex Casa de Bolsa implemented our system "Corros Monex" for electronic transactions in the debt market.

- **2007.** As part of our corporate integration, we merged Monex Financiera with Banco Monex. In July, and pursuant to this integration, we constituted Holding Monex, as the holding company and holder of shares of our operating subsidiaries. In the same year, we migrated our foreign exchange and international payment services operations from Monex Casa de Bolsa to Banco Monex.

- **2008.** As part of our expansion and growth strategy in the offering of banking and non-banking services, we accomplished the following acquisitions:

    - We acquired all the assets of Intermex Pue, S.A. de C.V., and Girotec, S.A. de C.V., companies dedicated to the remittance business. This business was operated by Pagos Intermex, a Holding Monex subsidiary (currently Monex S.A.P.I. de C.V.) until 2015.

    - We acquired Prestaciones Universales, a company dedicated to the gas vouchers and bank cards issuance business.

- **2010.** We registered our shares in the RNV maintained by the CNBV and listed our shares on the BMV as a Public Company. In November, and as part of our strategy to expand our business outside of Mexico, we acquired Tempus, a non-bank independent company incorporated under the laws of the state of Delaware, USA, dedicated to the provision of foreign exchange and international payment services in the USA, based in Washington DC. This company changed its name and currently is Monex USA.

- **June 2012.** We obtained authorization from the Commission for the establishment of a long-term revolving bonds program for a total authorized amount of up to $2,000 million MXN. In the same month, we carried out the first issuance under the protection of the program with the ticker symbol "MONEX 12" for a total amount of $1,000 million MXN at a TIIE28 + 280 bp rate for a 3-year term.

- **July 2012.** As part of our expansion strategy outside of Mexico, we acquired Schneider Foreign Exchange Limited, a company incorporated under the law of the United Kingdom, engaged in providing trading, foreign exchange and international payment services in the United Kingdom, with headquarters in London. This company changed its name to Monex Europe, which also has the capacity to offer its services throughout the European Union.

- **December 2012.** Monex USA Corp. and Tempus Consulting Inc. were merged, subsisting Tempus Consulting Inc., which at the same time changed its name to Tempus Inc. Currently, Monex Negocios Internacionales directly owns 100% of Tempus (currently Monex USA).

- **April 2013.** By resolution of the Extraordinary Shareholders' Meeting, we adopted the name "Sociedad Anónima Bursátil de Capital Variable" and changed our name to "Holding Monex, S.A.B. de C.V.".

- **November 2013.** Monex sold the subsidiary Prestaciones Universales ("Sí Vale") to Holding Internationale SAS ("Groupe Chèque Déjeuner"). The sale of Prestaciones Universales was performed as part of our plan to focus our efforts on financial businesses.

- **November 2014.** We successfully completed the issuance of bonds with the ticker symbol "MONEX 14", for an amount of $1,000 million MXN, placed at a TIIE28 + 160 bp rate for a term of 3 years. The placement was demanded 1.6 times and had a diversified base of investors, mainly institutional.

- **April 2015.** We (Monex and Banco Monex) sold 100% of the shares of Pagos Intermex to Gentera, S.A.B. de C.V. The sale of Pagos Intermex was part of our strategy of focusing on our core business by concentrating our efforts on financial services to companies.

- **June 2015.** The bonds with the ticker symbol "MONEX 12", issued on June 8, 2012, for an amount of $1,000 million MXN, were totally paid under its terms and conditions.

- **July 2015.** Banco Monex, our main subsidiary, completed the issuance of bonds with the ticker symbol "BMONEX 15" for an amount of $1,000 million MXN, placed at a TIIE28 + 90 bp rate for a term of 3 years.

- **October 2015.** Through a purchase agreement, we acquired 17% of the total shares of Tempus, Inc. (currently Monex USA). The transaction was carried out at market prices based on a price study conducted by an independent consultant. This operation was authorized by the Commission through Official Letter No. 312-3/14049/2015.

- **April 2016.** The change of corporate name from Holding Monex, S.A.B. de C.V. to Monex, S.A.B. de C.V. was approved in the Extraordinary Shareholders' Meeting.

- **May 2017.** We successfully completed the third public offering of bonds with the ticker symbol "MONEX 17", for an amount of $1,000 million MXN, placed at a TIIE28 + 160 bp rate for a term of 3 years. The placement was demanded 1.6 times and had a diversified base of investors, mainly institutional.

- **June 2017.** Our subsidiary, Banco Monex, received the authorization from the Goverment Board of the CNBV to invest in the foreign financial institution named CLS Group Holdings, AG ("CLS"), which operates the largest liquidity system of the 18 most important currencies around the world. CLS is composed of more than 60 participant members, including the main international banks and the central banks, issuers of the 18 currencies, including Bank of Mexico. It is important to highlight that Banco Monex is the first independent financial institution (i.e. not a subsidiary of an international bank) of Latin America to participate as a CLS member.

- **October 2017.** We successfully completed the fourth public offering of bonds with the ticker symbol "MONEX 17-2", for an amount of $500 million MXN, placed at a TIIE28 + 150 bp rate for a term of 3 years. The placement was demanded 1.6 times and had a diversified base of investors, mainly institutional.

- **November 2017.** The bonds with the ticker symbol "MONEX 14", issued on November 7, 2014, for an amount of $1,000 million MXN, were fully amortized in their terms, for principal and interests.

- **December 2017.** The Ordinary and Extraordinary Shareholders' Meeting approved to spin off the participation, both directly and indirectly, of Banco Monex and Monex Grupo Financiero in the international subsidiaries. As a result, a new company named MNI Holding was established in order to be the owner of Monex USA and Monex Europe. Therefore, the new corporate structure is as follows: Monex, S.A.B. de C.V. owns 99.99% of MNI Holding, while the latter owns 99.99% of Monex USA and 99.99% of Monex Europe. It is important to point out that these corporate structure movements do not represent a corporate restructure in terms of the applicable regulations.

- **February 2018.** The Board of Directors of CLS in Switzerland authorizes Monex, S.A.B. de C.V. through Banco Monex, its main subsidiary, to invest in the foreign financial institution CLS Group Holdings, AG ("CLS").

- **June 2018.**
    - We acquired 59.95% of Arrendadora Avance, S.A. de C.V., which became one of our direct subsidiaries.
    - We applied to become clearing members of CLS Bank International. Therewith, Monex becomes a shareholder and forthcoming member of CLS.

- **July 2018.** The bonds of Banco Monex, our subsidiary, with the ticker symbol "BMONEX 15", issued on July 17, 2015, for an amount of $1,000 million MXN, were fully amortized in their terms, for principal and interests.

- **June 2019.** On June 20, 2019, Monex, S.A.B. de C.V. carried out the fifth public offering of Bonds with the ticker symbol MONEX 19, placing all of $1,500 million MXN on the market at a TIIE28 + 150 bp rate for a term of 3 years. The issuance received a credit rating of 'A(mex)' by Fitch Ratings and 'HR A+' by HR Ratings.

  $1,000 million MXN of the resources were used to amortize the Bonds with the ticker symbol MONEX 17 on June 20, 2019, and $500 million MXN were used to amortize the MONEX 17-2 Bonds on October 21, 2019. The placement involved the participation of a diversified base of investors achieving an oversubscription of 1.22 times the amount of the offer.

- **October 2019.** The Bonds with ticker symbol MONEX 17-2, issued on October 19, 2017, for $500 million MXN, were early and fully amortized in their terms, for principal and interests.

- **2020.** To consult significant events of 2020, see Section "Significant Events of 2022, 2021 and 2020" on page 158 of Chapter 3 "Financial Information" hereof.

- **May 2021.** Our indirect subsidiary, Banco Monex, received authorization from the CNBV to establish a revolving program of long-term bank bonds for a total amount of up to $8,000 million MXN, or its equivalent in UDIs or in any other currency. The program will be valid for 5 years as of the date of authorization.

- **June 2021.** On June 4, 2021, Monex carried out the sixth public offering of bonds with ticker symbol "MONEX 21", by placing the total amount of $1,500 million MXN on the market at a rate of TIIE28 + 150 bp for a term of 4 years. The issuance received a credit rating of 'A+(mex)' by Fitch Ratings and 'HR A+' by HR Ratings.

  The resources were used for early and voluntary amortization of the bonds with ticker symbol "MONEX 19" on June 17, 2021. The placement involved the participation of a diversified base of investors, achieving an oversubscription of 1.14 times the amount of the offer.

- **February 2022.** On February 25, Monex, S.A.B. de C.V. acquired the remaining part of the shares of its direct subsidiary Arrendadora Monex, S.A. de C.V., in which Monex had a majority stake since June 2018.

- **April 2022.** By resolution adopted by the Ordinary Annual Shareholders' Meeting of Monex, S.A.B. de C.V., held on April 19, 2022, it was resolved to increase the variable part of the capital stock of Monex, S.A.B. de C.V., by the amount of $1,000 million MXN through the issuance of 100 million Series "B" shares.

- **July 2022.** In compliance with the resolution adopted by the Ordinary Annual Shareholders' Meeting, held on April 19, 2022, and as a result of the exercise of initial and additional preemptive rights, the period of additional preemptive rights for subscription of shares ended on July 14, resulting in subscription of all the 100 million Series "B" shares issued and, consequently, the capital stock of Monex, S.A.B. de C.V. increased by $1,000 million MXN.

- **August 2022.** As a part of its growth and transformation strategy, Monex, S.A.B. de C.V., adjusted its organizational structure and appointed Mauricio Naranjo González as its new CEO. In turn, Héctor Lagos Dondé will continue as Executive President and Chairman of the Board of Directors.

- **August 2022.** On August 23, the Extraordinary Shareholders' Meeting of Monex, S.A.B. de C.V., approved to request the Commission to cancel the registration of the shares representing the capital stock of Monex, S.A.B. de C.V., in the RNV, to request the BMV to cancel the listing of said shares and, with prior authorization of the Commission, to carry out a public offer to acquire up to all the shares owned by the shareholders non-members of the group of persons that control Monex, S.A.B. de C.V., as of the initial date of the offer.

- **December 2022.** The Commission authorized the public acquisition offer on December 8. The offer began on December 9 of the same year and concluded on January 9, 2023. The 22,694,115 shares representing its capital stock participated in the offer and were accepted by Monex, S.A.B. de C.V. By virtue of the foregoing, Monex, including affiliates, related parties and the control group, would be directly or indirectly the owner of 98.75% of its capital stock.

- **March 2023.** By official letter number 153/4905/2023, dated March 1, 2023 (the "Cancellation Notice"), the CNBV resolved to cancel the registration of Monex's shares in the RNV. The Cancellation Notice was formally notified to the BMV and, consequently, the BMV proceeded to implement the administrative and operational processes to formalize the cancellation of the registration and listing of the shares in said stock exchange, which became effective as of March 6, 2023.

- **March 2023.** The Extraordinary Shareholders' Meeting of Monex, S.A.B. de C.V., held on March 30, 2023, resolved that Monex will become a stock investment promotion corporation with variable capital (sociedad anónima promotora de inversión de capital variable). In the same act, it was resolved to modify the First Clause of the By-laws, which provides for Monex's corporate name, to add the wording "investment promotion" or its abbreviation ("P.I."), for Monex's corporate name to read, as of that date, as "Monex" followed by the words "Sociedad Anónima Promotora de Inversión de Capital Variable" or its abbreviation "S.A.P.I. de C.V."

b) Business overview

Main subsidiaries

As of December 31, 2022, our main subsidiaries are Monex Grupo Financiero, composed of three financial entities: Banco Monex, Monex Casa de Bolsa, and Monex Operadora de Fondos; MNI Holding, composed of Monex Europe and Monex USA; and Arrendadora Monex.

Monex Grupo Financiero

Through Monex Grupo Financiero we offer the following products:

- Foreign exchange and domestic and international payments
- Digital banking
- Investment funds
- Money market investments
- Corporate credits and international trade
- Risk management products (derivatives)
- Institutional savings
- Cash management
- Trust services
- Brokerage services
- Asset management

MNI Holding (International Division)

In April 2010, we began the international expansion of our foreign exchange and international payments business with the acquisition of Tempus, a leading provider of foreign exchange and international payments services to companies in the US. Tempus has three offices in the US: Washington D.C. (headquarters), New York and Los Angeles. Tempus serves more than 3,200 corporate clients.

With the purpose of globally unifying our brand and leveraging the Monex brand in the North American market, starting in the first quarter of 2022, Tempus, an indirect subsidiary of Monex, S.A.P.I., assumes the name of Monex USA.

In order to become one of the largest specialists in foreign exchange and international payments, in 2012, we acquired Schneider Foreign Exchange Limited, a provider of foreign exchange and international payments to large corporations, small and medium-sized enterprises and financial institutions in the UK. This financial entity changed its name to "Monex Europe Limited" and is currently one of our indirect subsidiaries. Monex Europe's headquarters are in London, UK, and has branches in Madrid, Spain and Amsterdam, Netherlands. This company also has subsidiaries in Toronto, Canada; Singapore; and Luxembourg.

Following the acquisitions of Monex USA and Monex Europe, Monex has become a relevant player worldwide as a specialist in the foreign exchange and payments market. Through our international subsidiaries, we also offer risk hedging products against changes in the exchange rate.

Arrendadora Monex

In June 2018, we acquired Arrendadora Avance, S.A. de C.V. (currently "Arrendadora Monex"), a leasing company specialized in SMEs with a need for leasing. Upon the acquisition, we consolidated the products we offer to our clients in terms of financing options. Arrendadora Monex offers the leasing product for transportation-related assets, as well as for machinery and equipment from various industries within the national territory.

I. Main Activity

Over the last few years, we have focused on maintaining our position as a leader in financial services for international companies and on continuing to strengthen our foreign exchange and domestic and international payments operations; while promoting the diversification of our products and services to have different and attractive sources of revenue.

We have increased our efforts in offering traditional banking products and private banking services. Through the diversification of operations, we seek to strengthen the relationship with our current clients and develop new clients with the purpose of increasing our volume of transactions and revenues both in Mexico and the United States, as well as in Europe and Asia. One of our main goals is to continue providing services and offering products efficiently to our clients.

Our Strategy

As in recent years, we seek to maintain our leadership in the foreign exchange and payment services market in Mexico and, at the same time, offer other financial services as part of our strategy to help our clients to meet their financial needs. The diversification of products and services allows us to improve and increase our client deposit base and our credit portfolio, which, in turn, helps us to improve our service and to achieve greater profitability. On the international level, we seek to continue growing in the foreign exchange and international payments market and to enter our business into the countries where we are not currently present.

In order to focus on the growth and profitability of Monex, we group our services into two divisions: Corporate Banking and Private Banking. The following description details our business divisions:

Corporate Banking

The purpose of Corporate Banking is to turn Monex into the main bank of our corporate clients and companies. We start by offering foreign exchange and domestic and international payments services to their treasuries, in which we are the market leaders, and thus achieve a comprehensive service in order to attract deposits and investments. In addition, we have become an important financing source for our clients with loans and international trade facilities.

In our Corporate Banking business, we have a diversified range of products, including the following, among others:

- Foreign exchange
- Domestic and international payments
- Digital banking
- Investment funds
- Money market investments
- Commercial loans
- Letters of credit
- Factoring
- Leasing
- Hedging products for exchange rates, interest rates, and stocks
- Cash management through our digital account
- Funds management and savings accounts

Every year we have a larger number of clients that, in addition to carrying out foreign exchange transactions and sending or receiving payments, operate some type of credit, derivative or use some digital banking service.

The coverage that our sales executives offer to clients in each of our services, supported by product specialists, has allowed us to increase the revenue per client and strengthen our relationship with them.

We have been working on differentiating our clients' needs to identify companies according to their requirements and the services that are useful to them. Based on this identification, we can guide our services offer for each company.

Mexican Foreign Exchange Market

Our main business is offering foreign exchange and payments services in Mexico, focused mainly on medium-sized and large companies, mostly related to international trade. In 2022, we carried out 7.6 million payment transactions (1.1 million international transactions and 6.5 million domestic transactions).

Internal figures show that our foreign exchange and payments business in Mexico generated $4,588 million MXN of Monex's total revenues in 2022, which represents 39% of our total revenues during the year. This share reflects the relevance of this business line. We will focus on the description of these foreign exchange business activities in this first part.

A foreign exchange transaction involves the following steps:

- Sales executive quotes, negotiates, and closes a telephone transaction with a client
- Sales executive creates a record of the transaction in the system
- The transaction is confirmed to the client by e-mail
- The transaction is verified to ensure its fulfillment of the requirements
- Client delivers funds to one of our banking accounts, either in Mexican pesos, dollars, or other currencies
- The Bank delivers funds to the client's banking account or the destination indicated by the client, either in Mexican pesos, U.S. dollars, or other currencies

Our revenues from foreign exchange transactions depend on the number and volume of the transactions we process. Our revenue comes from the margin above the cost of foreign exchange transactions, that we charge our clients.

The margin we generate on each foreign exchange transaction is the difference between the exchange rate quoted by our trading desk and the exchange rate we charge our clients, which is determined by each sales executive. Our trading desk provides real-time exchange rates to our sales executives, who have the option of adding the margin to that price. To determine the margin in each transaction, our sales executives consider the currency in question, the size of the transaction, the volatility, and the costs of providing additional services, such as the transfer of funds and delivery. Our sales force also uses our information system to determine the appropriate margin for each transaction. Generally, high volatility increases our earnings due to higher operating margins.

International Foreign Exchange Market and New Technologies

In recent years, we have seen significant activity in the international foreign exchange market, influenced by health, social and political factors that affect the performance of the local and global economy, which results in local and foreign competitors employing new operating technologies.

An example of new technologies are the so-called execution algorithms, which allow the application of various strategies for the administration and management of positions, watching over the impact on the market, as well as on the institution that performs the transaction.

Some uses of these algorithms are listed below:

- Automation of trading strategies: at Monex, algorithms are used to automate trading strategies, such as following certain patterns or trends in the price of currencies. This allows traders to execute orders quickly and accurately without the need to check the market constantly.
- Decision making in trading: Algorithms can be used to analyze large amounts of data and make trading decisions more accurately and faster than a human being. This may include identifying trading opportunities, determining the best prices to execute orders, and risk management.
- Order execution: at Monex, algorithms are used to execute trading orders quickly and efficiently. This can include executing massive orders in a short period of time or executing orders at the best possible prices.
- Risk Management: Algorithms can also be used to manage risks in foreign exchange trading, such as setting stop-loss limits, or diversifying investments.

Even though they are barely known in Mexico, these new tools are widely used by competitors abroad. Clients may turn to these tools, and those institutions that do not operate them may put themselves at a disadvantage and lose market share.

Digital Banking

Currently, we offer our clients two electronic platforms to carry out foreign exchange transactions. The digital channel for both is available within our web portal and/or mobile app.

One of our platforms is Monex ULTRA II, installed mainly for legal entity clients with specialized treasuries managing a high operating volume and who seek a competitive price. It allows real-time trading of the 6 main currencies: US dollar, Japanese yen, Swiss franc, pound sterling, euro, and Canadian dollar. The final quoted price is obtained from the best offer available by the counterparties with whom the operation is agreed and, at the same time, the coverage is carried out with the client. Currently, this platform is available 24 hours a day from Sunday to Friday.

Another platform called “Compra Venta de Divisas” is aimed at individuals and/or legal entities with low and/or medium operating volume, as well as low transactionality. Compra Venta de Divisas is available within our web portal and mobile app.

The offer of our digital currency platforms strengthens the relationship with our clients who benefit from the personalized advice, analysis, and experience of our sales executives, agreeing on their operation through a state-of-the-art technological tool that has all security standards to guarantee the best experience.

As of today, our strategy consists of maintaining our position in the foreign exchange market by maintaining lines of operation with major banks worldwide, as well as by having constant participation. This synergy has allowed us to position ourselves in an important ranking, mainly for foreign banks, who allow us to use exclusive technological tools.

We are constantly improving our processes in order to provide an agile and innovative service, and thus to be able to reinforce our security and to reduce operational risk for the benefit of our clients.

We seek continuous improvement and coherence between the various digital channels and joint ventures, trying to maximize and make profitable our commercial relationships with the digital products and services available throughout the financial group to advise and implement them in a timely manner with our clients, extending our benefits as a financial group. In all our activities, the DNA of our daily actions is innovation to generate greater value for the financial group.

International Expansion

We contemplate the possibility of investing in other complementary businesses in order to achieve access to new market segments and geographic regions, such as the acquisitions of Monex USA and Monex Europe, which allowed us to venture in the foreign exchange market of USA, Canada, Europe, and Singapore, as well as to achieve greater client attraction.

Through these subsidiaries, we serve corporate clients with the dedication of a single contact point to satisfy all their foreign exchange and payments needs. Account managers are experienced industry professionals, both at Monex USA and Monex Europe, focused on the understanding of all aspects of the business. They also have relevant knowledge of foreign exchange operation and international payments services to satisfy the payment needs of the clients.

As part of this expansion, in recent years we have increased our geographic footprint in North America, Europe and Asia.

After the COVID-19 pandemic and the Brexit in the case of Europe, Monex Europe and Monex USA returned to a growth trend in 2022, surpassing the performance of the previous year. Jointly, the net income of Monex's international division in 2022 amounted to $334 million MXN, far above the $4 million MXN registered in 2021.

Monex USA

Monex USA is focused on serving more than 3,200 corporate clients through its offices in the United States. Its main business is to carry out foreign exchange transactions and payments. In 2022, it processed over $4,290 million USD, an increase of 18% compared to 2021. Monex USA only provides foreign exchange services, and therefore, it concentrates all its resources on being a specialist in this field, offering services that allow it to stand out in the market.

In 2022, Monex USA continued the expansion of its client portfolio from its traditional small-companies niche to medium-sized and large corporations. At the same time, Monex USA continued its renewed emphasis on expanding its digital platform, through which our clients meet their foreign exchange and international payments needs, among other services. By the end of the year, approximately 60% of operations were carried out online.

The "Dealers – Sales Development" sales model continued to be implemented. This model improves the service and the prospection 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 Sales Development focuses on acquiring new accounts and on ensuring that the existing accounts continue receiving a high-level service from Dealers.

During 2022, Monex USA continued growing its Partnerships business unit to leverage its cross-border payment infrastructure and make it available to third parties through its digital solutions, such as API services. By the end of 2022, Partnerships revenues increased more than 56% compared to 2021. Monex USA continues adapting to the new environment and expects the Partnership model to become an increasing source of revenue in 2023.

In April 2022, Monex USA began offering currency options for various currencies. This new product is focused on more sophisticated and relatively larger clients with greater exchange rate exposure. This new initiative generated $3.7 million USD in revenues in 2022.

At the end of 2022, Monex USA had 57 employees at its headquarters in Washington, D.C., 14 employees at its New York office, 19 employees at the Los Angeles office, and 5 employees who work remotely.

In 2022, internal figures show an increase of 50% in net income compared to 2021.

It is worth mentioning that, in 2022, Bloomberg once again designated Monex USA as the "Top Currency Forecaster" for the Mexican peso, ahead of most of Wall Street market-analysis powerhouses. The strength of Monex USA's market view consolidates its position and credibility in the US market.

Disclosures and actions due to the COVID-19 pandemic – Monex USA

Despite the challenges posed by the pandemic, Monex USA succeeded in weathering the COVID-19 storm by successfully maintaining positive cash flows and a healthy level of working capital throughout 2021. The company was able to rebound significantly from 2020 and had an excellent year from a perspective of revenue and net income in 2021. The trend continued in 2022, while the company reported historic results.

Monex USA finished the year showing an increase of 43% in revenues and an increase of 50% in net income compared to 2021.

Monex Europe

Monex Europe's principal activity is to provide foreign exchange commercial services, financial derivatives such as options, as well as payment services. The majority of Monex Europe's client portfolio (measured through profitability, currency turnover, trading activity, and turnover) is corporate with a small number of private clients. The group's activities are regulated by the Financial Conduct Authority (FCA) in the UK, the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, and the Monetary Authority of Singapore.

Its main business is to carry out foreign exchange and payment operations through its offices in London, Madrid, Amsterdam, Toronto, Singapore, and Luxembourg. The group focused on serving more than 3,825 clients in 2022 and generated a foreign exchange turnover of approximately 80 billion GBP.

Monex Europe's operations are headquartered in the London office, which contributed with 52% of net revenues in 2022. This office has 153 employees, 63% of which are administrative staff, and the rest is sales force. The office in Madrid operates with 34 people integrated to the team, the Amsterdam office currently operates with 22 employees, the Toronto office operates with 28 employees, there are 10 employees in Singapore, and 15 employees in the Luxembourg office, at the end of 2022.

The net income in 2022 improved significantly when compared to the previous year's net income. Management achieved the goal of returning to profitability after overcoming the challenges faced in recent years. Factors that have contributed to the increase in turnover and operating income include the lifting of restrictions related to COVID-19 and the global reopening effect on economies. Additionally, the volatility in the foreign exchange markets continues to bring business turnover to the group due to the countercyclical nature of the business. The repayment of a long-term loan to Banco Monex has also put the balance sheet of Monex Europe in a healthy position.

Expectations for the next year remain positive. The management believes that Monex will improve its position within the market and will deliver good results through a continuous focus on improving the compliance function, opening new business opportunities by expanding in the United Kingdom and the European Union, building new relationships with clients, strengthening existing relationships and maintaining an ongoing focus on achieving greater operating efficiency in order to improve its results in 2023.

Disclosures and actions due to the COVID-19 pandemic – Monex Europe

In 2022, companies operated normally, as the COVID-19-related factors greatly decreased following the lifting of COVID-19-related restrictions and the reopening of global economies.

Banking Products

Credit Loans

Our commercial efforts have focused mainly on the service of existing Monex clients who need more integral attention and require traditional banking products, such as credit, which also reinforces our position in the FX market with the same clients. For this purpose, we created the Corporate Banking division, seeking to serve the largest companies that work with us and that have greater sophistication and demand more products and services. This group of clients also have specific credit needs, which serve as an axis strategy to establish a deeper financial relationship with these clients.

In Monex, we focus mainly on financing working capital and capital investments needs of companies. We get benefit of the relationships and knowledge that we have of our clients through their transaction record in foreign exchange and international payments in order to identify new opportunities in the credit business. We maintain a conservative granting-loans culture, giving priority to a moderate risk profile.

The chart below shows the balance of the total loan portfolio itemized by credit risk stage at the end of 2022:

	Loan portfolio			
Date	**Credit risk stage 1**	**Credit risk stage 2**	**Credit risk stage 3**	**Total loan portfolio**
Dec. 2022	29,389	295	473	30,157

Internally prepared with figures as of December 31, 2022. Figures in millions of MXN.

The following chart shows the performance of the performing loan portfolio and the non-performing loan portfolio at the end of 2021 and 2020:

Date	Performing loan portfolio	Non-performing loan portfolio	Total	Growth
Dec. 2021	26,639	293	26,932	6.8%
Dec. 2020	24,735	494	25,229	5.8%

Internally prepared with figures as of December 31, 2021 and 2020. Figures in millions of MXN.

The following factors are among the main causes of the growth rate observed during 2022:

1. A lower-than-expected growth rate in the demand for credit derived from an economic environment that has posed many challenges in the economic activity of our country and worldwide.
2. The behavior of some large clients who, after the challenges of the economic environment, settled early their credit obligations with Monex.
3. Increase in the reference interest rates that has caused the growth of our loan portfolio in U.S. dollars and has kept the loan portfolio in Mexican pesos stable.

Our origination policies and credit strategies are consistent with our capabilities and take into consideration the industry, the segment, type of credit, maximum levels of granting by type of credit, as well as the type of allowed transactions.

On the other hand, we kept a sound evolution in our segment of credit to SMEs during 2022. At the end of December 2022, the balance of credit to SMEs amounted to $980 million MXN distributed among just over 1,100 clients with an adjusted financial margin of $50 million MXN. Through this product, we seek to serve the current clients of Monex, which, according to the definition of the Ministry of Economy, are SMEs (CCS < 250)*:

$$\boldsymbol{Calculated\ Company\ Size\ (CCS)}:$$
$$\boldsymbol{(CCS) = \#\ of\ employees\ X\ 10\% + \frac{Annual\ revenues}{1,000,000}\ X\ 90\%}$$

* The methodology for calculating the size of companies was published in the "Agreement establishing the stratification of micro, small and medium-sized enterprises" published by the Ministry of Economy in the DOF dated June 25, 2009.

We offer credit products to SMEs clients through the sales executives of the Corporate Banking, who rely on the support of a team specialized in this product across the country, which provides the support for both commercial tasks and integration of cases, as well as client support.

INFONAVIT created the "Mejoravit" program for the expansion and improvement of housing for workers affiliated to this institute, and it stands out from the rest of our products and credit offers. We started offering this program in August 2016.

The performing loan portfolio of the program had the following performance at the end of 2022:

Date	Mejoravit Program	Increase
Dec 2022	184	(86.6%)
Dec. 2021	1,369	24.2%
Dec. 2020	1,102	1,060.0%

Internally prepared with amounts as of December 31, 2022, 2021 and 2020. Figures in millions of MXN.

The following chart shows the total loan portfolio itemized by type of credit at the end of 2022:

	Total
Commercial loans	
Stage 1	
Commercial or corporate activity	23,787
Financial entities	2,545
Goverment entities	2,910
	29,242
Stage 2	
Commercial or corporate activity	295
Stage 3	
Commercial or corporate activity	390
Financial entities	46
	436
Total commercial loans	
Commercial or corporate activity	24,472
Financial entities	2,591
Government entities	2,910
	29,973
Housing loans	
Remodeling or improvement	184
Loan portfolio	**30,157**

Internally prepared with figures as of December 31, 2022. Figures in millions of MXN.

Given the profile of our market, a significant proportion of our loans are granted to medium-sized corporations in the manufacturing, commercial or services sectors, seeking to add credit risk mitigators in most cases.

The main risk mitigators used are the following:

- Guarantees and/or programs from Mexican Government agencies and/or development bank institutions (FIRA, NAFIN, Bancomext, etc.)
- Liquid guarantees
- Mortgage guarantees
- Stock market pledges or fiduciary pledges held in securities

Banco Monex has a credit manual that contains the processes, methodologies and additional information for the origination and management of the credits.

Deposits

Through our Cash Management area, we offer our clients different comprehensive cash management solutions such as payments, concentration of funds, and investments, which favor deposit balances for Monex.

As of December 31, 2022, 2021 and 2020, deposits showed the following performance:

Date	Deposits	Increase
Dec. 2022	51,522	10.0%
Dec. 2021	46,829	5.6%
Dec. 2020	44,355	(5.7%)

Internally prepared with figures as of December 31, 2022, 2021 and 2020. Figures in millions of MXN.

We currently offer two deposits products:

- "Monex Digital Account" for demand deposits
- "CEDES Monex" for time deposits

Demand Deposits

Deposits balances of this product as of December 31, 2022, 2021 and 2020 were as follows:

Date	Demand deposits	Increase
Dec. 2022	36,083	13.8%
Dec. 2021	31,713	10.8%
Dec. 2020	28,612	61.4%

Internally prepared with figures as of December 31, 2022, 2021 and 2020. Figures in millions of MXN.

Demand deposits are kept in the Monex Digital Account, a hub account that allows balances to be maintained in multiple currencies. This way, we offer a unique deposit vehicle in the market that favors the collection of demand deposits in Monex, the generation of payment orders in Mexican pesos or any other currency, as well as the foreign exchange operation of the clients.

The Monex Digital Account has the following characteristics:

1. Hub account where all the Bank's products are traded.
2. Immediate demand.
3. Simultaneous multi-currency balances in Mexican pesos, US dollars, euros, British pounds, Swiss francs, Japanese yens, and Swedish kronas.
4. Minimum average balance of $1 million MXN per month.
5. Yield rates in Mexican pesos.
6. Generation of payment orders: SPEI, SPID and SWIFT.
7. Payment of federal taxes.
8. Identification of depositors for concentration of funds.
9. Foreign exchange with charge and credit to the account.

Identification of depositors is one of the Cash Management products that distinguishes us in the market. With this product, the client can assign 18-digit references to their depositors in order to identify them, as well as access information on SPEI, SPID and SWIFT deposits in real time. This helps our clients to speed up and to make the reconciliation of their treasury more efficient. Identification of depositors is a product applicable to any client regardless of their location, business line or size.

Another outstanding Cash Management product is Monex HUB (Host to Host), which allows the registration of accounts to transfer, receive and execute payment instructions. The clients can automatically receive their daily account statement in their ERP, as well as information on the identified deposits. This service, non-intrusive in its implementation, has allowed us access to large companies and corporations.

The demand deposits strategy for 2023 includes continuous innovation of comprehensive treasury solutions for our clients in order to attract mainly demand deposits in Mexican pesos and U.S. dollars. The foregoing will allow an increase in our revenues due to an improvement in deposit margins.

Time Deposits

Time deposits as of December 31, 2022, 2021 and 2020, are listed below:

Date	Time deposits from the general public	Increase
Dec. 2022	10,528	(9.8%)
Dec. 2021	11,669	(4.9%)
Dec. 2020	12,273	(51.0%)

Internally prepared with figures as of December 31, 2022, 2021 and 2020. Figures in millions of MXN.

For time deposits, the Bank offers CEDES Monex, a bank deposit certificate allowing fixed-term investment in Mexican pesos and U.S. dollars. You can freely choose any term between 1 and 360 days, provided that the due date falls on a bank business day. Clients can contract CEDES with charge and credit of principal and interests to the Digital Account.

CEDES Monex's deposit balances had increased continuously since its market launch in 2011. However, since 2020, due to the bank's strategy, the volume has been reduced year after year, since priority was given to the improvement of the deposit margin and the growth of demand deposits. At the end of 2022, CEDES represented 20.0% of total deposits.

The time deposits strategy for the year 2023 consists of increasing the term of the deposits in order to improve the investment horizon.

Cash Management in Monex Digital Banking

All Cash Management solutions operate through Monex Digital Banking, consisting of our web portal and the mobile application “Monex Móvil”. These applications allow you to check balances, make movements, obtain receipts, make term investments, close foreign exchange transactions, as well as to make payments and transfers charged to the Digital Account. Digital Banking offers intelligent services, allowing remote access from anywhere.

Other Financial Products and Services

Risk management products (Derivatives)

Within our risk management products division, we offer options, forwards, swaps, futures, among others, with the following underlying assets:

- FX
- nominal interest rates
- domestic shares and SIC
- stock indexes

In this matter, we are focused on fulfilling the investment and hedge needs of our clients, both individuals and corporations.

Several tailor-made structured products stand out to satisfy the client's need for hedge within the derivatives operation.

Our prospects for operations include the continuity of the area as a promotion service desk, a moderate risk taking in order to provide competitive prices for promotion and an increase in operations derived from interest rates.

In 2022, the issuance of structured notes amounted to 1,758 J's and 2,224 F's issuances for a notional amount of $206,533 million MXN (certificates of deposit and bank bonds), which continues to position us as the main issuer of structured notes in Mexico.

In addition, a total of 48,894 derivative transactions related to the peso-dollar exchange rate were completed in both recognized and "OTC" markets during 2022, which amounted to $11,300 million dollars.

Regarding the issuance of structured products, in 2022, and in a virtual manner, Structured Retail Products rewards Banco Monex for the ninth consecutive year as the main issuer of structured notes in Mexico, with the following awards:

- Best House Foreign Exchange, Americas
- Best House Mexico
- Best Capital Protected Distributor, Americas

Trust Products

In 2022, we continued consolidating our image in the market as a proactive and reliable trustee, which allowed our operating revenues to increase by 14% compared to the previous year. The operating revenues of the Corporate Direction of Trust Products during 2022 amounted to $390 million MXN and $59 million MXN in financial revenues.

a) Trusts and other services

The trust services area participates in 7,815 trusts, 1,172 of which were signed during 2022. The total revenue of this area was above $255 million MXN, with $245,755 million MXN in managed assets. We also continue providing execution services and securities management in stock-market pledge agreements, maintaining us as market leader, as well as providing real estate valuation, mandates, conditional deposits, and other trust services.

b) Common Representation

The Common Representation area supervises the fulfillment of the obligations assumed by each related party in an agreement, mainly in issuances in the debt market, with the purpose of facilitating the exercise of each holder's rights.

The Common Representation service is the characteristic product in this area. Our participation in 1,228 issuances allowed us to have the leadership as a Common Representative at the end of 2022 with a 66.19% of market share in new issuances. Our market share shows our leadership in this line of business.

In 2023, we shall continue with the development of our technological platform, which will allow us to achieve the continuous improvement in the quality of the service that we offer our clients.

Arrendadora Monex (Leasing)

In June 2018, Monex S.A.B. acquired Arrendadora Avance, S.A. de C.V., a leasing company specializing in SMEs. Arrendadora Monex offers the leasing product for transportation-related assets as well as for machinery and equipment from various industries within the national territory. The clients of Arrendadora Monex are both individuals with business activities (PFAEs) and legal entities (PMs) who find in the leasing a financing mechanism with a very important fiscal component.

Always seeking personalized attention with our client base, Arrendadora Monex has a local presence of leasing executives at the main offices of Monex within the national territory. In 2019, actions to strengthen product coverage began at the national level by hiring specialists to ensure specialized attention for our clients.

These actions continued, and we managed to consolidate our regional presence in the country based on a strategic coverage designed based on the locations covered by Monex, providing adequate synergies for commercial and business growth. At the end of 2022, we have 6 executives in the regions of Monterrey, Guadalajara, Querétaro, Mérida, and Tijuana.

In 2021, virtual tools were one of the main developments that Arrendadora Monex wanted to address in order to make daily operation more efficient. Online application has been updated to improve fill-out and response times for promoters and clients; additionally, the lease application was linked to the online quotes in order to meet the asset needs of the end client.

Thus, allowing a personalized and high-quality service for our clients, through shorter response times to their requests, the product in Mexican pesos and U.S. dollars, and the terms and conditions of the lease defined from the signature of the contract.

Arrendadora Monex, through the incorporation of a second sub-department in the commercial area and the cross-selling program with Corporate Banking, will seek to continue strengthening the acquisition of potential clients that allow the growth of the total portfolio and monthly placement levels.

Said growth may be conditioned by the development of the markets towards this year, such as the shortage experienced during 2022, as well as by economic conditions. It is expected, based on discussions carried out with automotive agencies, that the availability of units may become more regularized from the second half of the year.

The commercial area of Arrendadora Monex is in constant communication with Business Banking and Corporate Banking within Banco Monex for better support in generating the expected business, making constant visits to potential prospects for a better understanding of the advantages of the product we offer.

During 2022, we achieved to consolidate a commercial alliance with Motornation, a group of automotive agencies of Chinese brands, such as Changan, Baic and JMC, which will allow our commercial executives to make recurring visits to said agencies to attract car business, whose risk and response time is more efficient than that of equipment or machinery, derived from the variables inherent to more complex equipment.

Likewise, we will seek to maintain a higher repurchase percentage with current clients, whose behavior and payment history throughout the term of their current leases have been adequate and comply with the risk profile.

We will remain in a position to provide timely follow-up to the clients with payment complications to find the best way for them to continue with the leases, through restructurings allowing them to continue generating income and avoid deterioration of the portfolio.

Disclosures and actions due to the COVID-19 pandemic – Arrendadora Monex

During 2020, since the beginning of the pandemic, and 2021, the Arrendadora privileged the clients with a good payment history in their lease, who required support to reschedule their payments, the daily attention and monitoring tasks were maintained for all our clients, both to raise awareness of their ability to pay and to immediately respond to any restructuring request.

Maintaining constant communication with our clients allows the collection area to observe their performance, payment behaviors and early detection of leases that potentially require a specific treatment.

During the year 2022, no rescheduling or changes in the payment schedule were granted that would allow a zero payment. The only restructurings handled were those whose analysis was carried out for each specific case based on the client's profile, its line of business or activity, analysis of financial figures, visual visits to offices and plants, in the applicable cases.

Detail of supports granted at the end of 2022 (figures in millions of MXN)

i. Rescheduled revenues from restructures

Fixed Asset Category	Restructured Amount 2022
Specialized equipment	4
Machinery and equipment	5
Subtotal	**$ 9**
Added Value Tax	**$ 1**
Total	**$ 10**

ii. Revenue recovery

	Revenue Recovery					
	2023	2024	2025	2026	2027	Restructured Amount 2022
Specialized equipment	-	1	1	1	1	4
Machinery and equipment	1	1	-	2	1	5
Subtotal	1	2	1	3	2	**$ 9**
Added Value Tax	-	-	-	1	-	**$ 1**
Total	**1**	**2**	**1**	**4**	**2**	**$ 10**

In 2022, the placement of Arrendadora was affected by multifactorial reasons such as the shortage and low inventory of equipment (cars and machinery), affecting domestic and international markets.

At the end of December, the placement amounted to $242 million MXN with 1,417 current leases and an average monthly placement of $20 million MXN.

	2022	2021
Clients	518	635
Contracts	1,417	1,597
Leased cars	915	1,025

Arrendadora Monex focused on projects that would allow it to develop different tools for the improvement and automation of its processes, such as reserves calculation, lease management, and implementation of a comprehensive system, which is currently at the first stage and that comprises from the origination to contracting.

Private Banking

In Private Banking, we offer our clients a specialized and personalized service. Our service involves carrying out their investments by identifying their needs and risk tolerance, observing the different investment profiles, and offering a wide range of financial products and services in the money, stock, derivatives, and foreign exchange markets, as well as our investment funds and those we co-distribute.

We are market leaders in structured notes and derivative operations, due to the Monex heritage, where knowledge of the foreign exchange market is very important to offer this type of products, based on exchange rates or interest rates, in consistency with the volatility of the markets.

Our high quality in Private Banking service is due to the professionalism, experience, and knowledge of our team of collaborators, who constantly work to satisfy the needs of our clients offering high-quality service.

Monex has fully complied with the regulatory provisions for investment services, better known as "Sales Practices". The generation of policies, processes and controls, the adequate follow-up by the corresponding areas, as well as the constant training of the personnel have allowed us to protect the interests of our clients, generating transparency and trust.

Three years into the beginning of the contingency by COVID-19, we have achieved an agile and efficient consolidation of client attention through all the services offered, ensuring the same levels of quality and trust, with a careful contingency mechanism and an orderly process of return to offices gradually implemented by Monex, thereby resuming face-to-face activities.

Within the business strategy for 2023, and given the environmental conditions worldwide, we will continue focusing our efforts on the development of new digital platforms that allow us to provide a more agile and efficient service, both in current and new market segments, to attract new investments and generate operational efficiencies. We will continue working to make our operation more efficient, seeking segmentation strategies allowing us to provide a personalized client service.

Brokerage Services

We offer national brokerage services in a variety of shares and investment companies listed on the BMV and BIVA, in addition to a range of debt securities, including government and private securities. In addition, we offer international brokerage services with investment instruments denominated in various currencies and listed in multiple markets, such as shares; corporate, sovereign, or quasi-sovereign debt; options; structured notes; and mutual funds.

Domestic brokerage services are offered through Monex Casa de Bolsa, and international brokerage services are provided through Monex Securities. Monex Securities is a member of the Financial Industry Regulatory Authority (FINRA) and is registered before the SEC as a broker-dealer based in Houston, Texas.

The operating revenues of the securities brokerage and trading services segment in 2022 amounted to $723 million MXN, which is equivalent to a 4% decrease compared to the revenues generated in 2021.

Stock Market

The stock market department at Monex Casa de Bolsa is responsible for executing the trading of securities listed on the stock exchanges (BMV and BIVA). These orders can be completed independently or through third parties.

We have specialized in the brokerage of securities quoted in the Sistema Internacional de Cotizaciones "SIC" ("International Quotation System") and, particularly, in the operation and hedge of instruments known as ETFs.

The operation of options and index futures was encouraged, as well as the operation of forwards of stock market instruments, which showed an important increase in 2022 compared to 2021.

The total traded amount in 2022 was $73,221 million MXN, of which $45,237 million MXN were traded on the BMV and $27,984 million MXN on BIVA. The total number of 1,535,221 operations was carried out in 2022, of which 1,377,618 were carried out in national issuers and 157,603 in SIC issuers. The traded volume in 2022 was 563 million shares, of which 447 million were traded on the BMV and 116 million on BIVA.

In 2022, Monex Casa de Bolsa occupies the 24th place out of 30 brokerage houses in the stock market operation concentrate of BMV, while we are on the 18th place out of 30 participants in the BMV global market operation (SIC).

We are in 15th place out of 30 brokerage houses in BIVA's stock market operations, and 11th place out of 30 participants in BIVA's global market operations (SIC).

Our strategy in 2023 will be focused on the following directions:

- To promote participation in repurchase funds
- To increase the operability of National and Foreign Institutional clients
- To provide greater liquidity to the global market and, thereby, to increase our own position
- To promote the option to operate directly through our portal web (Monex Trader) among our clients
- To increase our participation in MexDer (Options and Futures of Indices and Stocks)
- To promote and increase the operation of forwards of stock market securities
- To promote the electronic operation at the request of each institutional client

Money Market and Sales Trading

2022 was a very difficult year for fixed-income markets, both at local and international level, with significant capital losses greater than 10% in this asset class, not seen in more than 20 years. The two main factors that significantly affected the bond and swap markets globally were the surprising war in Ukraine and a significant rebound of inflation. Particularly in our country, the INPC presented for the second consecutive year a level close to 8%, very far from the target range of the Bank of Mexico (3%, +/- 1%). This generated the need to extend the interest rate hike cycle and, therefore, deepen monetary restriction by raising the target overnight interest rate by more than 500 basis points, from 5.50% at the beginning of the year to 10.50% at the end of the period, a level that had not been seen in more than fifteen years.

In this context, medium- and long-term interest rates were pressured by more than 200 basis points, highly correlated to interest rates in the United States, significantly affecting the money market portfolios of the interbank and institutional systems. Throughout the year, there was a deterioration in liquidity conditions and price formation in the interbank market, as well as high volatility.

With respect to the holding of foreigners in government securities, this year there were no outflows compared to the two previous years (2020-2021), observing an inflow of approximately 3.6 billion U.S. dollars, which is explained by the attractiveness of the local interest rates, especially adjusted for risk, Mexico being one of the best options in Latin America in value relative to the other alternatives.

Despite the adverse conditions, the money desk portfolio performed satisfactorily during the year, being very close to the budget, even in a highly complex environment, except for a few positions that were affected by the unexpected war in Ukraine. However, diversification of the type of assets and strategies that configured the portfolio led to adequate internalization of extreme pressure in the markets, resulting in divestment in some risk factors, as well as rotation to more defensive instruments such as those with floating coupons. Despite this complex environment, counterintuitively and for the second consecutive year, credit spreads in the local private debt market were significantly compressed, which contributed to the area's results in the period in question.

Given the increase in interest rates and the extreme volatility of the fixed-income markets, we chose a cautious and low-profile strategy with an average VaR usage of 32%. Derived from deterioration of liquidity conditions and extreme losses at the system level, trading activity in the secondary market decreased considerably, inhibiting the ability to seize opportunities and the source of revenue in this discipline. With respect to the strategy for 2023, since global inflation is not slowing down rapidly and geopolitical risks remain, both factors represent material risks that will have to be factored into active but cautious management. There is a risk of the need for greater monetary restriction and its respective ramifications, thus the context is not expected to change materially in the fixed-income markets.

With respect to the Sales & Trading business, it was a difficult year since, as a result of the described market conditions and their impact on the institutional sector, turnover in the sector decreased significantly, reducing the revenue for this activity. However, there was excellent news that allowed us to meet the budget: the SHCP, through the Bank of Mexico, has entrusted Monex Grupo Financiero to be a member of the distribution syndicate of the new BONDESG (ESG), said transaction gave us the opportunity to compete with global banks and test our distribution capacity, thus resulting in the 1st place in the last placement, being the first significant transaction in this capital markets activity.

Disclosures and actions due to the COVID-19 pandemic – Treasury

During 2022 and 2021, there were high levels of inflation and decreases in the credit spreads of corporate and bank issuers, generating mobility in this type of securities to take profits, at the same time, the surcharges became less attractive. Toward the end of 2021 and derived from the expectations of a hike in the reference rate in the United States toward 2022, Mexico has begun a cycle of increases in its reference rate going from 4% in June 2021 to a reference level of 10.5% toward the end of 2022, and with greater expectations of increase toward 2023. While the United States federal funds rate closed at levels of 4.5% in December 2022, which has been of vital importance when diversifying our own position to prioritize liquidity, profitability, and institutional portfolio risk levels.

Monex, S.A.P.I. maintained a conservative policy in terms of risk taking and prioritized liquidity. Therefore, we continued to invest surpluses in U.S. dollars with the national development bank, bank bonds of high credit quality and in government securities in Mexican pesos (which have no credit exposure).

Likewise, we participated in the OMA liquidity auctions (Open Market Operations) granted by Banco de México to obtain greater liquidity in MXN, using securities and U.S. dollars as collateral.

Investment Funds

At Monex Casa de Bolsa, we offer the opportunity, through products managed by Monex Operadora de Fondos, to acquire a series of investment funds that offer investment solutions covering different risk profiles and investment terms of our clients.

The funds are managed by a group of professionals dedicated full-time to the creation of diversified portfolios in different types of assets, always seeking to maximize returns with strict risk control.

The attractive yields generated in different years and our expert advisors help the investor to find the ideal strategy to achieve all its financial goals.

The investment funds managed for our clients are six: MONEX28, MONEXCP, MONEXM+, MONEXCR, MONEXG, and MONXESG.

Below, we show some of the most outstanding achievements of Monex Operadora de Fondos:

- In 2022, the Monex Funds achieved a significant annual growth rate of 24.5% in their assets under management, going from $18,409 million MXN to $22,925 million MXN, which allowed Monex Operadora de Fondos to position itself as fifth in percentage growth of assets in the investment funds industry.
- The aggregate growth in assets in the last two years is 72%, going from $13,317 million MXN to $22,925 million MXN.
- The returns granted to our investors supported the significant growth of the holdings of our funds. In the last years we have consistently outperformed benchmarks, and this year was no exception. The 6 Funds provided returns above their marks in an extremely complicated 2022. Long-unseen inflation and rate hikes marked the year and affected all asset classes. The defensive and conservative positioning adopted since the beginning of 2022 in the portfolios of the six Funds allowed us to deliver very good results during this difficult period.
- There was a relaunch to improve our Fund offer this year. MONEXIQ became MONXESG in September. This new fund, as its name indicates, invests in assets with ESG characteristics.
- In reference to the revenues of the funds operated and managed by Monex Operadora de Fondos, an increase of 22% was achieved during 2022 compared to 2021.
- These growths were possible as a result of the support of the Business Banking, Private Banking, Trust Services and Institutional Savings areas.

The Monex Funds are also distributed by O'Rourke y Asociados, an independent distributor based in Jalisco; by Mas Fondos, a distributor with a business model focused on small investors; Casa de Bolsa Kuspit; and Casa de Bolsa Base. The assets in these distributors import a total of $1,250 million MXN at the end of 2022, which represents an increase of $221 million MXN and an annual growth of 21% compared to 2021.

In addition to the funds that we operate, Monex Casa de Bolsa co-distributes eight different investment fund operators, mainly to provide the investor with the facility of an additional investment alternative in debt and equity abroad.

Asset Management

We offer a specialized administration in the management of resources, optimizing the risk-performance ratio according to each client profile. Investors grant a mandate to the Asset Management department, through Monex Casa de Bolsa, to manage their resources according to the level of risk and investment policies approved by the client. Resources are managed according to an investment methodology, risk controls and a decision-making process conducted by a multidisciplinary committee.

Currently, we manage the clients' resources through ten portfolios or investment strategies:

1. *Conservative Debt:* consists of a strategy that invests exclusively in debt instruments with a very conservative risk profile. It is aimed at clients who are looking for an investment option at the risk-free rate and offers an additional premium through participation in banking and corporate instruments of the best credit quality.

2. *Debt*: is a diversified strategy in which the clients' resources are invested in different types of assets of the local debt market. This investment strategy offers attractive yields and a low risk, which is why it is mainly recommended for investors with a conservative profile whose safety preferences predominate over the yield ones.

3. *Conservative*: has a moderate level of risk. At least 85% of resources are invested in debt instruments and up to 15% in equity (neutrally, 10% of the resources are invested in equity in this strategy). This strategy is recommended for investors who are willing to accept marginal risk in exchange for higher yields.

4. *Patrimonial:* this strategy invests at least 70% of the resources in debt instruments, while the investment in equity must be minimum 5% and maximum 30% (neutrally, 20% of the resources are invested in equity in this strategy). Unlike the two previous strategies, the Patrimonial portfolio offers more attractive long-term yields since it has a medium risk exposure.

5. *Growth:* this strategy option has a greater exposure to equity, since it can invest up to 45% of its resources in these assets (neutrally, 30% of the resources are invested in equity in this strategy). It invests at least 55% of the resources and up to 85% in debt, although in positions with a longer duration than the rest of the strategies. The risk exposure is classified as high and is in line with the potential returns in time.

6. *Equity Global:* is a dynamic global equity strategy in dollars for clients looking for a widely diversified geographic exposure mainly through ETFs. It offers the advantage of investing globally in order to obtain attractive returns in dollars. It can have an exposure of up to 100% of the resources in equity ETFs. The strategy is benchmarked against the ACWI index, the world's most widely used index for global equity portfolios.

7. *Debt Dollars:* it consists of a strategy that invests 100% in debt ETFs, both at a fixed rate and at a reviewable rate. It invests mostly in US debt, and it possesses a small holding in investment grade paper. It is aimed at clients seeking returns in dollars with very low volatility in that currency.

Using the *Debt Dollars* and *Equity Global* strategies, three dollar strategies were created for different client profiles:

1. *Global Conservative* (80% *Debt Dollars* and 20% *Equity Global*)
2. *Global Moderate* (60% *Debt Dollars* and 40% *Equity Global*)
3. *Global Aggressive* (40% *Debt Dollars* and 60% *Equity Global*)

The first five strategies provide returns in terms of Mexican pesos, and the last five provide returns that must be calculated in terms of U.S. dollars.

It should be noted that all these strategies outperformed their benchmarks in the year.

Strategies in Mexican pesos outperformed their benchmarks for the 6th consecutive year and showed lower volatility. An example is the *Growth* portfolio, which in the last six years has given an aggregate return 75% higher than that of its benchmark or, which is the same, 175% of the benchmark return.

Strategies in U.S. dollars have also broadly outperformed their marks since their inception in 2018-2019. An example is *Equity Global*, which began in 2019, and which has exceeded its benchmark, the ACWI index, by 68% in that period, that is, it has granted 168% of the return of its benchmark.

In addition to standardized strategies, the Asset Management area also offers the option of managing tailor-made portfolios for clients who require it. These portfolios are designed according to the particular needs of the client. They have specific investment and liquidity policies for each particular case that are defined together with the client.

Additionally, asset management for Savings Accounts (hand in hand with Monex Private Banking) through strategies designed for these clients has continued to grow with very good results.

International investments

Monex Securities, Inc. is a subsidiary of Monex Casa de Bolsa, and is a broker-dealer registered in the United States and regulated by FINRA. It liquidates and operates through Pershing LLC (a subsidiary of the Bank of New York). This financial intermediary is incorporated in the state of Delaware, and it is headquartered in Houston, Texas. It has two more offices: one in San Antonio, Texas, and another one in San Diego, California. In addition, Monex Securities can also operate in other states, such as California, New York, Nevada, Florida, and Delaware.

This intermediary provides customized financial advice, offering financial products and services under the USA regulatory framework and is authorized to trade, on own behalf or on behalf of third parties, investment instruments denominated in various currencies, in multiple markets, and in diverse asset classes, such as corporate, sovereign, or quasi-sovereign debt; shares; options; structured notes; and mutual funds, both domestic and international (offshore).

In addition, Monex Securities, Inc. intermediates securities for Mexican brokerage houses and financial institutions (on behalf of third parties), mainly consisting of purchase and sale of shares and debt securities of international issuers, and debt securities of Mexican companies or the Mexican government in USD managed by the institutional trading desk, operating in various international markets.

At the end of 2022, Monex Securities had 20 employees, 771 clients and revenues over $103 million MXN with assets under custody that exceed $14 billion MXN, of which over $2.9 billion MXN were pure growth in 2022.

Monex Asset Management Inc. is a Registered Investment Advisor (RIA). The company is registered before the Securities and Exchange Commission (SEC), and also has the faculty to provide financial advisory or securities investment services, analysis and issuance of investment recommendations, to promote or to commercialize securities and to manage securities portfolios by making investment decisions in the name and on behalf of third parties. We currently offer diversified portfolios with three different risk profiles through ETFs and/or mutual funds, both domestic and international.

Additionally, Monex Asset Management, Inc. has a fintech, Monex Investor, a mobile platform that offers to users/customers to open an account online, invest directly and automatically in various portfolios denominated in USD. Monex Asset Management also has an insurance license registered in the state of Texas with 12 agents registered in different states, such as Texas, Florida, New Jersey, Nevada, California, and others within the US. We currently collaborate with two general agents: "RDK Advisors" located in the city of San Antonio, Texas, and "VIP" based in Austin, Texas.

At the end of 2022, Monex Asset Management had 272 clients and over $34 million MXN in revenues. Furthermore, the revenues from insurance sales exceeded $15 million MXN with 9 policies issued. Monex Investor comprises 329 accounts and $379 million MXN in assets.

The growth strategy for 2023 will focus mainly on the growth of accounts of legal entities and the increase in the holding of assets of Monex Investor through growth by referencing and cross-selling with Banco Monex and Monex Casa de Bolsa, development of the institutional trading desk, as well as increasing the sales force for the investment area and incurring financial planning equity plans using different financial instruments, including the use of insurance for those plans, seeking to diversify the equity revenue in different currencies and types of assets.

Disclosures and actions due to the COVID-19 pandemic – Monex Securities and Monex Asset Management

Given that the United States government maintains a very low alert, at Monex Securities we work almost entirely from the office, although we rely on the contingency plan required by regulators, the "Business Continuity Plan" (BCP). Given the hurricanes that constantly occur in the Houston area, based on past experiences and following the procedures referred to in the contingency plan (BCP), it was very easy and quick to execute the BCP, since we had both the necessary equipment and the knowledge of how to apply it efficiently so that the service to individual clients, as well as to the institutional business, was not interrupted or hindered, and to be able to comply with regulatory guidelines.

Both the trading desk (made up of 12 employees) and the promotion area (made up of 10 promoters) have the equipment and access to the services necessary to carry out 100% of their work.

The business in general was affected in 2022 for different reasons, including poor results of the stock markets and inflation in markets that affected bonds, for which many clients stopped participating in the markets, thus causing difficulties in opening new accounts.

We believe that in 2023 we will be able to revive clients' appetite for insurance business and, given the current return rates on United States government securities, we see significant opportunity in the fixed-income market, especially for companies that hold surpluses in bank accounts where they receive very low interest and where we could offer them very competitive rates.

We expect a much better 2023 than 2022, even though volatility will reign alongside inflation for at least the first half of the year. During the second half, we expect a much more controlled and stable economy preparing for an election year in 2024, which normally helps the markets in the United States.

Institutional Savings

Institutional Savings is a department specialized in the integral administration of funds and savings accounts, pension plans and labor savings schemes which may be implemented by companies for the benefit of their employees. Moreover, we offer them to invest strategically the saved resources and the professional management of the individual accounts of the participants of these plans (Record Keeping).

With our specialized service model, we contribute to reducing the use of human and financial resources allocated by companies to the management of their funds and savings accounts; thus, transferring administrative burden to our Institutional Savings department. Through our online platform, participants can consult personalized account statements and reports. This way, we ensure that savings and their management are transparent and safe.

Over 18 years, in our Institutional Savings department, we have provided our clients (both domestic and international) with timely advice, investment of resources and management of individual accounts, through which we have favorably positioned ourselves in this market. We have placed ourselves as an option that offers experience and high quality through differentiated solutions, personalized service, and competitive costs.

Today, we administer 827 managed contracts that total 390,096 individual accounts, which represent an increase of 18% compared to the prior year. The holding reported as of December 31, 2022 is $4,211 million MXN, which represents an increase of 14.75% compared to the previous year. During November 2022, we accounted for the largest volume in holding with $7,615 million MXN, given the seasonality of the product. Likewise, for the year 2022, an increase of 18% in revenues was reported compared to the revenues of the previous year, amounting to $63 million MXN. Our perspective for 2023 is to continue growing in the number of contracts, as well as in holding and revenues to continue consolidating the business with clients who have larger numbers of employees.

In Institutional Savings we offer our clients the following competitive advantages:

- Personalized service and attention
- Advisory on the design, implementation, and start-up plans in the company
- State-of-the-art technology that offers our clients agile and practical access to various reports, displaying balances and movements online, available 24 hours a day.
- Competitive returns in investment funds.

Integral Risk Management

Organizational Structure of Risk Management

The risk management function is delegated to a Risk Committee supported by the Integral Risk Management Unit. The Risk Committee is appointed by the Board of Directors of Banco Monex, Monex Casa de Bolsa, and Monex Fondos. We consider that risk management is a competitive element of a strategic nature, whose ultimate purpose is to maximize the value generated for the shareholder of Monex. Risk management is defined, in a conceptual and organizational sense, as the integral treatment of the different quantifiable risks (market risk, liquidity risk, credit risk, operational risk, legal risk and technological risk) that we are exposed to in the normal course of our activities. Managing the inherent risks in our business is essential to understanding and determining our financial situation and creating long-term value.

The Integral Risk Management Unit is responsible for identifying, measuring, limiting, monitoring, controlling, reporting, and disclosing all types of risks in our business units. They are also responsible for preparing the executive reports to the CEO, directors of other business units, the Risk Committee, the Audit Committee, and the Board of Directors.

Integral Risk Management involves both the compliance with the regulations on Integral Risk Management matter and the regulations established by the Issuer, whose ultimate objective is the generation of value for its shareholders, maintaining a conservative profile regarding risk exposure in the organization.

The recognition of fundamental precepts is essential for the efficient and effective integral risks management, both quantifiable discretionary (credit, market, and liquidity) and non-discretionary, operational risk (technological and legal), and under the premise of satisfying basic identification processes, measurement, monitoring, limitation, control and disclosure.

The risk management framework of the Bank begins with the Board of Directors, whose main responsibility is the approval of the objectives, guidelines and policies related to this subject, as well as the determination of the risk exposure limits, supported by the constitution of the Assets and Liabilities Committee and the Risk Committee.

The Risk Committee is directly dependent on the Board of Directors of each financial entity belonging to Monex Grupo Financiero, and its responsibilities, among others, are:

I. To submit the Integral Risk Management Guidelines to the Board of Directors for its approval

II. To approve the general criteria to identify, measure, limit, monitor, control, report and disclose the different types of risk to which we are exposed

III. To designate the responsible person for the Integral Risk Management Unit

IV. To review and approve the individual risk decisions for each business unit, as well as the reports, parameters and models used for the measurement of risks

V. To approve the models proposed by the Integral Risk Management Unit to value the different types of risks

VI. To verify the compliance with the risk exposure limits in each business unit

VII. To approve temporary exceptions to risk limits when deemed appropriate to the market conditions

We have a Risk Committee at Banco, Casa de Bolsa, and Monex Operadora de Fondos. The members corresponding to our main subsidiary (Banco) are:

RISK MANAGEMENT COMMITTEE

Mauricio Naranjo González
CEO
(Participates with voice and vote)
CHAIRMAN

Jorge Hierro Molina
CEO of Banco Monex
(Participates with voice and vote)

Grocio Soldevilla Canales
Corporate Director of Risk Management
(Participates with voice and vote)

Hernando Carlos Luis Sabau García
Deputy Director
(Participates with voice and vote)

David Aaron Margolin Schabes
Independent Propietary Director
(Participates with voice and vote)

José Luis Orozco Ruiz
Director of Internal Audit
(Participates with voice but without vote)

Erik A. García Tapia
Corporate Legal Deputy Director
(Not a member of the Committee)
SECRETARY OF THE COMMITTEE

The Risk Management Committee meets regularly at least once a month and extraordinarily whenever it is convened by its Chairman or Secretary.

Also, we have a technical manual for Integral Risk Management that describes the valuation models and the different types of risks, aimed at:

- Performing the market valuation of the transactions and/or instruments held by different business units
- Determining the profits or losses by flow and the appreciation or depreciation, derived from the market valuation

The market value of a position reflects the potential loss or gain that would occur if the position was closed on the valuation date. The most important elements for valuation are:

- Risk factors affecting the instruments value
- The financial characteristics of the instruments
- Mathematical procedures to calculate the instruments price

The evaluation of the financial results implies to recognize the profit or loss realized (flow of resources) for each business unit and, on the other hand, the variation in the market value of the positions (valuation result). This information is used by the heads of the business units to determine their profitability, and by the risks area to establish "stop loss" limits, or to compare the assumed risk with the yield gained.

Even though each business unit knows the daily and accumulated monthly results generated by its operations and the market value of its positions, the Integral Risk Management Unit permanently supervises the consistency of the procedures used with the accounting criteria established by the authorities.

Disclosures and actions due to the COVID-19 pandemic – Risk Management

Based on the development and implementation of the Potential Future Exposure (PFE) / Credit Valuation Adjustment (CVA) module of the Murex system, both for clients and financial counterparties, the Integral Risk Management Unit (UAIR) performs the impact assessment of the CVA component on the MTM (Derivatives Market Valuation) of the derivatives positions of Monex, S.A.P.I., both with clients and financial counterparties.

The most important actions taken by the UAIR in 2022 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 executive management). This Action Group supervised the credit management, the evolution of the results of business units, and the main market risk, liquidity, credit, and regulatory indicators.
b) Additionally, it maintained strict compliance with risk exposure limits for different business units, allowing to avoid unwanted surprises in the results of the business desks.
c) It sought to generate timely indicators for decision-makers of business units at all times.
d) It participated in the analysis and assessment 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 profitability and risk indicators for different business units are presented in a summarized and timely manner.
f) To improve the control of the different risks assumed by the subsidiaries, the Management is working with the risk management team to extend the risk dashboard to the international businesses.
g) It has advanced significantly in the automation process of the UAIR activities.

The Mexican financial system, and specifically Monex, S.A.P.I., has overcome the pandemic and continues to show resilience and has maintained a solid position, with higher capital and liquidity levels that comfortably meet regulatory minimums.

To address 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 an orderly behavior of financial markets, strengthening credit granting channels and providing liquidity for the sound development of the financial system.

Regarding Monex, the measures have been aimed at maintaining caution in risk-taking of market areas, we have also maintained caution in the granting of loans, and preventive measures have been adopted to maintain additional reserves for the loan portfolio.

The importance of risk management products to the financial position and results of Monex

We use hedging and trading risk management products to manage its exposure to market risks, particularly the exchange rate and interest rate risk, keeping them within the guidelines established by the Board of Directors and the applicable regulation.

The risk management products operation with some counterparties, in certain circumstances, may involve margin calls, which must be hedged with cash and/or highly liquid securities. We cannot anticipate possible losses arising from the use of risk management products as these can be the result of a wide variety of factors related to significant changes in the exchange rate, interest rates, capital markets and perception of sovereign risk, among others.

We are authorized to operate exchange rate, interest rate, and the Mexican Stock Exchange IPC risk management products.

a) Regulation

This section is included in addition to the obligation to disclose information regarding its policies, procedures, methodologies adopted for the risk management, as well as information on potential losses by risk and market type.

We have manuals on policies and procedures that follow the guidelines established by the Commission and the Bank of Mexico to prevent and control the risks to which we are exposed through the operations we carry out.

Assessments of policies and procedures, functionality of risk measurement models and systems used, the compliance with procedures to fulfill the risk measurement, as well as the assumptions, parameters and methodologies used in the information processing systems for the risk analysis, are entrusted to an independent expert, as established by the regulations issued for this purpose by the Commission.

The results of the evaluations are presented in the reports entitled "Risk management prudential regulation" and "Review of valuation models and risk measurement procedures", submitted to the Board of Directors, to the Risk Committee and to the CEO.

b) Environment

We identify, measure, monitor, control, disclose and report our risks via the Integral Risk Management Unit and the Risk Committee, jointly analyzing the information provided by the business areas.

We have technological tools and models for the calculation of Value at Risk (VaR) to carry out the measurement and evaluation of the risks taken in their financial transactions, completing the evaluation with the analysis of sensitivity and stress testing. In addition, there is a plan that aims at allowing the continuity of operations in the event of a disaster.

The Integral Risk Management Unit distributes daily risk reports and monthly presents information on the risk situation to the Risk and Audit Committee and, on a quarterly basis, presents executive risk reports to the Board of Directors.

c) Responsible divisions for risk management

The responsibility of establishing risk management policies rests with the Board of Directors. The Board of Directors also delegates to the Risk Committee and to the CEO the responsibility of implementing the procedures for identification, measurement, supervision, control, information, and disclosure of risks, in accordance with established policies.

The policies approved by the Board of Directors are documented in the "Integral Risk Management Manual", which includes the objectives, goals and procedures for risk management and the maximum tolerances of risk exposure.

The Risks Committee conducts its monthly meetings and supervises that the operations comply with the objectives, policies and procedures of operation and control approved by the Board of Directors. The Risk Committee, in turn, delegates to the Integral Risk Management Unit the responsibility to carry out the integral monitoring and follow-up of the risks.

For emergencies, such as temporary authorizations to exceed these limits, extraordinary meetings of the Risk Committee are held depending on the market conditions or specific needs of the different business units.

Risk lines for the foreign exchange operations are evaluated on a weekly basis at the Risk Lines Committee sessions.

d) Organizational Structure of the Risk Management

The main purpose of the Risk Management Committee is to manage the risks to which the Issuer is exposed and to ensure that the operations are carried out in accordance with the objectives, guidelines, and policies for integral risk management, as well as with the global limits of risk exposure that have been previously approved by the Board of Directors of the Issuer, at the proposal of the Committee.

In addition to the above, the Risk Management Committee will be responsible for approving:

I. Specific limits of risk exposure and levels of risk tolerance

II. The methodology and procedures to identify, measure, monitor, limit, control, inform and disclose the different type of risk transactions, products, and services that the Issuer intends to offer to the market

III. It shall have the power to appoint and remove the person responsible of the Integral Risk Management Unit

The Risk Management Committee shall report to the Board of Directors of the Issuer:

I. The risk profile and the negative effects that could occur in the operation of the Issuer

II. The result of the effectiveness tests of the business continuity plan

III. Any non-observance of the limits established by the abovementioned administrative division and corrective actions implemented and proposed by the CEO of the Issuer

The permanent members of our Risk Committee are described in Section 4 "Management - Managers and Shareholders".

e) General internal control

Derivative transactions in OTC and organized markets are governed by the following set of regulations issued by Banco de México, CNBV, MexDer and Asigna of the BMV. The function of Internal Audit is to verify the proper and correct compliance with these provisions.

- Internal Regulation of the Derivatives Market (MexDer)
- Internal Regulation of Asigna
- General provisions issued by the CNBV (Circular Única de Casas de Bolsa y Bancos)
- Additional amendments to any of the above regulations
- Circular of Derivatives issued by Banco de México
- Ley del Mercado de Valores

Likewise, Monex Casa de Bolsa and Banco Monex staff must always comply with the following regulations:

- Policy and Procedures Manual for derivative transactions in organized and OTC markets
- Code of Ethics of Monex Grupo Financiero
- Code of Ethics of the stock-market community

The need to evaluate transactions with derivative financial instruments arises since it is an important risk management instrument for Monex Casa de Bolsa, Banco Monex, and the clients. A reliable and representative sample is extracted from the universe of derivative transactions agreed in recognized and OTC markets, the analysis and evaluation of that sample allows us to conclude whether the transactions are correct, efficient, timely and secure.

Currently, MexDer transactions are electronic, being concentrated on the Trading, Registration and Allocation System "SENTRA-Derivados". Traders enter their positions and the system does not reveal their identity, which makes it an anonymous market. Once the transaction is agreed upon, MexDer sends the data to the Compensation Chamber (Asigna), and, at that moment, it becomes the counterparty assuming the credit risk.

To be able to conclude whether the derivative transaction is efficient, timely and reliable, the operation of each market must comply, in a reasonably correct manner, with the policies established in the manual and with the applicable regulations.

f) Risk Control Function:

The risk control activities mainly consist of:

- To supervise compliance with the policies and procedures approved by the Risk Committee
- To propose to the Risk Committee, for its authorization, the methodology to identify, measure, supervise, limit, monitor, report and disclose the different risks and the procedure for determining the limits of risk exposure
- To monitor market, credit, and liquidity risk exposure daily. Also, monitor the market risk of the Brokerage House and the Bank in an intraday way
- To monitor compliance with global and specific exposure limits, as well as with levels of risk tolerance
- To promote an integral risk management
- To report to the Risk Committee, the CEO and the Board of Directors regarding:
    - The global exposure by type of risk, as well as the specific ones of each business unit. Reports should include sensitivity analyses and tests under different scenarios, including extreme ones
    - Deviations from the established risk exposure limits

- o Proposals for corrective actions required as a result of an observed deviation
- o The historical evolution of the risks assumed by the Issuer

- To investigate and document the causes of deviations from the established risk exposure limits, informing in a timely manner the Risk Committee, the CEO, and the Internal Auditor
- Propose to the CEO and to the heads of business units the reduction in risk exposure to make it compatible with the limits previously approved by the Board of Directors
- To propose to the derivatives operations area the closure of client positions, if they do not constitute guarantee calls
- To determine the amount of the derivatives line, as well as the initial guarantee percentages for each client
- To enter into the corporate system the information of the line of derivatives in Mexican pesos, the percentage of initial guarantees and the nature of the client (if he is a hedger or speculator)

Likewise, the following areas comply with the activities described below:

Accounting - Its function is to comply with the derivatives accounting rules, based on the criteria established by the CNBV, specifically in articles 138, 141 and 170 of the Circular Única de Casas de Bolsa and B-5 "Derivative financial instruments and hedging transactions" of the Circular Única de Bancos. In addition, it seeks to obtain in a daily manner the accounting valuation of the transactions, based on the transaction information generated by the MXG 2000 system and to verify daily its records versus those of the operators and comparing both bases.

Guarantees - The operation and control manuals include written procedures that allow to define, where appropriate, the guarantees to be established in this type of operations, as well as the procedure of margin calls.

Legal - Its task is to review the content of the intermediation framework agreement, in-bond securities, among others, in order to reduce the legal risk to which the Brokerage House is exposed. It is also their task to review the contracts that the clients sign to operate derivatives at Banco Monex and the International Swaps and Derivatives Association, Inc. (ISDA) contracts signed by Banco Monex with financial counterparties. It will also be responsible for the preparation and custody of the minutes of the Board of Directors meeting and the minutes of the Integral Risk Management Committee.

Transactions with Derivative Financial Instruments

Overriding trading policies for risk management products

Our policies allow the use of derivative financial products for hedging and/or negotiation purposes. The main objectives of the operation of these products are the hedge of risks and the maximization of profitability.

The instruments used are forwards, futures, options, interest rate swaps and foreign exchange swaps.

Trading markets are listed and OTC where eligible counterparties may be nationals who meet the requirements established by the Bank of Mexico.

The designation of calculation agents is established on the legal documentation signed with the counterparties. For the valuation of derivative instruments in organized markets, we use the prices published by the price providers, whose source is the price determined in the derivatives stock exchanges. For the valuation of the OTC derivatives, the prices are calculated by the derivatives system, using the information of the risk factors published by the price provider.

The main conditions or terms of the contracts are based on the International Swaps and Derivatives Association, Inc. (ISDA) or the local framework contract, based on the guidelines outlined in the ISDA. The specific policies for margins, collateral and credit lines are detailed in the Derivatives Manual and any changes thereto must be approved by the Risk Committee.

Banco Monex and Monex Casa de Bolsa act as intermediaries in the market of risk management products, with the following objectives:

- To provide services to clients, for whom these operations represent financial instruments that enable them to manage the risk they are exposed to
- To hedge the market risk of the transactions carried out by the different business units
- To comply with risk limits at all times

Monex negotiates risk management products at the following markets:

- OTC markets
- MexDer
- CME

The instruments used are:

Risk management products in OTC markets:

- Currency forwards
- Interest rate and stock index forwards
- Nominal interest rate swaps, with a nominal interest rate as a reference
- European options on exchange rate as underlying item
- American options on currencies
- Currency swaps

Risk management products in recognized markets:

- Stock index futures
- Euro and dollar futures in MexDer
- Currency futures traded on the Chicago Mercantile Exchange
- Options on the IPC
- Options on euro and dollar in MexDer
- Options on interest rates
- Standardized swaps

The general and particular policies of our activities with derivative financial instruments are contained in the single derivative manual. In general terms, we can point out that the objectives of operating derivative financial instruments are the hedge of the transactions we carry out with clients and the interest rate and exchange rate risk hedge of active or passive positions held in the different business units. These products are traded on OTC markets and on organized markets and are documented in framework agreements, based on the clauses mentioned in the International Swaps and Derivatives Association, Inc. (ISDA).

All counterparties wishing to trade derivatives, either financial or non-financial clients, must be approved by the Lines Committee or by the Credit Committee. The back-office area strictly controls all the conditions of the transactions by validating them, monitoring the confirmations, and the adherence to the regulation applicable to derivatives by Bank of Mexico.

The internal control procedures for managing the risk exposure are detailed in the derivatives and risk manuals. Both should comply with the current legislation on derivatives. The valuation and risk models we use for derivatives are periodically audited by an external auditor and are part of the internal audit plan of the corresponding area.

Regarding the management of the guarantees received from clients and those delivered to organized stock markets and financial counterparties, this monitoring is performed daily by the operational control area. The guarantees funding provided by us for these operations is carried out by the treasury department, through an adequate process of optimization of liquidity needs.

Given the nature and characteristics of the derivative financial instruments we operate at Monex, these transactions are subject to market risk, credit risk, liquidity risk and operational risk. The positions of derivative financial instruments are exposed to the following risk factors:

- Exchange rate
- Interest rates, mainly in Mexican pesos and American dollars
- Exchange rate volatility
- Interest rates volatility
- IPC

The sensitivity and stress analysis of financial derivative transactions considers jointly the transactions we make with our clients, the transactions we carry out with financial intermediaries, and those carried out at MexDer and the Chicago Mercantile Exchange.

Operational Strategies

Trading

By strategic policy of Monex, transactions with risk management products are only executed as a hedge to the transactions carried out by clients with this kind of instruments.

The proprietary positions are allowed only with special authorization of the Risk Committee. In this case, the way potential losses are estimated over a given period is by calculating the value at risk "VaR", which mainly reflects the volatilities of risk factors and the sensitivities of positions to changes in risk factors such as delta, gamma, rho, etc.

The Value at Risk measures the maximum potential loss that the position can experience in a certain period with a certain level of confidence. For example, if the value at risk with 99% confidence at one day is $100 MXN, then the estimated loss for the next day with a 99% probability is at most $100 MXN.

As a complementary measure to the Value at Risk, the sensitivity and stress analysis of risk management products is performed. This process has the following stages:

a) Identification of the risk factors that affect the market value of the positions
b) Risk factors are defined depending on the nature of risk management products in particular and financial in general. Considering the characteristics thereof, the risk factors affected by the stress and sensitivity scenarios are defined
c) Definition of the sensitivity and stress scenarios previously approved by the Risk Committee
d) The stress analysis is performed for different variations in risk factors, considering probable (base variations on risk factors), possible and stress variations, which implies higher levels for risk factors
e) Likewise, the sensitivity analysis is performed considering lower variations in risk factors, either in base points or percentages established for this effect. The above parameters are established considering events in financial markets experienced in the past
f) Revaluation of the position with the new risk factors, where the change in the market value in the presence of such events is measured
g) Once the appropriate risk factor and the stress parameters to be used are defined, the effect of these changes in market value is evaluated. The capital gains or losses in the business units and the entire Issuer are also estimated. The stress results are compared daily with the limits established for this effect by the Risk Committee

Hedge

The sensitivity and stress of hedging risk management products are performed in conjunction with sensitivity and stress for the underlying assets or benchmark variables. We assess the effect of the previously determined parameters on the market value of products for risk management and the original or underlying position being hedged.

In addition to this activity, hedge effectiveness is performed by comparing the variations in the valuation of the risk management product against variations in the ablution of the underlying asset. With this procedure, the effectiveness of hedging is periodically measured.

Counterparties

The Lines Committee or the credit risk area authorize the clients with whom we can operate. It will not be possible to carry out operations with individuals and/or corporations that have not been previously authorized by the respective authorities, nor will we be able to operate with financial intermediaries (banks or brokerage houses) who do not get authorization from Bank of Mexico to execute operations of risk management products.

The credit risk area or the Credit Lines Committee determine the line of operation and the maximum loss amount, expressed in MXN, for each entity authorized as the counterparty (intermediaries or clients) of the Bank or the Brokerage House. The line of operation limits the net amount of the position (to avoid high concentration risk) and the maximum loss amount that we can have with that counterparty at any point of time before making a margin call. These amounts are ratified at the next session of the corresponding Risk Committee.

The clauses of the relevant contracts include the designation of calculation or valuation agents, negotiated individually with each counterparty.

Main terms of contracts, policies for margins, and lines of credit

Any individual or legal entity acting as client of the Brokerage House or the Bank in the operations of OTC risk management products shall follow the procedure established in the flow to contact the clients, in addition to complying with the following requirements, before carrying out any operation:

1. To sign the deposit, loans and foreign exchange transactions contract and the framework contract for risk management products with Banco Monex. To have signed the framework contract for risk management products, the supplement and the annexes, as well as to have signed the brokerage contract (CIB, for its acronym in Spanish) with the Brokerage House.

2. To deliver all the documentation required for the hiring and for the relevant loan study.

3. To have an operation line or maximum loss amount, as well as the initial margin percentage determined by the Risk Department and ratified by the Risk Committee or determined by the Lines Committee, for those with zero margin.

If the client wishes to operate OTC risk management products, the Risk Department defines the information that the promoter will request from the client and performs the credit analysis.

OTC risk management products

- All clients may carry out transactions, provided that the net amount of the operations in force does not exceed the operation line ratified by the Risk Committee or as long as the amount of the loss does not exceed the maximum loss amount authorized by the Risk Committee

- Clients must provide initial guarantees for each operation, in cash for the Bank and in eligible securities for Brokerage House, following the procedure established for the management of guarantees. For these purposes, the Risk Department presents to the Risk Committee a report with all authorized lines of credit and transactions and the percentages of initial margins determined

- Clients must comply with the OTC risk management product guarantee control procedure authorized by the Risk Committee. This mechanism allows us to ensure that the client has covered daily the losses generated in each operation and has not incurred in default

The margin policy is determined on a case-by-case basis. The minimum margin in risk management products is 5% and may be up to 10%. In these cases, the authorized lines are not credit lines, but transaction lines. Only in exceptional cases, a margin of zero with a maximum loss or margin less than 5% is authorized by the Lines Committee.

The UAIR monitors the credit risk of OTC derivative products using the Potential Future Exposure and its comparison against the authorized limits in terms of this metric.

In order to reduce credit risk in these operations, Monex has established a daily or even an intraday margin calls scheme, which avoids default in the transactions to be carried out by Monex and, at the same time, represents an effective means of prevention against significant movements in the financial market and adverse changes in risk factors.

Risk management products in recognized markets

- All clients may carry out transactions, without exceeding the limit of transaction set by the clearing member
- Clients must provide minimum initial contributions for each transaction, either in cash or in value, which are established by the clearing and settlement chamber
- Clients must be subject to the contribution control mechanism defined by the clearing partner, which allows the Bank and the Brokerage House to ensure that the client will cover daily the losses generated in each operation and that no default is incurred

The Credit Lines Committee has the following functions directly related to the operation of risk management products:

1. To be informed of changes in the financial situation of clients
2. To authorize exceptions to the percentages of initial margins for the operations of risk management products
3. To authorize extension to the operation lines

Designation of Calculation Agents

The designation of calculation agents is established in the legal documentation signed with the counterparties. The price provider publishes the price for the valuation of derivative instruments in organized markets. The source of those prices is the derivatives stock exchange. The derivatives system calculates the prices for the valuation of the OTC derivatives using the information of the risk factors published by the price provider.

The main conditions or terms of the contracts are based on the International Swaps and Derivatives Association, Inc. (ISDA) or the local framework contract, which, in turn, is based on the guidelines outlined in the ISDA. The specific policies of margins, collateral and credit lines are detailed in the derivative manual and any changes thereto must be approved by the Risk Committee.

Processes and authorization levels

In terms of internal regulations, all derivative financial products or services associated with derivative products marketed by Monex are approved by the Risk Committee. Those products or services that undergo modifications or additions to their original authorization also require the approval of the Risk Committee, where all the areas that participate in the operation of the product or service are present, depending on its nature, including the ones responsible for its accounting, legal instrumentation, tax treatment, risk assessment, among others.

Description of Valuation Techniques

In Monex, we are under the supervision and regulation of the National Banking and Securities Commission and Bank of Mexico, exercised through follow-up processes, inspection visits, information and documentation requirements and reporting. In addition, periodic reviews are executed by internal and external auditors.

Derivative financial instruments for trading purposes:

OTC Markets. The derivative system performs the valuation of the OTC derivatives carried out with clients using the standard methodologies for the different instruments. The price provider supplies the inputs for valuation.

Organized Markets. Valuation is carried out on the closing prices of the market in question supplied by the price provider.

The valuation of the OTC derivatives operated with financial intermediaries, which are used to hedge those operated with the clients, is carried out by the entity designated as calculation agent in the relevant agreement of International Swaps and Derivatives Association, Inc. (ISDA). In all cases, Monex performs the valuations of its positions and the value obtained is recorded, according to the accounting criteria for this purpose.

Derivative financial instruments for hedging purposes:

The valuation of the derivatives for hedging purposes is made in accordance with the guidelines and policies indicated in the accounting criteria, which are part of the Provisions.

Reference variables. The most relevant reference variables are exchange rates, interest rates, stocks, baskets and stock indexes.

Valuation frequency. Derivative financial products for trading purposes are valued daily.

Likewise, it has been established that derivative financial products for hedging purposes are valued at the end of each month and the effectiveness of the hedge is performed quarterly, comparing the valuation of the asset or liability hedged with the evolution of the valuation of the derivative used for coverage.

Summary with Quantitative Information of Derivative Financial Instruments with figures as of December 31, 2022, 2021 and 2020 (Figures in thousands of MXN)

Type of derivative, security or contract	Hedging or trading purposes	Value of the underlying asset / reference variable	Notional Amount / Face Value			Fair Value			Nominal Maturity Amount	Collateral / Credit lines / Securities given as guarantee
			2022	2021	2020	2022	2021	2020		
Futures	Trading	CME MXUSD	0	0	-330,500	0	0	-2,114		Cash
		IPC MEX FUT	0	0	-13,375	0	0	67		Cash
		MEXDER CXC	-85,960	0	0	-2,700	0	0		Cash
		MEXDER FEMSA	-15,146	0	0	-684	0	0		Cash
		MXN TIEF CMP	504,411	0	0	32	0	0		Cash
		CME MXNUSD	-217,500	-225,000	0	-4,096	-9,142	0		Cash
		MXD1EURMXN	72,832	34,983	0	1,176	-332	0		Cash
		CME MXN TIEF	-12,545	1,435	0	-5	-70	0		Cash
		MEXDER IPC	0	-26,913	0	0	32	0		Cash
		MXD USDMXN	3,566,227	4,497,500	1,325,919	-117,398	-53,363	-91,532		Cash
		Total	**3,812,319**	**4,282,005**	**982,044**	**-123,676**	**-62,875**	**-93,578**	**-357,518**	
Forwards	Trading	EUR/MXN	-103,884	-52,779	-603,746	-4,078	4,689	3,492		Cash
		EUR/USD	73	466	-3,085	-4,868	267	606		Cash
		EUR/GBP	0	0	0	296	0	0		Cash
		MXN IPC	0	5,376	0	0	112	0		Cash
		USD/MXN	2,243,184	1,782,462	3,588,328	192,536	151,140	108,949		Cash
		USD/CNH	0	0	0	0	0	196		Cash
		USD/BRL	0	0	0	0	124	27		Cash
		USD/CHF	34	0	0	34	0	0		Cash
		SEK/MXN	0	0	0	4,822	2,394	586		Cash
		CAD/MXN	0	0	0	15	8	0		Cash
		INR/EUR	0	0	0	80	0	0		Cash
		USD/CAD	41	0	0	41	0	0		Cash
		GBP/USD	197	0	0	-670	0	0		Cash
		GBP/MXN	0	0	0	-23	0	0		Cash
		1A_GOOG_*	-357	0	0	175	0	0		Cash
		1A_AMZN_*	0	-411	-2,820	0	58	-26		Cash
		1A_AAPL_*	-468	0	-1,733	41	0	-27		Cash
		1A_NFLX_*	0	0	-543	0	0	-10		Cash
		1A_BA_*	0	0	-903	0	0	115		Cash
		1A_PFE_*	0	0	-1,419	0	0	126		Cash
		1I_EDZ_*	0	-6,020	-2,110	0	-653	1,515		Cash
		1A_NIO_N	0	-394	-20,455	0	121	-2,903		Cash

Type of derivative, security or contract	Hedging or trading purposes	Value of the underlying asset / reference variable	Notional Amount / Face Value			Fair Value			Nominal Maturity Amount	Collateral / Credit lines / Securities given as guarantee
			2022	2021	2020	2022	2021	2020		
Forwards	Trading	1A_CCL1_N	0	-687	-1,992	0	366	36		Cash
		1A_NKLA_*	0	-338	-2,108	0	278	944		Cash
		1A_NCLH_N	0	-653	-970	0	402	45		Cash
		1A_INO_*	0	0	-1,066	0	0	261		Cash
		1A_WMT_*	0	0	-1,882	0	0	38		Cash
		1A_AMD_*	0	0	-7,486	0	0	-38		Cash
		1A_ROKU_*	0	-1,212	-7,236	0	6	216		Cash
		1A_BIDU_N	0	-235	0	0	304	0		Cash
		1A_SPOT_N	0	-6,642	0	0	13	0		Cash
		1A_SPCE_*	0	-175	0	0	343	0		Cash
		1A_PINS_*	0	-64,715	0	0	2,176	0		Cash
		1A_ZM_*	-11,374	-52,228	0	1,329	3,089	0		Cash
		1_PE&OLES_*	0	-301	0	0	78	0		Cash
		1A_TWTR_*	0	-772	0	0	255	0		Cash
		1_AZTECA_CPO	-656	-1,174	0	27	-98	0		Cash
		1I_UNG_*	0	-1,289	0	0	241	0		Cash
		1A_MRNA_*	0	-406	0	0	100	0		Cash
		1A_AAL_*	0	-473	0	0	34	0		Cash
		1A_JKS_N	0	-999	0	0	10	0		Cash
		1A_STLD_*	0	-488	0	0	17	0		Cash
		1_VOLAR_A	-407	-519	0	123	-8	0		Cash
		1_TLEVISA_CPO	-312	-441	0	216	73	0		Cash
		1A_LVS_*	0	-464	0	0	48	0		Cash
		1A_MELI_N	0	-499	0	0	4	0		Cash
		EUR/BRL	0	0	0	0	0	276		Cash
		Total	**2,126,074**	**1,593,993**	**2,928,773**	**190,096**	**165,989**	**114,426**	**1,049,675**	
Options	Trading	EUR/MXN	0	3,265	1,218	-9	139	121		Cash
		EUR/USD	0	0	-8,890	-289	0	-10		Cash
		MXN IPC	0	0	3,230	0	0	212		Cash
		USD/MXN	-4,893,028	-876,342	1,583,117	26,588	20,839	175,848		Cash
		MXN FUT IPC	-485	15	0	-18	21	0		Cash
		1_AMX_L	19	0	0	0	0	0		Cash
		1_TLEVISA_CPO	-144,000	0	0	-4,920	0	0		Cash
		Total	**-5,037,494**	**-873,062**	**1,578,675**	**21,352**	**21,000**	**176,170**	**370,470**	

Type of derivative, security or contract	Hedging or trading purposes	Value of the underlying asset / reference variable	Notional Amount / Face Value			Fair Value			Nominal Maturity Amount	Collateral / Credit lines / Securities given as guarantee
			2022	2021	2020	2022	2021	2020		
Caps Floors	Trading	USD LIBOR 1M	-100,674	-310,334	-428,711	-12,982	-802	7,641		Cash
		MXN TIIE 1M	-18,010,997	-14,695,380	-13,109,745	-317,169	-122,655	69,310		Cash
		MXN TIIE 28D	24,594,355	12,661,014	5,715,326	808,049	353,791	7,803		Cash
		USD LIBOR 3M	-92,667	-97,411	0	-8,800	-2,061	0		Cash
		USD SOFR 3M CMP	10,242,173	0	0	337,301	0	0		Cash
		USD SOFR 1M CMP	345,505	0	0	-4,785	0	0		Cash
		USD SOFR 1M ADV	782,633	0	0	54,784	0	0		Cash
		CME SOFR 1M	-38,042	0	0	-410	0	0		Cash
		MXN TIIE 91D	-60,876	0	0	-166	0	0		Cash
		MXN TIIE 91D NEW	463,800	307,876	234,646	-8,722	4,662	41,419		Cash
		Total	**18,125,208**	**-2,134,235**	**-7,588,484**	**847,101**	**232,934**	**126,173**	**-82,174**	
SWAPS	Trading	Received	296,224,238	247,678,812	27,268,808	5,262,174	2,248,816	4,220,595		Cash
	Hedging		843,278	872,199	191,576	49,840	20,614	0		Cash
	Trading	Delivered	-14,378,723	-10,112,495	-27,819,615	-5,767,968	-2,637,532	-4,771,402		Cash
	Hedging		0	0	-256,789	0	0	-65,213		Cash
		Total	**282,688,793**	**238,438,516**	**-616,020**	**-455,954**	**-368,102**	**-616,020**	**-47,669**	
Deterioration of derivative financial products			0	0	0	-15,212	0	0		
		Grand Total	**301,714,900**	**241,307,219**	**-2,715,011**	**463,707**	**-11,054**	**-292,830**	**932,784**	

Internally prepared in thousands of MXN for the notional amount and the fair value.
Bank and Brokerage House information as individual entities, respectively.
The fair value comprises the valuation of the instruments (excluding the premium), except for Options and Caps Floors, which include the premium.

Impact on Cash Flow as of December 31, 2022, 2021 and 2020 (Figures in million MXN)

Description	2022	2021	2020
Cash Flows from Futures	-358	-145	184
Cash Flows from Forwards	2,736	1,631	2,883
Cash Flows from Options	288	93	99
Cash Flows from Swaps	-40	-127	-106
Total Cash Flows	**2,626**	**1,451**	**3,060**

Internally prepared with figures as of December 31, 2022, 2021 and 2020.

Internal and External Liquidity Sources

We obtain resources through the Treasury departments and their main sources of funding are the following:

- Clients deposits
- Issuance of debt
- Interbank funding
- Cash guarantees
- Own equity

There has been no need to use external sources of liquidity to cover the margin requirements that may arise both in the operations of MexDer and in Chicago Mercantile Exchange. Financial counterparties are used to cover open transactions with clients, which have negotiated lines of credit under various contracting conditions.

Transactions with clients are mostly agreed upon with an initial margin, which displays a spread of guarantees (collected – contributed); therefore, we normally have cash surpluses for this concept. There are, of course, special cases and clients that have negotiated an initial margin of 0% with a maximum loss, i.e. once the maximum loss amount is exceeded, contributions of collaterals are required.

Market risk

We are exposed to foreign exchange risk with respect to our trading and foreign exchange transactions with our clients. We have policies that allow us to identify exposure to foreign exchange risk and implement daily limits to such risk so that we can ensure that fluctuations in the exchange rate do not affect our income. To ensure that open positions are not held for hours and non-business days, we require all our current assets and current liabilities to be hedged or protected in accordance with exposure limits during such non-working hours and days.

Our exposure to market risk derives mainly from our operations with our proprietary position in debt instruments (mainly government securities). Our exposure to market risk depends on various financial market conditions. We control market risk by the daily valuation of our positions, using the Value-at-Risk (VaR) method in conjunction with the stress analysis, in accordance with certain parameters approved by the Risk Committee.

The total Value at Risk (VAR) of Banco Monex at the end of 2022 amounted to $48.47 million MXN. For the current position in the Treasury portfolio, it amounted to $27.8 million MXN, MDIN portfolio of $25.4 million MXN, MDIN PROP portfolio of $11.2 million MXN, Derivatives portfolio of $4.8 million MXN and foreign exchange of $0.01 million MXN, in a period of 1 business day, using a confidence level of 99%. In case of any excess over these limits, this situation is immediately reported to the person responsible for each business unit. During 2022, the average Value at Risk of Banco Monex for transactions in the treasury, MDIN, MDIN PROP and derivatives portfolio amounted to $22.92 million MXN, $20.82 million MXN, $13.1 million MXN, and $8.5 million MXN, respectively. As of December 31, 2022, we were not significantly exposed to market risk in our other business areas.

Liquidity risk

Liquidity risk is related to our capability to finance our obligations in reasonable market terms, as well as to carry out our business plans with stable sources of financing. Factors that influence liquidity risk may be external, such as liquidity crises, or internal, like excessive concentrations of closing positions. We seldom resort to early or forced sales of debt instruments at unusually low prices to meet financial needs or to acquire or hedge a closing position.

As of December 31, 2022, we maintain a significant portfolio of liquid assets, which allows us to be well above the regulatory limit of the liquidity coverage ratio and to be in adequate levels of the net stable funding ratio.

During 2022, our main liquidity source was repurchase agreements and the holding of a portfolio of liquid assets, aimed at maintaining easily realizable assets, that can be sold at reasonable prices in conditions of unexpected outflows of client resources, and that allows us to comply with the liquidity coefficient in a comfortable manner. A significant rise in interest rates may mean a decrease in the value of our repurchase position and thereby restrict access to short-term capital to finance intermediation. To control liquidity risk, we monitor and measure the associated risk (GAP) to assets and liabilities denominated in Mexican pesos, foreign currency or UDIs and evaluate the diversification of our sources of funding. Given our operational nature of prioritizing the bank's liquidity, and the fact that we operate primarily with very liquid government instruments, we believe that liquidity risk is minimal, in the event of a significant change in interest rates.

Additionally, the liquidity coverage ratio and the net stable funding ratio are monitored daily, the first of which compares the amount of liquid assets against the net outflows of resources in the following 30 days, in accordance with the regulation of the CNBV, based, in turn, on the criteria indicated by Basel. The second seeks to maintain a stable financing profile with respect to its assets and liabilities in order to reduce the probability that the disruption of usual financing sources affects the bank's liquidity position in the medium or long term (over a year).

Credit risk

Credit risk is defined as the potential losses caused by the total or partial default of a debtor or a counterparty in its obligations to us.

Our credit risk in foreign exchange transactions is considered as liquidation or closing risk and in our operation of derivative financial instruments as counterparty risk. The first risk refers to the risk that certain clients with a pre-approved line to carry out trading and foreign exchange, do not liquidate or close the corresponding transaction, leaving us exposed to open exchange-rate positions and to the possibility of not being able to collect them. Counterparty risk refers to the risk that our counterparties in the operation of financial derivative instruments cannot meet their contractual obligations due to changes in market conditions that have a negative impact on such counterparties. Our exposure to liquidation or closing risk and counterparty risk is calculated through the mark-to-market and the expected potential loss of the open positions of each client or counterparty, which are calculated daily.

In order to reduce and monitor risk, we require each client or counterparty who enters into transactions with us to have a risk limit (which considers the credit risk of each client or counterparty) and, in case of transactions with derivative instruments, to make guarantee deposits.

Our committees establish the risk limit for each counterparty through the analysis and study of the financial information of the counterparty. The risk limit of each counterparty is updated in our system whenever there are changes in the amount of the lines. The risk is also monitored daily by the Integral Risk Management Unit, considering the foreign exchange and derivative operations of each counterparty. We usually request guarantee deposits when entering forward transactions or options with counterparties. When long-term rate operations are carried out, a maximum loss amount is established that, in case of being exceeded by the impairment, clients are requested to provide guarantees in cash.

We are also subject to credit risk in our financing transactions. All exposure to credit risks requires approval by our Credit Committees, which establish the risk exposure limit through the analysis and study of the financial information of all our potential clients. Once such limit is established, exposure to credit risk is monitored daily.

Credit risk in the corporate bonds position is controlled by explicit limits to the holding of corporate bonds and securitized bonds authorized by our committees. This limit is monitored by the Integral Risk Management Unit and presented to the Risk Committee.

Disclosures and actions due to the COVID-19 pandemic – Credit Risk

To mitigate the effects originated by the COVID-19 pandemic, support programs were implemented for Monex, S.A.B.'s borrowers during 2020, benefiting 235 clients through restructures and renewals for an amount of $4,826 million MXN. At the end of December 2022, there are no longer any borrowers who have been granted any benefit under the special accounting criteria set forth in Official Letter P285/2020 of the CNBV.

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

Operational Risk

Operational risk is defined as the risk of a loss arising from internal processes, personnel, unsuitable or flawed internal systems, or external events. This definition includes legal risk but excludes reputational risk and strategic risk. We have established policies and procedures designed to improve our processes and to mitigate operational risk.

We control our operational risk through our internal control system, which includes the maintenance and review of a system error log, monitoring and recording legal risks, crossing information regarding the validity of information used to follow up on the markets, internal information crossing before preparing risk reports, and daily crossing of information regarding the accuracy of the operations documentation.

For the money, foreign exchange and derivatives markets, the Integral Risk Management Unit has established operational risk indicators monitored on a daily basis, allowing to identify the potential operational risks that could materialize in losses for the Issuer or for clients.

As of June 2022, after receiving authorization from the CNBV, we began using the business indicator method to calculate the capital requirement for operational risk.

Sensitivity analysis

The sensitivity methodology allows to estimate the effect of variations in the levels of the most important risk factors on the market value (profits and losses) of the positions held in different business areas. This represents the potential loss in the value of the positions, in case of change of risk factors in the percentages determined by the Risk Committee. The sensitivity analysis is complemented by stress analysis, which assesses the potential impact on the market value (potential impairment) of the positions of the risk management products and their corresponding hedges, if applicable, produced from very important movements in risk factors.

In terms of the use of risk management products, these can be for trading or hedging. When traded, the valuation changes over time, which may represent losses or gains, reflected in the results of the Issuer. Banco Monex determines a threshold in the risk management products operated with other counterparties; such a threshold implies that the Bank closes the positions and covers the loss with own resources when the accumulated impairment of the open positions in risk management products exceed the mentioned amount. It may also apply in the case when guarantees are provided up to the excess of the loss relative to the threshold.

When operating a hedging risk management product, it is about that product being a mirror of what you want to hedge. The joint valuation involves performing both the valuation of the risk management product and the hedged asset or liability.

The Bank quarterly performs an efficiency test for the hedge, in which it compares the variations in the valuation of the asset or liability against the variations in the valuation of the product of risk management. These joint changes are reflected in the income statement, so that any loss in one position would be offset by the gain in the hedge and vice versa.

The following is a sensitivity analysis with internal figures for transactions with derivative instruments as of December 31, 2022:

TRANSACTIONS WITH DERIVATIVES					
Underlying USD/MXN	**Delta**	**VAR**	**Flows**	**Valuation**	**Total**
Forwards Cash	-	-	-	-	-
Forwards Delivery	(258)	-	114,764	(115,894)	(1,130)
Spot + Overnight	-	-	-	-	-
OTC Options	(214)	-	-	(79)	(79)
DEUA Futures (Mexder)	-	-	-	-	-
Imp Not Options	-	-	-	-	-
Caps LIBOR	-	-	-	-	-
SWAPS					
IRS	-	-	-	-	-
CS	-	-	-	-	-
Total	**(471)**	**-**	**114,764**	**(115,973)**	**(1,209)**

Internally prepared with figures as of December 31, 2022.

TRANSACTIONS WITH DERIVATIVES					
Underlying EURO/USD	**Delta**	**VAR**	**Flows**	**Valuation**	**Total**
Forwards Cash	-	-	-	-	-
Forwards Delivery	-	-	53	20	73
Spot + Overnight	-	-	-	-	-
Options	-	-	729	147	876
Total	**-**	**-**	**783**	**166**	**949**
Underlying EURO/MXN					
Forwards	-	-	(7,066)	4,648	(2,417)
Spot + Overnight	-	-	-	-	-
Euro Futures (Mexder)	-	-	-	2,316	2,316
Options	-	-	22	(4)	17
Total	**-**	**-**	**(7,044)**	**6,960**	**(84)**
Underlying Other Currencies					
FXD					
Other Currencies	2	-	1,977	(1,419)	558
Total	**2**	**-**	**1,977**	**(1,419)**	**558**
Grand Total	**(469)**		**110,480**	**(110,266)**	**213**

Internally prepared with figures as of December 31, 2022.

TRADING TRANSACTIONS WITH DERIVATIVES				
Underlying USD/MXN	**Delta**	**Flows**	**Valuation**	**Total**
Forwards Cash	(40,171)	211,275	(212,333)	(1,058)
Forwards Delivery	-	-	-	-
Spot + Overnight	-	-	-	-
Peso Futures (CME)	9,792	(6,487)	7,226	739
DEUA Futures (Mexder)	186,248	(105,505)	162,265	56,760
DEUA Options (Mexder)	-	-	-	-
OTC Options	(143,752)	6,352	(58,776)	(52,424)
Imp Not Options	-	-	-	-
LST CME Options	-	-	-	-
SWAPS				
IRS	-	-	-	-
CS	(19,237)	4,742	(5,927)	(1,184)
Total	**(7,119)**	**110,377**	**(107,545)**	**2,832**

Internally prepared with figures as of December 31, 2022.

TRADING TRANSACTIONS WITH DERIVATIVES				
Underlying EURO/USD	**Delta**	**Flows**	**Valuation**	**Total**
Forwards Delivery	-	-	0	-
CS	31	435	(212)	224
Total	**31**	**435**	**(212)**	**224**
SWAPS				
IRS LIBOR	(2,853)	4,099	(13,924)	(9,825)
Caps LIBOR	9,862	(9,211)	19,908	10,697
Caps TIIE	(0)	79,025	(63,574)	15,451
IRS TIIE	-	(25,821)	28,319	2,498
FUT TIIE FUNDING	-	(2)	25,160	23,640
Total	**7,009**	**48,090**	**(29,246)**	**18,844**
Grand Total	**(79)**	**158,903**	**(137,003)**	**21,900**

Internally prepared with figures as of December 31, 2022.

LIMITS OF DERIVATIVES			
	Limit	**Use**	**Available**
VAR	26,250	(4,875)	21,375
Stop Loss	22,838	55,593	78,431
Stress Test	52,500	(1,141)	51,359

Internally prepared with figures as of December 31, 2022.

The following chart shows the total consumption of sensitivity as of December 31, 2022:

Sensitivity analysis	Sensitivity (all factors)
Scenario one (1%)	$(0.11) million MXN
Scenario two (2%)	$(0.23) million MXN
Scenario three (7%)	$(0.80) million MXN

Stress Test

Scenario One: In this scenario, the risk factors move as follows:

- The FX risk factors are multiplied by 1.10, i.e. change by 10%
- The EQ risk factors are multiplied by 1.20, i.e. change by 20%

Scenario Two: In this scenario, the risk factors move in the following way:

- The FX risk factors are multiplied by 1.20, i.e. change by 20%
- The EQ risk factors are multiplied by 1.40, i.e. change by 40%

The results for these scenarios as of December 31, 2022, are as follows, which show the impact on results in case of occurrence (unaudited):

Risk Profile	Stress test (all factors)
Scenario one (25%)	$(2.85) million MXN
Scenario two (50%)	$(5.70) million MXN
Scenario three (70%)	$(7.99) million MXN

The sensitivity analysis estimates the effect on the market value derived from changes in risk factors, which are stressed in different magnitudes.

The following chart shows a summary of the effect of the sensitivity and stress analysis of the derivatives position at the end of December 2022:

Scenarios				
Sensitivity	**Delta**	**A (1%)**	**B (2%)**	**C (7%)**
MXN/USD	(550)	(107)	(214)	(751)
CAD/MXN	-	-	-	-
USD/CAD	-	-	-	-
EUR/USD	31	(7)	(13)	(46)
EUR/MXN	-	-	-	-
Other Currencies	2	(0)	(1)	(2)
Total		**(114)**	**(228)**	**(799)**

Internally prepared with figures as of December 31, 2022.

Scenarios				
Stress test	**Delta**	**A (25%)**	**B (50%)**	**C (70%)**
MXN/USD	(550)	(2,681)	(5,362)	(7,507)
Other Currencies	2	(9)	(17)	(24)
USD/CAD	-	-	-	-
EUR/USD	31	(163)	(325)	(455)
EUR/MXN	-	-	-	-
Stress test	**Delta**	**A (25%)**	**B (50%)**	**C (70%)**
IPC	-	-	-	-
Total		**(2,852)**	**(5,704)**	**(7,986)**

Internally prepared with figures as of December 31, 2022.

As of December 31, 2022, Banco Monex had derivatives (interest rate swaps) for hedging purposes, with the following results of the hedging effectiveness analysis (figures in millions of MXN):

December 31, 2022				
Hedging	**Change MtM DFI**	**Change MtM P.P.**	**Classification**	**Effectiveness**
AUDI	25.4	-25.1	Hedging	101%
PEMEX 11-3	31.8	-31.5	Hedging	101%

Risk policies in derivatives products

The market risk in derivative transactions is limited due to the fact the transactions with clients are hedged in organized markets or through reverse transactions with financial intermediaries.

These transactions involve counterparty risk, analyzed by the Integral Risk Management Unit, based on the information of the consolidated balance sheet and the income statements. The operating amounts, as well as the initial margins, are authorized and/or ratified by the Lines Committee.

The credit risk of these operations is controlled through the guarantee scheme and the implementation of daily margin calls or when the valuation loss reaches a maximum amount authorized by the Lines Committee.

To monitor the inherent risks in derivative financial transactions, Banco Monex has established, among others, the following control measures:

- A Risk Committee that is informed of the risks in these operations
- An Integral Risk Management Unit, independent of business areas, which day-by-day monitors exposures to different types of risk
- The transactions are carried out mainly with financial intermediaries and non-financial clients approved by the Integral Risk Management Unit and by the Lines Committee
- There are maximum amounts or credit limits according to an initial risk rating given to each possible borrower, which limits the maximum amount that can be operated.

Hedging risk management products

Sensitivity is assessed through the effect of changes in risk factors on the market value of the positions in force at a given date. This position considers the derivative financial instruments operated with the clients and the hedging operations made in the spot markets and with OTC derivatives with financial intermediaries, i.e. the delta of the net position.

Non-hedge risk management products

It is important to mention that, according to the Monex strategic policy, operations with risk management products are only carried out as a hedge to the operations carried out by clients with this type of instruments.

The own positions are allowed only with special authorization of the Risk Committee. In this case, the potential losses are estimated over a given period by calculating the "Value at Risk", which mainly reflects the volatilities of risk factors and the sensitivities of positions to changes in risk factors, such as delta, gamma, rho, among others.

The value at risk measures the maximum potential loss that the position can experience in a certain period with a settled level of confidence. For example, if the value at risk with 99% confidence at one day is $100 MXN, the above means that the estimated loss for the next day with a 99% probability is at most $100 MXN.

As a complementary measure to the Value at Risk, the sensitivity and stress analysis of risk management products is performed. This process has the following stages:

a) Identification of the risk factors that affect the market value of the positions

b) Risk factors are defined depending on the nature of risk management products in particular and financial in general. Considering the characteristics thereof, the risk factors that are affected by the stress and sensitivity scenarios are defined

c) Definition of the sensitivity and stress scenarios previously approved by the Risk Committee

d) The stress analysis is performed for different variations in risk factors, considering probable (base variations on risk factors), possible (increasing base levels by 50%) and stress variations which implies higher levels for risk factors

e) Likewise, the sensitivity analysis is performed considering minor variations in risk factors, either in base points or percentages established for this effect. The above parameters are established considering events in financial markets experienced in the past

f) Revaluation of the position with the new risk factors, where the change in the market value in the presence of such events is measured

g) Once the appropriate risk factor and the stress parameters to be used are defined, the effect of these changes in market value is evaluated. The capital gains or losses in the business units and the entire Issuer are also estimated. The stress results are compared daily with the limits established for this effect by the Risk Committee

Climate change

Banco Monex has an ESG committee known as COSUSTENTA, whose purpose is to analyze trends and standards on the international and national level in the matters of environmental, social, and corporate governance risks, in favor of a sustainable business that promotes good self-regulatory practices within our institution.

Monex actively participates in the Committees of the Association of Banks of Mexico (Sustainability Committee and Social Responsibility Committee), to follow up on the regulation that will impact different industries, in order to identify and manage the expected impacts in a timely manner.

We carry out the Monex Carbon Footprint Measurement annually to continue identifying areas of opportunity to reduce, mitigate or offset emissions and their impacts, identifying 1,304 tons of CO_2 emitted.

Likewise, we have volunteer programs mostly designated for reforestation in different areas of the country. To achieve a national agenda for market development, Monex continues participating, through the Green Finance Advisory Council, in the prosperity program for the development of the green and sustainable Mexican market of the United Kingdom embassy in Mexico, Financial Centers for Sustainability of the UN and the UK Green Finance Taskforce.

In addition, Monex participated in the Banco de México and United Nations initiative "Climate and environmental risks and opportunities of the Mexican financial system: From diagnosis to action", in which Mexican financial institutions are summoned to make a collective effort to incorporate environmental and social issues in their risk assessment and corporate governance strategies.

Technology

The Systems and Technological Development Corporate Division is responsible for providing and supplying the various requirements, implementations, and improvements to the technology and communications services of Monex both in Mexico and abroad, through the design of processes and global trends guidelines that allow us to be provided with the necessary instruments to be able to compete at a high level with the different financial groups that offer services similar to ours.

Those processes and trends cover not only the Financial Group but also all its subsidiaries.

Currently, in Monex we have 91 employees assigned to the Information Technology unit who have the support of certified suppliers that reinforce the work and services of the area.

During 2022 an average of 5.3 million transactions were processed monthly, achieving a total of 64 million transactions, considering all markets and services, which reflects certainty of the service and growth capacity of our solutions. The receipt of resources in domestic payment services is carried out through SPEI in national currency and SPID for US dollars; international payment services are applied through the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

In order to offer the best level of service in each of our functions, the Systems and Technological Development Corporate Division organizes its internal structure and processes aligned with the best practices worldwide. We have specialized areas focused on the functions required in this division:

- Technology architecture
- System development and integration
- Infrastructure and telecommunications management
- Project management
- Quality assurance
- Cybersecurity
- Monitoring and support of productive systems

In relation to the various changes that we have implemented at Monex in order to offer mainly financial services to companies with domestic and international transactions, during 2022, we made relevant investments in the permanent improvement of our data center, in the monitoring capacity, and in the services we offer; likewise, a professional reinforcement for software development was consolidated, thereby achieving the opportunity to increase our offer in technological solutions in all aspects, which investment leads to better technological indicators, better performance, support and service for system users.

Meanwhile, during 2022, we developed various in-house IT projects which have allowed us to shape the sundry requests of business units integrating Monex. Additionally, these projects help us to optimize the IT Unit resources and focus them on the improvements demanded by the tech world.

For Monex, it is fundamental to maintain and constantly innovate technological platforms, to be at the vanguard of and in synchrony with the requirements of the financial world. This has allowed us, using multiple tools, to offer our clients high availability in services and to support our staff to increase productivity in all areas.

Our priority has always been compliance with anti-money laundering. During 2022, we worked permanently on the tools of analysis and detection, as well as on the full compliance with the requirements of the authorities.

To optimize compliance with internal control and relevant regulation, facilitating access to necessary information input in the decision-making in the matters of accounting, business management and the knowledge of our clients are part of the main objectives around which the Information Technology Unit works.

Finally, the need of clients and internal users to access services at any time and in any place, has led us to continue at the forefront in the development of applications that allow safe access to these services from any mobile device, including tablets and smartphones.

Systems Management

In Monex, we have always been characterized by an innovative technological platform that promotes accelerated and robust growth, using state-of-the-art technology and developing products and/or instruments that become a differentiator within the industry in which we participate. This infrastructure is based on the principle of economies of scale, centralizing the common services and processes and particularizing through the experts the services that signify a differentiator before the competition.

We have a central technological platform called MonexNet in which the sales and administrative areas can operate in real time the various transactions of all products. This real-time operation facilitates immediate access to the best market prices, allowing us to offer greater benefits and business opportunities for your company.

In 2022, we accomplished several improvements to the MonexNet system that will help the promotion areas to perform their activities more efficiently and safely. This system is based on a dispersion module that transmits the transaction to the country of destination and makes the reconciliation with the bank movements made by the client to cover its transaction. We believe that it is a great differentiator within the sector. Likewise, the implementation of a new platform for foreign exchange was completed this year in order to maintain the leadership and offer increasingly competitive business opportunities. At Monex, we have a contingency plan called the *Business Continuity Plan* which allows us to maintain ordinary operations in the businesses that we operate.

Additionally, in 2022, we carried out improvements and implementations to the existing phases of this program to increase the security of the information with which the different users and decision makers operate, considering the requirements derived from the pandemic. Similarly, to continue the operation, we maintain an alternate data center equipped with redundant voice and data services allowing us to continue working with a minimum delay in operation. Likewise, Monex has a Disaster Recovery Plan to maintain the continuity of operations when required in case of any event of this nature.

The security of information and transactions of our clients is another high-priority task of the Technology Unit. In 2011, Monex was certified in the international standard of information security ISO27001. In 2022, this certificate was confirmed by carrying out activities such as continuous improvement and various measures in the prevention of any type of "attack" that could jeopardize the operation and information of our clients.

Disclosures and actions due to the COVID-19 pandemic – Systems and Technological Development

In terms of technology, the COVID-19 pandemic has left important and lasting benefits for our clients and collaborators, including, among others, the adoption of tools and resources of remote work that have allowed to increase self-service capabilities and remote collaboration, which implied investments in digital banking services and remote access means.

Security reinforcement was also one of the needs and actions that became preponderant during the pandemic. We have carried out internal developments and adopted new tools to minimize vulnerability risks, turning our technological offer into an element with high security standards.

Our data center aligned with the needs during the pandemic has collaborated in sync with Monex in these reinforcement works. During the pandemic and to date, we have satisfactorily passed the security tests carried out internally and externally.

The fundamental tool used to work remotely as a team during 2022 was Microsoft Teams, so all users have the support of this tool from the different work environments, either at the office or remotely. At the end of 2022, Monex has 2,543 active Microsoft Teams licenses.

In 2022, the service desk offered staff support by handling a total of 58,303 service tickets. During the year, we have carried out activities to promote the decrease in incidents and provide self-service mechanisms to users with the appropriate security standards in order to provide agility and reduce telephone contact.

Internally in Monex, S.A.P.I., there is a chat bot called ALX, which was programmed to solve all the questions associated with the new work environment for employees and reduce the number of calls to the service desk.

The approximate value of the investment to support the growth and renovation of infrastructure and to serve the demand for use, amounted to $7 million MXN, distributed in security products, a programs license, increased capacity of communication links, and external resources.

Concept	Investment (millions of MXN)
Additional external staff for technical support at Torre Monex	2
Consumption use of Azure cloud. Billed as “Overage Azure Services”	2
Hiring of new links from computer centers to the Azure cloud	
Increase of internet bandwidth	
Professional Services	
Resources for attention at Torre Monex, computer delivery, and virtual desktops migration	1
Double RSA factor	1
Forescout security module	1
Total	**7**

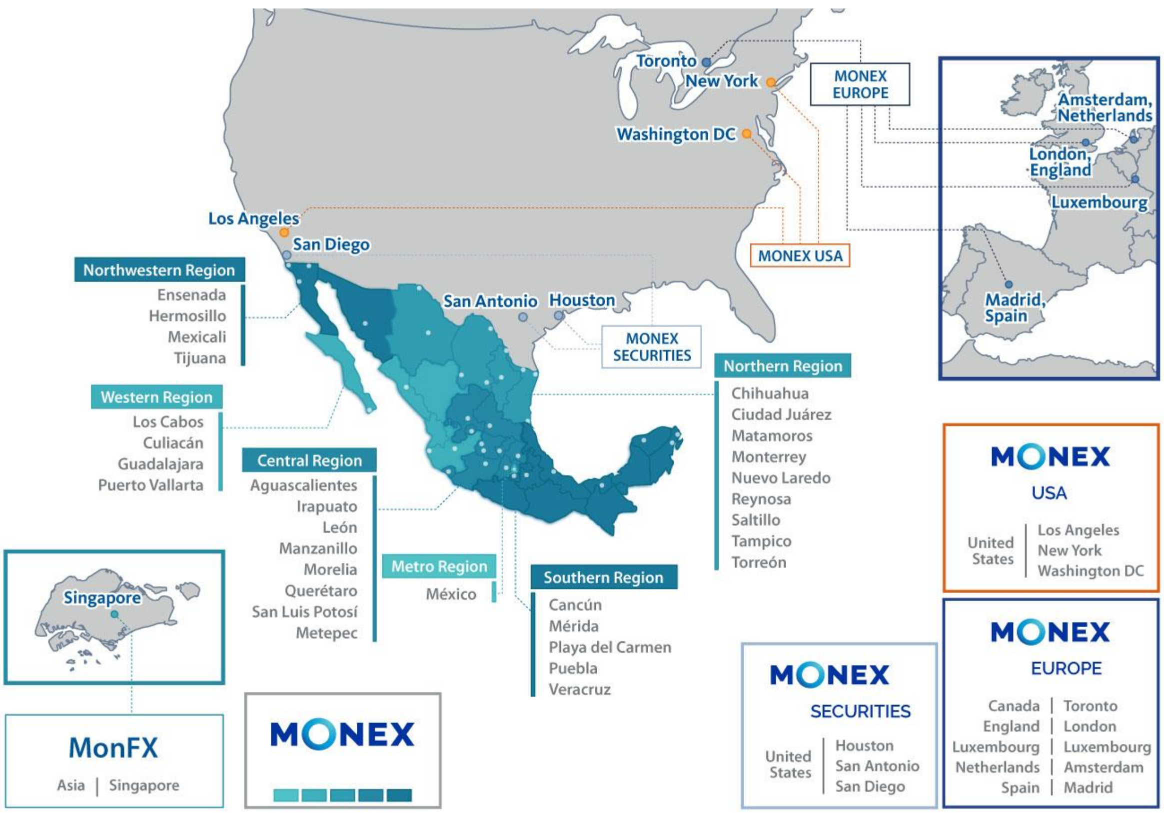
II. Distribution Channels

Geographical Diversification

As of December 31, 2022, in Monex, we had a sales force composed of 674 sales executives in Mexico dedicated to the service and attraction of new clients. This force is geographically distributed in 6 regional directions in 31 offices strategically located to cover the main cities of the country.

Through our foreign subsidiaries, we have a presence in the USA, Canada, Europe, and Asia. Our subsidiary in the United States, Monex USA, has offices in Los Angeles with 18 sales executives, in Washington, D.C. (headquarters) with 23 sales executives, in New York with 13 sales executives, and 4 sales executives who work remotely.

Our subsidiary Monex Europe has a presence in the United Kingdom with an office in London and 56 sales executives, in Spain with an office in Madrid and 17 sales executives, in the Netherlands with an office in Amsterdam and 20 sales executives, in Canada with an office in Toronto and 19 sales executives, in Singapore with 7 sales executives, and in Luxembourg with 2 sales executives.



Sales (Mexico)

The offer of our services is carried out through our 31 offices. Each office has its own sales force and client portfolio. Through our offices network, we can have a local presence, which allows us to provide personalized services. We hire our sales executives locally and we believe that this strengthens our presence and competitive position. We encourage our sales force to familiarize themselves with our clients and their companies, so that they can provide customized services according to the needs of each one.

Our sales force is remunerated through result-based incentives per transaction, although we also consider other variables such as diversification, new accounts, and growth in revenues. The incentive scheme also considers the costs of the areas seeking the efficiency of our operation. In addition, we pay a portion of the commissions on a deferred manner based on the recurring revenue generated, which we believe gives the incentive to our sales force to stay close to their client in order to increase recurring revenue generated by each client.

Since the incentive scheme is based on results, in Monex, we have been able to integrate a comprehensive sales force of financial advisors always pursuing the improvement of the business with our clients considering the following:

- Increasing our participation in the international payments business.
- Promoting cross-sales, offering the rest of the products to our clients.

We try to keep a financial advisor with each client in order to learn the needs of each company and to privilege the maintenance of a long-term relationship.

For clients to have the possibility of hedging their exchange rate risks, we have strengthened the risk management products area, offering forwards, futures, options, and swaps. In addition, we have achieved a good penetration in the risk management products market for final clients, both in MexDer and OTC markets.

In terms of additional service channels, we have a call center and our operation via internet. Through the call center, clients have foreign exchange and international payment services as well as transfers and investment options. For online transactions, we have a multi-currency digital account through which our clients can carry out foreign exchange transactions, make payments online, and maintain accounts in Mexican pesos, US dollars, euros and other four currencies, while they can obtain interest.

The call center is focused on the attention of small volume clients in foreign exchange and brokerage service, allowing to handle in an agile and profitable manner the transactions of the clients of this segment.

As part of our strategy to increase the use of digital banking and adhere to the established security standards, in 2018, we carried out an initiative to begin the delivery of tokens to all our clients. We aim at providing all our clients with the access to Monex Digital Banking. As an important part of our digital strategy, we expect part of our clients to become self-served through our digital channels.

We currently have an agile and secure Digital Banking allowing us to agree on operations in the main currencies 24 hours a day through our Monex ULTRA II platform, carry out forwards during operating hours and execute competitive prices by placing overnight positions. Available on portal and mobile application.

As of December 31, 2022, the Corporate Banking Division had 599 sales executives. These sales executives are dedicated to foreign exchange.

Regarding the Private Banking, we currently have 75 sales executives.

III. Patents, licenses, trademarks, and other agreements

Intellectual property

We have the "Monex" brand registered with the Instituto Mexicano de la Propiedad Industrial. We believe that our brand is essential to our operations since the products that carry it are easily identified by our clients, who associate it with a strong institution, personalized service, flexibility to meet the clients' needs, as well as fast and efficient execution of operations.

It is worth mentioning that the brands of the different countries where Monex operates (although, in some cases, only virtually) are registered before the relevant authorities of each country.

We also own the following domain names used for our business: www.monex.com.mx and www.monexsapi.com.mx.

Below is a summary of the trademarks registered by Monex Grupo Financiero:

Trademarks registered by Monex Grupo Financiero					
Trademark Number	**317497**	**650403**	**746660**	**781541**	**912246**
Distinctive Sign	"Monex"	"Monex" (and design)	Monex1	"Monex" (and design)	"Tu Futuro. Nuestro Presente"
Class	35 y 36	36	35	35	41
Ant-Class	58		Monex1		
Renew before	February 13, 2026	November 10, 2029	February 26, 2032	February 26, 2032	November 21, 2025
Trademark Number	**913382**	**1051845**	**1115577**	**1116855**	**1152426**
Distinctive Sign	"Monex" (and design)	"Cuenta Digital Monex" (and design)	"Fondos Verdes Monex"	"Fondo Verde Monex"	Invermonex
Class	36	36	36	36	36
Renew before	February 22, 2025	April 16, 2028	July 22, 2029	July 22, 2029	March 16, 2030
Trademark Number	**1187160**	**1187161**	**2223780**	**3885346**	
Distinctive Sign	"Monex Net"	"Monex Net"	Power Trust	Monex (and design)	
Class	35	36	36	36	
Renew before	October 4, 2030	October 4, 2030	March 24, 2031	March 10, 2020 Registered trademark in USA	
Trademark Number	**1604564**	**1604565**	**1710290**	**1694760**	**1694761**
Distinctive Sign	Monex Travel	Monex Travel	Monext (and design)	Multicrédito Digital Monex	Crédito Digital Monex
Class	35	39	36	36	36
Renew before	October 26, 2025	October 26, 2025	September 12, 2026	July 26, 2026	July 26, 2026

Trademarks registered by Monex Grupo Financiero					
Trademark Number	**1699665**	**3882534**	**1778274**	**2028098**	**2056835**
Distinctive Sign	Monex Pay (and design)	Monex	Monex Click (and design)	Monex Investor (and design)	Monfx (and design)
Class	36	36	36	36	36
Renew before	August 15, 2026	March 10, 2020 Registered trademark in USA	April 6, 2027	April 26, 2029	August 16, 2029
Trademark Number	**2056842**	**2056844**	**2223780**	**2272562**	**2272563**
Distinctive Sign	Monfx (and design)	Monfx (and design)	Power Trust	Enfoque Financiero Monex (and design)	Enfoque Financiero Monex (and design)
Class	9	42	36	45	36
Renew before	August 16, 2029	August 16, 2029	March 24, 2031	July 7, 2031	July 7, 2031
Trademark Number	**Reg. No. 2864091**	**Reg. No. 6648138**			
Distinctive Sign	"Monex"	"Monex"			
Class	36	36			
Renew before	July 20, 2024 Registered trademark in USA	February 15, 2032 Registered trademark in USA			

Trademarks requested by Monex Grupo Financiero					
Trademark Number Request	**1449480**	**1842144**	**1842146**	**Exp. 2887087**	
Distinctive Sign	Cuenta Digital (and design)	Solución Digital Pyme	Paquete Digital Pyme	Monex One	
Class	36	36	36	36	
Date of Presentation	January 20, 2014	January 26, 2017	January 26, 2017	February 2, 2023	
	In annulment trial against denial in trademark registration	Denial in trademark registration An objection was answered on August 31, 2017	Abandoned for lack of response to an objection letter, according to the client's instructions	In process of granting	

Commercial Notices registered by Monex Grupo Financiero					
C.N. Number	**25574**	**25575**	**32252**	**32253**	**33967**
Distinctive Sign	"Monex Institución Cambiaria"	"Monex es Sinergia Financiera"	"Monex Institución Cambiaria"	"Monex es Sinergia Financiera"	"Tu Futuro. Nuestro Presente"
Class	35	35	36	36	36
Renew before	February 26, 2032	February 26, 2032	February 26, 2032	February 26, 2032	February 22, 2025
C.N. Number	**47341**	**87272**	**87273**	**79939**	**79940**
Distinctive Sign	"Cuenta Digital Monex"	"Agilidad para que el dinero trabaje"	"Agilidad para que el dinero trabaje"	"Trabajas duro por el dinero, lo justo es que el dinero haga lo mismo por ti"	"Trabajas duro por el dinero, lo justo es que el dinero haga lo mismo por ti"
Class	36	35	36	35	36
Renew before	April 16, 2028	March 19, 2025	March 19, 2025	November 13, 2023	November 13, 2023
C.N. Number	**79941**	**79942**	**81729**	**83681**	
Distinctive Sign	"Trabajas duro por el dinero"	"Trabajas duro por el dinero"	"Trabajamos para que tu dinero trabaje"	"Trabajamos para que tu dinero trabaje"	
Class	35	36	36	35	
Renew before	November 13, 2023	November 13, 2023	March 10, 2024	May 7, 2024	

Commercial Notices requested by Monex Grupo Financiero					
C.N. Number Request	**87617**				
Distinctive Sign	Cuenta Digital				
Class	36				
Date of presentation	January 20, 2014				
	In annulment trial against denial in trademark registration				

Trade Names registered by Monex Grupo Financiero					
Brand Number	**20983**				
Distinctive Sign	"Monex"				
Class	36				
Renew before	September 14, 2025				

Trademarks registered by Monex, S.A.P.I. de C.V.					
Trademark Number	**Reg. No.** **TMA914817**	**Reg. No.** **662779**	**Reg. No.** **961020**	**Reg. No.** **1644367**	**Reg. No.** **302016015122.2 / 36**
Distinctive Sign	"Monex" & Design	"Monex"	"Monex"	"Monex"	"Monex"
Class	36	36	36	36	36
Renew before	September 22, 2030 Registered trademark in Canada	August 15, 2024 Registered trademark in Switzerland	August 15, 2024 Registered trademark in Belgium	September 16, 2024 Registered trademark in Italy	August 31, 2032 Registered trademark in Germany
Trademark Number	**Reg. No.** **M3523495**	**Reg. No.** **744045**	**Reg. No.** **3.0202E+11**	**Reg. No.** **M4059628**	**Reg. No.** **UK00003472067**
Distinctive Sign	"Monex"	Monex (design)	Monex (design)	Monex (design)	Monex (color design / gray design)
Class	36	36	36	36	36
Renew before	August 18, 2024 Registered trademark in Spain	March 5, 2030 Registered trademark in Switzerland	March 4, 2030 Registered trademark in Germany	March 9, 2030 Registered trademark in Spain	March 4, 2030 Registered trademark in the United Kingdom
Trademark Number	**Reg. No.** **1412807**	**Reg. No.** **3.0202E+14**	**Reg. No.** **R.327424**	**Reg. No.** **332074**	**Reg. No.** **UK00002619335**
Distinctive Sign	Monex (design)	Monex (design)	Monex (design)	Monex (design)	Monex
Class	36	36	36	36	36
Renew before	March 4, 2030 Registered trademark under the Benelux Treaty	March 18, 2030 Registered trademark in Italy	May 8, 2029 Registered trademark in Poland	March 17, 2030 Registered trademark in Poland	April 29, 2032 Registered trademark in the United Kingdom
Trademark Number	**Reg. No.** **UK00003418959**	**Reg. No.** **40201917226Q**	**Reg. No.** **18180653**	**Reg. No.** **UK00918180653**	**Reg. No.** **40202209415W**
Distinctive Sign	Monfx logo	Monfx logo	Monfx logo	Monfx Device	Monfx (design)
Class	09, 36, 42	09, 36	09, 36, 42	09, 36, 42	36
Renew before	August 5, 2029 Registered trademark in the United Kingdom	August 8, 2029 Registered trademark in Singapore	January 15, 2030 Registered trademark in the European Union	January 15, 2030 Registered trademark in the United Kingdom	January 17, 2033 Registered trademark in Singapore

Trademarks requested by Monex, S.A.P.I. de C.V.					
Trademark Number	**Sol. No. 87169815**	**Reg. No. 5371092**			
Distinctive Sign	"Monex"	Monex Pay (and design)			
Class	36	36			
	Trademark requested in USA on September 13, 2016	January 2, 2028 Registered trademark in USA			

Registration of work on behalf of Banco Monex, S.A.					
Title:	**Operational Data Store**	**Cartera Neta Aforada**			
Industry:	Software	Software			
Registration No.:	03-2010-122113151400-01	03-2010-122010342800-01			

We have no other relevant intellectual property rights, nor are we the licensees of intellectual property owned by third parties, except for the licenses for the use of software that, in the ordinary course of our business, we have acquired and keep in force.

Relevant contracts:

1. **Axtel, S.A.B. de C.V. – Service Agreement entered into on June 16, 2021 with Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero.**

   Description of services:

   Data Center

   Term:

   Initial term of 5 years.

   Renewal option:

   It can be renewed automatically for successive periods of 1 year.

   Possibility of affecting the renewal:

   We do not consider that there could be an impact on the renewal of the contract, since the conditions of the service would have to be negotiated first, always by mutual agreement and for the benefit of both parties.

2. Salesforce.com, INC. – Framework Subscription Agreement, entered into on November 12, 2021 with Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero.

Description of services:

The Salesforce provider renders the on-demand software cloud platform service used through licenses, to manage client-related activities, and is designed to promote sales, as well as to provide and improve services.

Term:

The Agreement shall remain in force until all subscriptions granted under the Agreement have expired or have been terminated.

Renewal option:

A renewal is not anticipated as the agreement shall remain in force until all subscriptions have expired.

Possibility of affecting the renewal:

We do not consider that there could be an impact on the renewal of the contract, since the conditions of the service would have to be negotiated first, always by mutual agreement and for the benefit of both parties.

3. Kosmos Soluciones Digitales, S.A. de C.V. – Non-exclusive License Agreement for the temporary use of Software and Provision of Services entered into on October 17, 2022, with Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero.

Description of services:

The provider Kosmos Soluciones grants Licensing and Software use services, which allows Monex to create digital financial processes in real time and is based on the acquisition of licenses to manage activities related to the registration of client contracts.

Term:

The agreement has a mandatory term of 15 months, after which it will be automatically renewed for periods of 1 year until any of the parties send prior written notice to the other party at least 30 calendar days in advance of their desire to terminate the agreement.

Renewal option:

The agreement provides for automatic renewals of 1 year.

Possibility of affecting the renewal:

The possibility of affecting the renewal is not considered, since it will be carried out automatically each year, and in case of any modification of conditions of the agreement or its enclosures, they would be negotiated always by mutual agreement and to the benefit of both parties.

IV. Main clients

Monex has a great diversity of clients in each of the products it offers. Our main clients are in the sectors of manufacturing industries, wholesale commerce, and financial and insurance services, among others. As of the date of this Annual Report, we have no dependence on any of our clients, understanding as dependency one of the following:

- When the loss of such clients would adversely affect our results of operation or financial condition
- When sales to any client represent 10% or more of our total consolidated revenue

V. Applicable legislation and tax status

General

We are a holding company of financial and non-financial entities, authorized for such purposes by SHCP to own all but two shares of Monex Grupo Financiero capital stock. Our business is mainly conducted by our subsidiaries, which, at the date of this Annual Report, include:

- Monex Grupo Financiero, which, in turn, owns Banco Monex; Monex Casa de Bolsa, which owns two financial subsidiaries in USA; and Monex Operadora de Fondos, which manages six investment funds.
- MNI Holding, which owns the rest of our subsidiaries abroad: Monex, Inc. (formerly Tempus) and Monex Europe Holdings Limited, as well as their respective affiliates and subsidiaries
- Arrendadora Monex
- Monex ETrust
- Cable 4

Our Mexican subsidiaries, as financial entities, are strictly regulated and are subject to periodic reviews by the SHCP, Bank of Mexico and under the monitoring and supervision of the CNBV in Mexico. The foreign subsidiaries are regulated by the various financial authorities of those countries in which they are based. Our subsidiaries are also required to deliver periodic financial reports (monthly, quarterly, and annually), which are delivered to said authorities in a timely manner.

Our operations, as a financial group, must comply with the LRAF, the rules issued by SHCP and certain regulations issued by the CNBV.

Monex Casa de Bolsa is regulated mainly by the LMV, the Circular Única de Casas de Bolsa and the rules issued by the CNBV, as well as the rules issued by the Bank of Mexico in the exercise of certain faculties, such as those related to operations with currencies and the self-regulation rules issued by AMIB.

Monex Operadora de Fondos and our investment funds are subject to the Ley de Fondos de Inversión, the Circular Única de Fondos and to the regulations established by the CNBV, as well as to the self-regulation rules issued by the AMIB.

Banco Monex is subject to the LIC, Circular Única de Bancos and other rules issued by the Bank of Mexico and the CNBV.

The SHCP, either directly or through the CNBV, exercises broad supervision over financial groups and their subsidiaries. As a result of this supervision, we and each of our subsidiaries must provide financial and legal reports and other information on a regular basis to the CNBV. Additionally, in accordance with the laws and regulations applicable to us and our subsidiaries, the SHCP and CNBV are, in certain cases, authorized to impose fines, penalties or other types of sanctions for the violation of those laws and rules. The competence of the SHCP and CNBV would enable them to make us go through, as well as to our financial subsidiaries, an intervention and order our liquidation, if applicable.

Monex Securities, Inc. and Monex Asset Management, Inc. are direct subsidiaries of Monex Casa de Bolsa, the first at 100% and the second at 75%; however, in the latter case, Monex Casa de Bolsa owns the voting rights of the remaining 25%. These companies are subject to various federal and state laws regulating financial intermediaries in the United States. Monex Securities, as a broker-dealer, is registered before the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB), in addition to being a member of the Securities Investor Protection Corporation (SIPC) and member of, and regulated by, the Financial Industry Regulatory Authority (FINRA).

In the specific case of Monex Asset Management, Inc., this company obtained its federal registration in 2021, which replaces the local supervision to which it was subject, this being a sign of the confidence of the US authorities in our companies. Both companies are located in the city of Houston, Texas. In addition, they have offices in the cities of San Antonio, Texas, and San Diego, California.

Monex, Inc. (formerly "Tempus, Inc."), and doing business as Monex USA, is our indirect subsidiary, through our subsidiary (sub-holding company) MNI Holding. Monex USA, incorporated under the laws of the District of Columbia in the USA, is dedicated to foreign exchange transactions, international payments and money transmission, which is why it requires state licenses in order to operate as such (money transmitter) in the USA. To date, Monex, Inc. has all the necessary licenses to operate throughout the USA, except in the State of Nevada, where it carries out operations through its subsidiary Monex Nevada, Inc. Most of the licenses are under the Nationwide Multistate Licensing System and Registry protocol (NMLS).

While Monex USA is authorized to offer services throughout the USA, it maintains a physical presence in the cities of Washington, D.C.; Los Angeles, California; and New York, New York.

At the federal level in the USA, Monex USA is registered before the Financial Crimes Enforcement Network under the U.S. Department of the Treasury (FinCEN), as a money services business (MSB). Therefore, it is obliged to comply with the Bank Secrecy Act (BSA), contained in the Code of Federal Regulations (CFR), which requires, among other things, each service company to develop, implement and maintain a risk-based system with an anti-money laundering (AML) program. Monex USA fully complies with the BSA.

Monex Europe Limited is our indirect subsidiary through MNI Holding and Monex Europe Holdings Limited (sub-holding company), which is headquartered in London, with additional offices in Amsterdam and Madrid. It is a company incorporated under the laws of the United Kingdom (England and Wales), which operates as an Authorised Payment Institution engaged in foreign exchange transactions, international payment services, and money transmission. It is authorized by the Financial Conduct Authority (FCA), under the heading of "money remittances" to operate as an Authorized Payment Institution. The FCA regulates the financial services industry in the United Kingdom under the Payment Services Regulations 2017, currently applicable. The offices in Madrid and Amsterdam hold licenses and authorizations required by the authorities of their respective countries.

Monex Europe Limited owns 100% of a subsidiary incorporated in England and Wales. This entity is known as Monex Europe Markets Limited, which offers, among others, derivative financial transactions. The subsidiary holds the authorization of the CNBV for its constitution and the corresponding FCA authorization for its operation.

Likewise, Monex Europe Limited manages the three other companies engaged in foreign exchange transactions and international payment services, which are 100% owned by the sub-holding Monex Europe Holdings Limited. These are:

(i) Monex Canada, Inc., for which we also obtained the authorization from the CNBV, headquartered and domiciled in Toronto, province of Ontario in Canada, is authorized by the Office of the Superintendent of Financial Institutions (OSFI) under the Ministry of Finance of that country. It is also registered before the Financial Transactions and Reports Analysis Centre of Canada (FinTrac), a Canadian government agency that supervises, among other matters, anti-money laundering activities.

(ii) MonFX Pte. Ltd., whose authorization was obtained from the CNBV in due time, established in the Republic of Singapore, authorized to operate by the Monetary Authority of Singapore (MAS) and that recently obtained authorization from said regulator to operate in the capital market.

(iii) Monex Europe, S.A., which no longer required prior authorization from the CNBV due to changes in the group's structure in 2017 as it ceased to be an indirect subsidiary of Banco Monex, is incorporated in the Grand Duchy of Luxembourg, and it is authorized by the Commission de Surveillance du Secteur Financier (CSSF) to operate as an authorized payment institution.

(iv) Monex Europe Markets, S.V., S.A.U. is incorporated in Spain and awaiting authorization from the National Securities Market Commission, thereby expanding its presence in the European financial market.

Also in Spain, Monex Europe is currently represented through a branch authorized by the Bank of Spain; it has requested authorization from the aforementioned central bank to operate directly as a payment institution, whose purpose scope as a Spanish company is much broader than that of a branch of a foreign company. Once Monex Europe receives the authorization, it will incorporate a new Spanish company, in accordance with the applicable regulations.

In 2022, Monex Technology Solutions Inc. was incorporated in the United Kingdom as a direct subsidiary of MNI Holding, which will represent the scope of technological efforts in the service digitalization process offered by Monex companies.

Mexican Companies Controlling Financial Institutions

The Decree published in January 2014, amended, added, and derogated various provisions in the financial matter and issued the Ley para Regular las Agrupaciones Financieras (LRAF).

The operation of holding companies controlling financial institutions are generally limited to the holding of shares representing the capital stock of their subsidiary financial entities. Those subsidiary companies may include retirement fund administrators, general deposit warehouses, brokerage houses, currency exchanges, banking institutions, surety institutions, insurance institutions, companies operating the investment companies, distributors of investment companies shares and multiple-purpose financial companies. A financial group may be formed with at least two of the designated financial entities.

As members of a financial group, those companies may enter into transactions between them, they may use any facility of the members of the group, except for the facilities of the offices for public acquisition resources through deposits of money. Under no circumstances may operations be carried out by the financial entities belonging to the group in the offices of the holding company.

As a rule, financial holding companies may only acquire and manage the shares of their subsidiaries and may not directly offer financial services, including, for example, banking or brokerage services. The parent company may only contract direct or contingent liabilities, and give its properties as a guarantee when dealing with the liability agreement; of operations with the Fondo Bancario de Protección al Ahorro or with the protection and guarantee fund provided in the LMV, and with the authorization of the Bank of Mexico, in the case of the issuance of subordinated bonds of forcible conversion to representative securities of their capital and obtainment of short-term credits, as long as the placement of shares is made by reason of the incorporation or merger of holding companies or the entities that comprise it or them.

The holding companies controlling financial entities are also restricted in the ways of investing their capital stock and any reserve thereof, understanding that such investments are limited to the capital stock of their subsidiary financial entities, their real estate, and other assets necessary to conduct their business, Mexican government bonds and capital stock of foreign financial corporations.

According to Article 119 of the LRAF, each financial entities holding company and its subsidiaries must enter into a liability agreement, by virtue of which the holding company will be liable with no limits for the losses of every one of those entities.

If the equity of the holding company were not enough to fulfill the responsibilities that, with respect to the financial entities forming part of the group, arise simultaneously, those liabilities will be covered, firstly, with respect to the credit institution that, if applicable, belongs to the group and, subsequently, pro rata with respect to the other entities forming part of the group until the assets of the parent company are exhausted. For this purpose, it will be considered the ratio of the represented capital of each subsidiary in the capital of the holding company. A financial entity belonging to a financial group shall be deemed to have losses when the assets of that entity are not sufficient to cover its payment obligations.

The holding companies of financial entities may be supervised either by the CNBV or by the CNSF, depending on which of these commissions supervises the financial entity that is part of the financial group. For these purposes, brokerage houses and banks are supervised by the CNBV.

If a holding company of financial entities violates the laws and regulations applicable thereto, the CNBV or the CNSF will be able to intervene in the administration of the holding company. If such violations do not cause a material adverse effect on the financial situation of that company, the CNBV or the CNSF, as the case may be, will be able to carry out an "administrative intervention" in order for the intervenor to put into effect the recommendations of the CNBV or the CNSF. If the violations of that company affect the financial situation or the solvency of the controlling company or jeopardize the interests of the public, the CNBV or the CNSF, as the case may be, will be able to execute a "managerial intervention" by virtue of which the intervenor shall have the amplest powers to redirect the operations of that company.

In case of non-compliance by the holding companies with the rules applicable thereto, the aforesaid companies shall be punished with a fine imposed by the CNBV and the CNSF, in their respective jurisdictions, up to five percent of the paid-in capital of the company in question, and the Board of Directors of the offender must be notified.

The CNBV has issued rules that establish certain accounting principles applicable to financial holding companies and the presentation of the financial statements of the parent company, which vary in certain aspects of the Accounting Criteria.

Mexican Brokerage Houses

Authorized Mexican brokerage houses may only carry out the activities for which they are expressly authorized by the LMV and other applicable regulations. A Mexican brokerage house may, among others, based on the provisions of article 171 of the LMV:

(i) act as an intermediary in the securities market and carry out activities related to debt securities or assets registered in the RNV managed by the CNBV

(ii) provide custody services

(iii) act as trustee

(iv) act as a subscriber or placing agent

(v) enter into contracts for risk management products or optional securities

(vi) operate with foreign currencies

(vii) act as common representative of bondholders and other securities under applicable law

Mexican law also provides certain restrictions applicable to brokerage houses. Generally, they must not, among other things, grant credits or loans with guarantee on:

(i) subordinated obligations in charge of credit institutions, brokerage houses or financial group holding companies

(ii) rights over trusts, mandates, or commissions which, in turn, are intended for the liabilities referred to in subsection (i) above

(iii) shares representing the capital stock of credit institutions, brokerage houses or financial group holding companies owned by any person holding five percent or more of the capital stock of the credit institution, brokerage house or holding company in question

Brokerage houses, regardless of having the minimum capital stock, must maintain a global capital in relation to the risks incurred in their operation, which may not be less than the sum of the capital requirements for each type of risk, in terms of the General Provisions issued by the CNBV, subject to the agreement of its Administration Board.

The global capital will be the one obtained according to the aforementioned provisions established by the CNBV.

Mexican brokerage houses are supervised by the SHCP, the CNBV and the Bank of Mexico.

The CNBV is the agency of the federal public administration empowered to authorize the operation, merger and reorganization of brokerage houses and will be able to revoke the authorization to Mexican brokerage houses, in the cases instituted by the LMV.

The CNBV is broadly empowered to request information, perform audits, inspection and surveillance visits, make recommendations or even apply preventive and corrective measures to brokerage houses. This competency also empowers the CNBV to declare managerial intervention of brokerage houses when, in its opinion, there are irregularities of any kind that affect its stability, solvency or liquidity and jeopardize the interests of its clients or creditors, with the consequent designation of the person who is in charge of the administration of the intermediary in question with the character of intervenor-manager with general powers to direct the business of the brokerage house and to suspend the authority of the Board of Directors or of the Shareholders' Meeting of the brokerage house.

The CNBV may additionally impose penalties on Mexican brokerage houses in case of non-compliance with applicable regulations. In addition to the imposition of penalties on brokerage houses, the CNBV may also impose fines and sue officers from brokerage houses that perform prohibited acts, including criminal matters.

The Bank of Mexico has a minor role in the supervision and regulation of Mexican brokerage houses. However, there are regulations applicable to their transactions, including, among others, those relating to operations involving risk management products, foreign exchange transactions and all transactions related to securities.

Like the holding companies of financial corporations, the CNBV has issued specific rules and regulations with respect to the Accounting Criteria applicable thereto, as well as with respect to other rules that regulate the registration, valuation, and disclosure in its financial statements.

Banks

Authorized Mexican banks may only carry out those activities for which they are specifically authorized by the LIC and other applicable regulations. A Mexican bank may carry out all the active, passive and service operations established by the LIC itself, as well as certain transactions regulated by the LMV and by the Ley General de Títulos y Operaciones de Crédito.

According to applicable regulations, Mexican banks must meet certain capital requirements, which are determined based on the market valuation and credit risk of their operations. The capital may not be less than the result of summing up the corresponding capital requirements for each type of risk. The capital requirement will be obtained according to the provisions of the CNBV.

The Mexican banks are supervised by the SHCP, the CNBV and the Bank of Mexico.

The CNBV is the agency of the federal public administration empowered to authorize the operation, merger and reorganization of the banks and will be able to revoke the authorization to banks in the cases foreseen by the LIC.

The CNBV is broadly empowered to request information, carry out inspection visits, perform audits, and make recommendations to banks. This competency also empowers the CNBV, if its recommendations are not followed, to designate an intervenor-officer to implement those recommendations. In addition, if the bank carries out activities that the CNBV deems objectionable, the CNBV will be able to designate an intervenor-manager with general powers to direct the business of the bank and suspend the authority of the Board of Directors or even of the Shareholders' Meeting of the bank.

The CNBV may additionally impose penalties on Mexican banks in case of non-compliance with applicable regulations. In addition to the imposition of fines on banks, the CNBV may also impose fines and sue bank officials carrying out prohibited acts, including criminal matters.

The Bank of Mexico has a primary function in the establishment of rules regarding its supervision and regulation.

As for holding companies of financial entities, the CNBV has issued rules that establish certain accounting principles applicable to banks, which vary in certain aspects of the Accounting Criteria, increasing the information and the detail it must contain upon its presentation to the Authorities, including the financial statements.

Investment Funds

Monex Operadora de Fondos is an investment fund operating company organized under the Ley de Fondos de Inversión.

The six investment funds managed by Monex Operadora de Fondos are also organized under the Ley de Fondos de Inversión.

The General Provisions applicable to investment funds and the individuals who rendered them services were published on November 24, 2014.

The "Decree whereby diverse financial provisions are reformed, added and repealed and the Law Regulating Financial Groups is issued", published in the DOF on January 10, 2014, amended, among others, the Ley de Fondos de Inversión, which created a new social subtype of corporations defined as investment funds.

Pursuant to this law, investment funds will have as their purpose the acquisition and sale of assets subject to investment with resources from the placement of the shares representing their capital stock among the investing public, as well as the contracting of services with third parties for the operation and distribution of such shares. Investment fund management companies are generally able to provide asset management, share distribution, valuation, deposit and custody, accounting, and other related services of mutual funds. Investment services may be provided to investment funds by Mexican banks, brokerage houses or specialized third parties. The services of provision of prices or qualifications may be provided by third parties.

The CNBV is the main authority empowered to inspect and supervise investment fund managing companies, as well as third parties that operate, manage, and distribute their shares, among others. Likewise, the CNBV is empowered to authorize the constitution of Mexican investment fund managers, revocation of the authorization to operate, approval of transfer of shares, establishment of capital requirements, to authorize the designation of sales executives, accounting policies and to oversee all its financial performance. The CNBV is also empowered to issue, and has issued, rules establishing accounting procedures applicable to investment fund managers and rules governing the presentation of their financial statements.

The CNBV may also regulate, if considers it appropriate, the suspension of the activities of the managers of investment fund traders, including their removal and order the managerial intervention.

Activities for the Prevention, Detection and Reporting of Operations with Resources of Illicit Origin

The prevention of operations with resources of illicit origin and terrorist financing in Financial Institutions is governed by the General regulations referred to in Article 115 of the LIC, Article 212 of the LMV, Article 95 of the Ley General de Organizaciones y Actividades Auxiliares de Crédito and Article 91 of the Ley de Fondos de Inversión. In addition to compliance with current regulations, Monex has established policies and procedures in line with best international practices in respect to Prevention of Money Laundering and Terrorist Financing (PML-TF).

It also has manuals of identification and knowledge of the client and a Code of Ethics and Conduct governing the conduct of employees, officers, partners, and advisers of the Company.

Monex has a Compliance Officer, certified in PML-TF matters before the CNBV and certified before ACAMS (organization authorized in the USA to certify Compliance Officers as PML-TF specialists). Also, the Head of the Anti-Money Laundering Office has both certifications.

In compliance with the relevant regulations, the Internal Auditor of Monex is certified in matters of PML-TF before the CNBV.

There are electronic records of each client and electronic KYC questionnaires ("know your customer") and access to the history of operations and movements of clients in all services provided by Monex. In all cases, the clients' domicile is verified through a visit, and in the case of high-risk clients, this verification is also carried out by a third party.

In 2017, we implemented controls to identify the real owners who ultimately exercise control over the companies.

Since 2014, we implemented a permanent program to update client records. All files are updated at least every 3 years (every year in the case of high-risk clients). The accounts with outdated information are blocked and cancelled if not updated within the following 6 months. During 2022, the record-update campaign targeted 24,295 accounts and 6,690 brokerage contracts, and considered 6,642 high-risk clients, whose update must be carried out annually.

Also, we have specialized monitoring systems for the detection of possible unusual operations, which generate alerts, subsequently verified by the staff of the AML Unit. A monitoring system called the Oracle Financial Services Analytical Applications (OFSAA - "Mantas") was implemented in Monex in mid-2015, a system used by the main global banks that incorporates 16 transaction monitoring scenarios. The transaction monitoring system is calibrated annually by an independent third party. The last calibration was completed in December 2022. In 2021, the migration of the system to the version (8.1.1.) was carried out, and Monex was the first institution to use that version worldwide.

We also have an international funds transfer monitoring system that allows us to identify patterns of atypical or unusual behavior between payers and beneficiaries. International transfers received are reviewed online, before crediting the funds to the accounts, in order to validate the consistency of the transaction according to the clients' profile and data integrity (name of originator, etc.). Throughout 2022 almost 244,000 received transfers were reviewed.

At the operational level, pre-registration of recipients of payments is carried out in each account and the relationship between the client and the recipient is captured, as well as the reason of payment.

According to the General Provisions issued by the SHCP regarding the prevention of operations with resources of illicit origin, there is a Communication and Control Committee, which meets monthly, to know and analyze the operations that, due to their characteristics, are unusual. Likewise, this Committee knows and monitors the activities carried out in the field of AML.

As a best practice, there is a Client Acceptance Committee that reviews the admission requests of prospects that represent a higher-than-average risk in relation to AML-TF. The Committee is composed of first level directors of Monex. During 2022, 279 cases of high-risk prospects were presented to the Committee.

Since 2015, a differentiated course on AML-TF was implemented, in coordination with the ABM, whose content was adapted to the risk level of the personnel functions, achieving a 100% coverage of the employees of the Issuer. During 2022, this course was taken by 1,972 employees. Moreover, as part of their induction process, and in accordance with the applicable regulations, training courses on AML-TF are given to new staff. In 2022, 384 new employees were trained.

Likewise, the Internal Audit area conducts self-assessments to staff as part of its annual review program for the different business areas and support of Monex.

We regularly receive supervisors from the CNBV, who review us exclusively in this matter. The latest review of our AML-TF processes was fulfilled in April 2019. All observations and recommendations from past reviews have been resolved.

Since 2007, we have obtained the ISO 9001:2000 Certificate for the processes of Prevention, Detection and Reporting of Operations with Resources of Illicit Origin and Comprehensive Risk Management in all the Group's National and International Financial Products, which we have ratified during these years. The last certification was obtained in June 2022.

With the support of our external advisors and in accordance with best international practices, at the end of 2016, we developed and implemented a new PML-TF Risk Assessment Model which considers inherent risks (of clients, products, services, transactions, delivery channels, and geographies) and effectiveness of controls. The Model allows us to know the residual risk corresponding to the institution. The last annual execution of the model took place in April 2022; based on this evaluation, our residual risk (considering the inherent risk and the effectiveness of our controls) is kept low.

Also, we developed a Client Classification Model, which considers factors such as place of residence, occupation / industry, number and amount of operations, origin / destination of international transfers, geolocation, and information from Bank of Mexico's transfers base. The model offers immediate visibility on the particular risk of each client and facilitates the management of clients that represent greater risks. The Model has been reviewed by the authorities, who have validated its compliance with the applicable regulation.

Fraud Prevention Activities

In the matter of Fraud Prevention, Monex has controls implemented to mitigate or reduce risks, both internal and those affecting clients' assets:

- Daily monitoring of alerts detected through the Real-time Fraud Prevention Monitoring System.
- Design and development of a total of 30 scenarios divided into preventive (17) and detective alerts (13).
- Confirmations to clients regarding changes in information registered by update of address, account opening, update of contact details, registration, cancellation or update of email or cell phone and access to electronic banking service (token)
- Validation of client instructions via token (registration of recipients and release of national and international payment orders).
- Automatic delivery of account statements to emails provided in the client's contract.

As part of our efforts to create a corporate culture on fraud prevention, a nationwide awareness campaign was implemented, supported by electronic means.

Likewise, since the end of 2020, an automated balance validation process was implemented by sending confirmation requests directly to clients.

Business Continuity Activities

Monex implemented Policies and Controls on Business Continuity, in order to comply with the provisions of the CNBV provided for in different Circulars (CUB, Article 164 Bis; CUCB, Article 117 Bis 9; CUFI, Article 64 bis 13).

Based on those provisions, Monex has implemented a Business Continuity Plan and has established a Training Program in the matter.

The Business Continuity Plan is broadcast at least once a year to the personnel involved. Likewise, continuity exercises are carried out twice a year for each critical business process. The results of the exercises are reported annually to Senior Management, presented to the Audit Committee, the Board and subsequently reported to the CNBV.

Disclosures and actions due to the COVID-19 pandemic – Internal Control

Since 2021, considering the difficulties posed by the confinement required by the contingency generated by SARS-CoV-2 (COVID-19), Monex, S.A.B., seeking to maintain the service and operation required by our clients, 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 of Monex's facilities was corrected with the implementation of the technological tool "Micollab". This tool allows to receive calls from Monex on the personal mobile devices of the staff (laptop, tablet or cellphone).
- An internal publicity campaign was performed on written media with which clients could instruct their operations.
- We established the use of a robot for sending balances confirmation requests to clients, who have fully instructed transactions with instruction letters during the contingency.
- Every department of Monex, S.A.B. reinforced the internal controls implemented to continue their operation in remote work.

It is important to highlight that our services to clients were not negatively impacted by the lack of availability of communication channels in any entity of Monex, S.A.B.

Disclosures and actions due to the COVID-19 pandemic – Information Security

- We continued a campaign, launched in March 2020, to assign portable devices to the staff, 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 the staff.
- We implemented Microsoft Teams as an institutional medium to carry out videoconferences and allow communication between staff and/or service providers, authorities, etc.
- To support the remote work scheme, Monex's infrastructure team began the Virtual Desktops rollout project in 2021, which has been defined as the new working environment for internal and external collaborators. This rollout is planned to go through stages and, at the end of 2022, it has an estimated progress of 70% of the total users within scope.

Disclosures and actions due to the COVID-19 pandemic – Business Continuity

In the matters of Business Continuity, in accordance with established Operational Continuity plans, Monex implemented various measures starting in 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:

- Compliance with government provisions and preventive measures issued in the DOF
- We launched internal publicity campaigns of preventive measures recommended by the Ministry of Health
- Sanitary equipment was distributed to all branches for the use of the personnel during their stay at the offices
- A station for mandatory medical checkup was established at the headquarters for personnel who needed to work at the office
- Establishment of a sanitary 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 the staggering of personnel attendance
- A program for the gradual return to the offices was established according to the contingency traffic light and limits of people in each office
- As a result of the Virtual Desktops rollout project, the number of employees at the Alternate Operations Center was reduced, making more efficient the use of this resource.

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

Tax Status

The current Income Tax Law establishes an income tax rate of 30% for 2022 and subsequent years.

The income tax expense (benefit) includes the following:

	2022
In profit or loss of the period:	
On tax basis	1,008
Deferred income tax	(16)
Income Tax	**992**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

Income Taxes at the end of 2021 and 2020 have the following components:

	2021	2020
Income Tax:		
Current	291	788
Deferred	233	(412)
	524	**376**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

The tax expense (benefit) attributable to profit (loss) from continuing operations before income taxes and Other Comprehensive Income, was different from that which would result of applying a 30% income tax rate to profit (loss) before taxes to profit from discontinued operations and Other Comprehensive Income as a result of the items showed below:

	2022
Profit or loss before income taxes	**3,901**
Expense (benefit) expected	1,170
Increase (decrease) resulting from:	
Fiscal effect of inflation, net	(216)
Non-deductible expenses	7
Others, net	31
Income tax expense (Benefit)	**992**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

As of December 31, 2022, carryforward tax losses expire as shown below:

Year	2022
2023	3
2024	1
2025	3
2026	53
2027	61
2028	112
2029	161
2030	99
2031	17
	510

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

VI. Human resources

As of December 31, 2022, Monex had a total of 2,864 employees, of which approximately 3.9% were temporary and 20.4% unionized employees.

Monex has a collective bargaining agreement with an active union, which is the National Union of Workers of Financial and Banking Institutions, Auxiliary Credit Organizations and Activities, Office Employees, Similar and Related Workers of the Mexican Republic. Monex respects the right to freedom of union association and the right to collective bargaining.

For 20 consecutive years, Monex Grupo Financiero has received recognition from the Great Place to Work Institute as one of the Best Companies to Work for in Mexico. In addition, Grupo Financiero Monex has also received recognition as one of the Best Companies to Work for in the Financial Services and Insurances Sector. In 2022, Monex got the 17th place in the ranking of companies with 500 to 5,000 collaborators.

We have run a program of Addictions-Free Company for 21 years, for which we also receive an annual recognition.

We have implemented Corporate Social Responsibility practices and, for 19 years, our financial group has been granted the Socially Responsible Company Award by the Centro Mexicano para la Filantropía (CEMEFI) and the Alianza por la Responsabilidad Social Empresarial (ALIARSE). In order to grant this badge, CEMEFI performs an analysis of the information proving the 120 indicators of Corporate Social Responsibility, as well as an analysis of the results of the diagnosis on the performance of our company in four basic areas such as Quality of Life in Business, Business Ethics, Community Linkage, and Care and Environmental Preservation. Likewise, it has received the Recognition of Best Practices of Social Responsibility on four occasions.

Since 2005, we have subscribed to the "Global Compact", which is an initiative of the United Nations (UN). Upon subscribing the initiative, we make explicit our commitment to respect the principles of the compact as they fully coincide with our corporate values. Monex publishes annually in the Global Compact portal a report explaining how we ensure compliance with the principles of the Compact within our company.

Since 2007, Monex has been certified under ISO 9001 quality standard and is the only Mexican financial group to have certified key processes of prevention, detection, and reporting of operations with resources of illicit origin and integral risk management in all the national and international financial products of the group.

We have been certified in Information Security for 11 years under the ISO 27001 standard since 2011, with the scope: "The information security management system for the protection of confidentiality, integrity and availability of Grupo Financiero Monex clients' information in its information systems". Both standards consider a single integral quality and information security management system renewed in 2018.

Disclosures and actions due to the COVID-19 pandemic – Human Resources

Monex continued its strategy to privilege the well-being of its employees. The implemented measures are the following:

a) Continuous and timely information for collaborators
b) Communication and reinforcement campaigns on: the pandemic, forms of contagion, symptoms, prevention measures, and measures for working from home.
c) Reinforcement of hygiene measures, vaccines, prevention measures in the office and other matters related to the care during the pandemic
d) Psychological support for collaborators and their families: In the face of the uncertainty and anxiety that the pandemic may cause, the communication regarding the support than can be obtained by employees through the Support Program for the Employee (Orienta PAE) was reinforced.
e) Close follow-up through:
    a. Contingency Working Group: this group composed of the management team continued meeting periodically in order to follow up the pandemic and make the necessary decisions to protect the health of collaborators and ensure business continuity.
    b. Tracking system: which aims to keep a timely control of both the staff working from home and the cases positive for the coronavirus. This system is in the Intranet and is kept constantly updated.
    c. We have followed up closely the status of the vaccination and booster doses of the staff through an application in our Intranet
    d. Vulnerable personnel have been identified to reinforce actions and preventive measures
    e. Continuous cleaning roles with chlorinated water in the workplaces were implemented, as well as a deep cleaning on the weekends.
    f. The application of influenza vaccines was promoted in Mexico City, Monterrey, and Guadalajara, both for the staff and their direct family members.
    g. A hybrid work scheme was implemented, which consists of 3 days at the office and 2 days working remotely.

VII. Environmental performance

We are aware of how important it is to care for our planet and the environment; therefore, we continued developing different projects allowing us to reduce the environmental impact of our activities.

One way to contribute to the development of Mexico is through actions aimed at protecting and improving the environment, a practice that is also aligned with the corporate strategy of our business.

In Grupo Financiero Monex, we affirm our commitment to work on the dissemination and implementation of tools allowing to analyze environmental, social, and corporate governance (ESG) risks and opportunities, developing programs and actions through the Committee for the Analysis of Risks and Sustainable Opportunities (COSUSTENTA).

The purpose of this Committee is to analyze trends and standards on the international and national level in matters of social, environmental, and corporate governance risks in favor of a sustainable business that promotes good practices in a self-regulatory manner within the organization.

The most relevant actions of this committee in 2022 are listed below:

- Development and implementation of a Sustainability Roadmap that begins by determining critical ESG issues by type of activity and the markets it serves, building thereon the strategic priorities to work on with different initiatives.

- As the first step of the roadmap, at Monex we carry out our materiality analysis by application of the double materiality approach, aligned with international trends.

- Subsequently, the Sustainability Strategy will be developed, including a model proposal (foci and lines), validation of the model and integration into the ESG report, review of the consolidated existing initiatives, selection of those related to the foci, proposal of recommendations for implementation and indicators.

- Likewise, the UNEPFI Responsible Banking Substrategy was developed, generating an integrated map, relationship of commitments-impact areas, proposal, and validation of indicators.

- The First ESG Executive Report was published and available at: https://www.monex.com.mx/portal/download/files/InformeASGGRUPOFINANCIEROMONEX.pdf

Likewise, Monex actively participates in the Committees of the Association of Banks of Mexico (Sustainability Committee and Social Responsibility Committee), to follow up on the regulation that will impact different industries, in order to identify and manage the expected impacts in a timely manner.

Every year, we carry out the Carbon Footprint Measurement to continue identifying areas of opportunity to reduce, mitigate or compensate emissions and their impacts, identifying 1,304 tons of CO_2 emitted.

In addition, Monex continues participating, through the Green Finance Advisory Council, in the prosperity program for the development of green and sustainable Mexican market of the United Kingdom embassy in Mexico, the UN Financial Centres for Sustainability, and the Green Finance Taskforce of the United Kingdom.

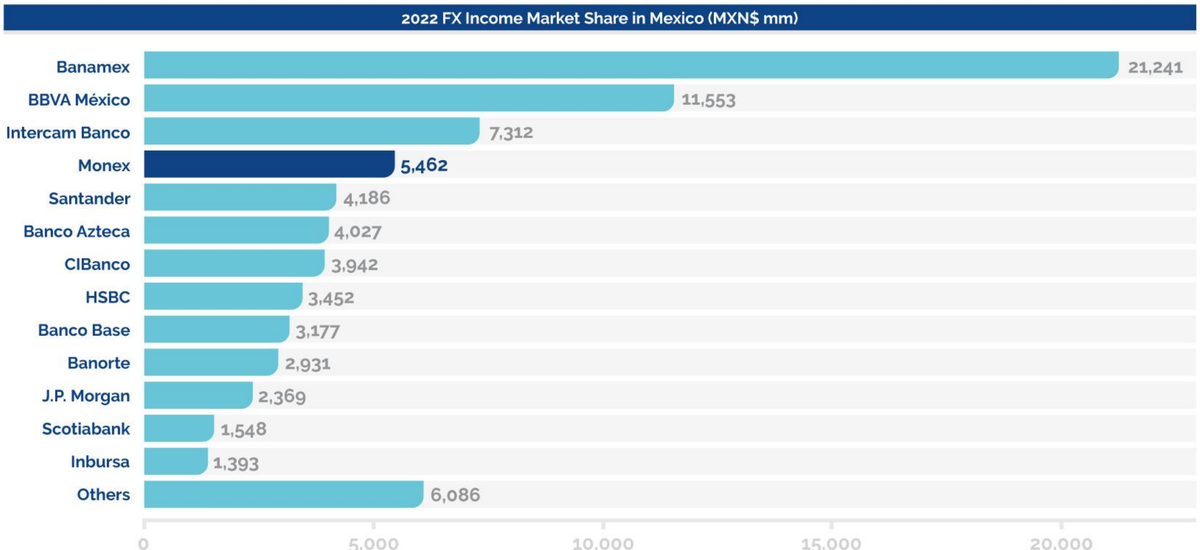
VIII. Market Information

We seek to maintain our position as leader in the foreign exchange and domestic and international payments market in Mexico, focusing on providing our clients with competitive products in the market. At the same time, we seek to offer other financial services as part of our strategy to help our clients to meet their financial needs. The diversification of products and services allows us to improve and increase our client deposit base and our credit portfolio, which helps us to improve our service and achieve greater profitability. Over 37 years of experience have positioned us as one of the most important players in the Mexican financial sector.

One of our main objectives is the expansion of operations at international level and the acquisition of Monex USA and Monex Europe gives us a firm entry to the foreign exchange markets of USA, Canada, Europe, and Asia. Moreover, both companies have a market view providing a particular analysis that helps to understand the dynamics of the foreign exchange markets. As a result of these acquisitions, we have become a relevant player worldwide as specialists in the foreign exchange and payments market.

Market share

Below are the charts with the market share by financial intermediation income ("Trading income") in Mexico during 2022:

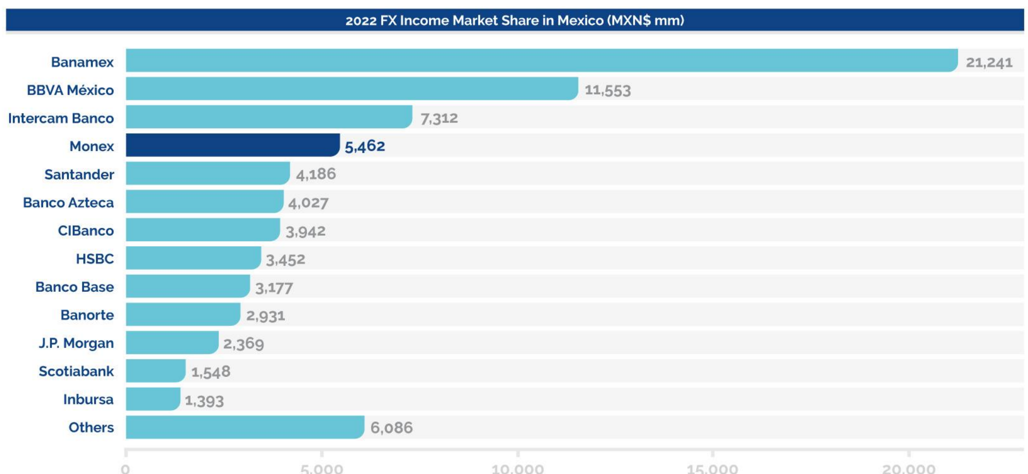


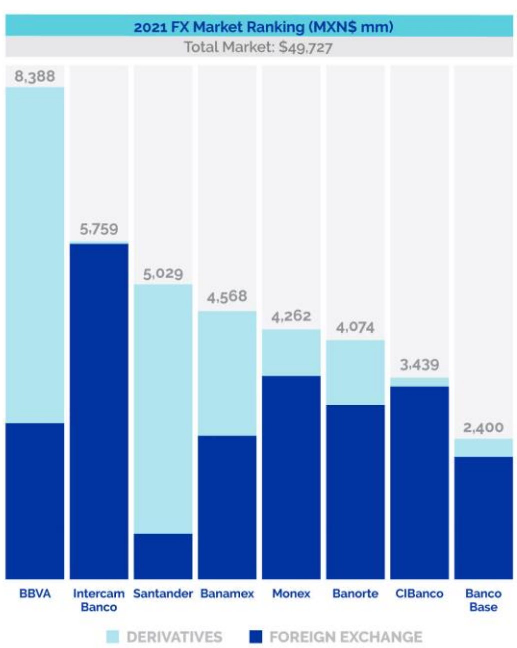
Source: Chart compiled by Monex based on CNBV information on December 31, 2022, the figures are shown in millions of MXN. Charts prepared with financial intermediation income on FX, derivatives, and money.

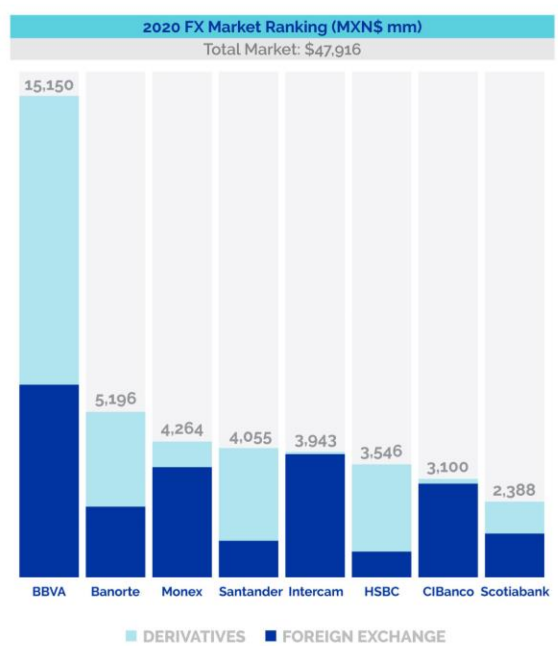
Financial Intermediation Income ("Trading income")

According to internal calculations made with information published by the CNBV, in 2022, Monex registered a market share of 7% in the financial intermediation income in the multiple banking sector with an income of $5,462 million MXN. On the other hand, in 2021, we had a market share of 9% in the foreign exchange market, based on our total income of $4,262 million MXN. In 2020, our market share was 9% with a total income of $4,264 million MXN.

Below, we show the rankings in the foreign exchange market in 2022, 2021 and 2020 based on the detailed information on financial intermediation income included in the section "Información de la Situación Financiera, Banca Múltiple" taken from the CNBV's website. Figures were obtained for the years ended December 31, 2022, 2021 and 2020.







Source: chart compiled by Monex based on CNBV statistics (*http://portafoliodeinformacion.cnbv.gob.mx/bm1/Paginas/Infosituacion.aspx*).
Income is considered with FX and derivatives.

Position of Banco Monex based on the Total Loan Portfolio

According to the Audited Financial Statements for the year ended on December 31, 2022, and information obtained from the Commission located in the statistical bulletin of the banking sector in December 2022, Banco Monex's total loan portfolio amounted to $30,428 million MXN, which represents an increase of 8.2% compared to December 2021.

IX. Corporate structure

Monex, S.A.P.I. is a holding company, with three main direct subsidiaries as of December 31, 2022:

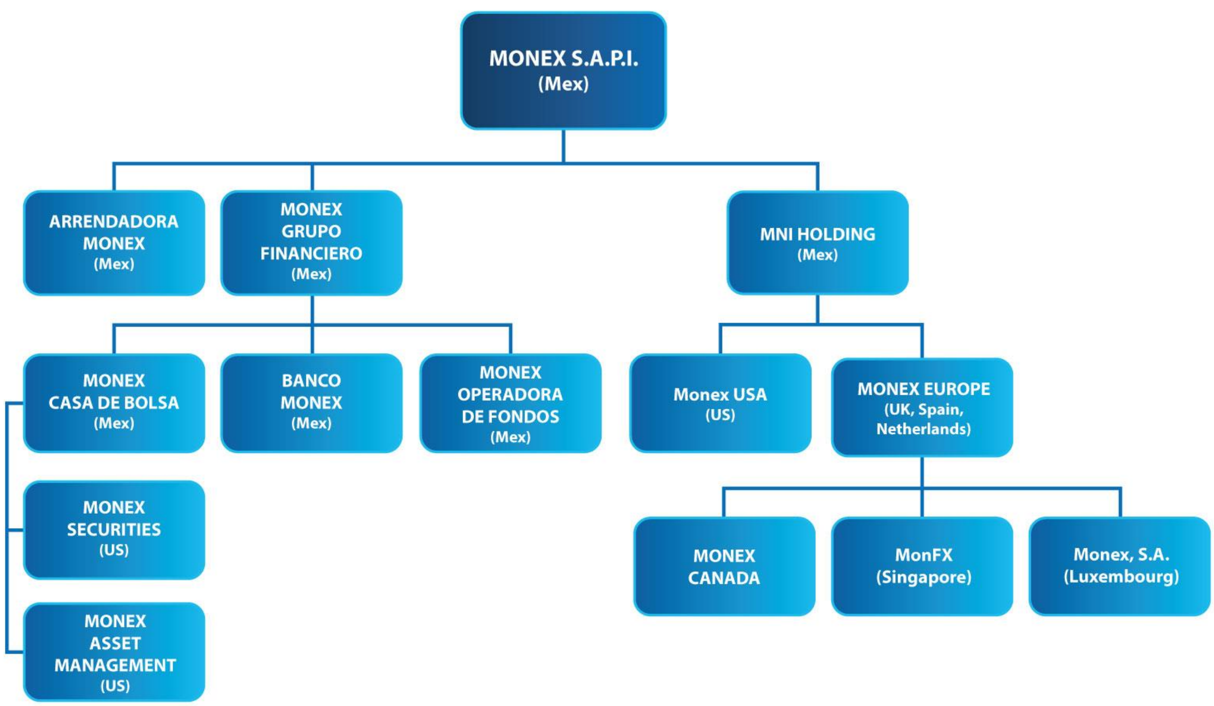
(i) Monex Grupo Financiero
(ii) MNI Holding
(iii) Arrendadora Monex

In turn, Monex Grupo Financiero has three subsidiaries, which are:

(i) Banco Monex,
(ii) Monex Casa de Bolsa
(iii) Monex Operadora de Fondos.

While MNI Holding has two main subsidiaries: Monex USA and Monex Europe.

Below is the organizational chart of our most representative entities:



The following chart shows the main activities of each of our most important subsidiaries as of the date hereof, as well as the percentage of participation (direct or indirect) of the Issuer in each one of them:

Company	Shareholding percentage 2022	Main activity and location
Admimonex, S.A. de C.V.	99.99%	A direct subsidiary of Monex, S.A.P.I. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations, or companies, whether commercial, service or any other nature, both domestic and foreign, as well as participate in management or liquidation. Mexico City.
MNI Holding, S.A. de C.V.	99.99%	Direct subsidiary of Monex, S.A.P.I. as of November 2019. Holding company of Monex, Inc.; Monex Technology Solutions, Ltd.; and Monex Europe, Ltd. Mexico City.
Monex Grupo Financiero, S.A. de C.V.	99.99%	Direct subsidiary of Monex, S.A.P.I. It was incorporated on May 23, 2003, and is authorized by the SHCP to operate as a financial group in the manner and terms established by the Law Regulating Financial Groups. Due to legal provisions, the Financial Group is unlimitedly liable for the obligations and losses of each of the subsidiary companies. Mexico City.
Servicios Complementarios Monex, S.A. de C.V.	99.99%	A direct subsidiary of Monex, S.A.P.I. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations, or companies, whether commercial, service or any other nature, both domestic and foreign, as well as participate in management or liquidation. Mexico City.
Arrendadora Monex, S.A. de C.V.	99.99%	Direct subsidiary of Monex, S.A.P.I. whose main activity is to acquire, sell, lease, rent, sublet, use, enjoy, own, license, market, import, export, trade and have the use under any form or legal title, of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories, and other goods. Mexico City.

X. Main assets description

Offices

At the end of 2022, we had 31 offices strategically located all over Mexico to serve different segments of the national market:

- Our headquarters are on Paseo de la Reforma Avenue, in Mexico City, and have over 12,000 square meters.
- In the last year, we invested nearly $45.3 million MXN in the offices in the national territory, according to the needs of business growth and organizational development.
- Monex USA has offices in the USA (Washington, D.C. as headquarters; Los Angeles, California; and New York, New York)
- The headquarters of Monex Europe are in London, U.K., as well as in Madrid, Spain and Amsterdam, Netherlands. Also, it has subsidiaries in Toronto, Canada; Singapore; and Luxembourg.
- The headquarters of Monex Securities are in Houston, and it has offices in San Antonio, Texas and San Diego, California in the United States.

All our offices, both domestic and abroad, are leased.

Insurance

As of the date of this Annual Report, assets such as furniture, equipment, infrastructure, facilities, securities (where applicable), canopies and illuminated signs of corporate offices and branches are covered by a multiple company policy.

Guarantees

As of December 31, 2022, all our assets are free of encumbrances.

Acquisition and Sale of Properties

As of December 31, 2022, we do not own any real estate.

XI. Legal, administrative or arbitration proceedings

We are under various judicial, administrative, or arbitral proceedings that are incidental to the ordinary course of our business. We believe that such judicial, administrative, or arbitral proceedings do not represent a contingent event that could have a material adverse effect on our financial position or income statement. Likewise, we are not under the assumptions established in Articles 9 and 10 of the Ley de Concursos Mercantiles.

XII. Shares representing the capital stock

The following information is related to our capital stock. The description is not intended to be complete and is completely qualified in reference to our By-laws.

Capital stock subscribed and paid

We are a stock investment promotion corporation with variable capital stock. Our capital stock has a fixed part and may have a variable part. As of the date hereof, our subscribed and paid-in capital stock consists of 50,000 shares representing the fixed portion of the capital stock, Series "A" and 645,758,505 shares representing the variable portion of the Series "B", at no face value. No portion of the subscribed and paid capital stock has been paid in kind.

Subject to the limitations provided in the following paragraph, shares may be issued to be paid by or held by both Mexicans and foreign investors. In accordance with the LMV and our By-laws, we may acquire our own shares.

The following is a summary of the capital stock of the Issuer for the last three years:

	Number of shares as of December 31st		
Fixed capital:	**2022**	**2021**	**2020**
Series "A" shares	50,000	50,000	50,000
Variable capital:			
Series "B" shares	645,758,505	545,758,505	545,758,505
Total	**645,808,505**	**545,808,505**	**545,808,505**

Internally prepared with audited figures as of December 31, 2022, 2021 and 2020.

The Annual Ordinary Shareholders' Meeting, held on April 19, 2022, agreed on the following movements in capital:

- To transfer the net income of the year 2021 to the account "Retained earnings" for an amount of $1,654 million MXN.
- Declaration of dividends to shareholders in the amount of $1,050 million MXN, charged to the "Retained earnings" account reflected in the audited financial statements of Monex, S.A.B., with figures as of December 31, 2021.
- It was resolved to increase the variable part of the capital stock of Monex, S.A.B. de C.V., by $1,000 million MXN.
- It was resolved to issue 100 million Series "B" shares, which were offered for subscription and cash payment to Monex shareholders, in proportion to their respective holdings, at a rate of $10 MXN per share.

As of December 31, 2022, we did not maintain open positions in derivative financial instruments settled in kind, whose underlying item were shares of our own or ordinary participation certificates on those shares.

Summary of Statutory and Legal Provisions

Changes in capital stock, preference rights and redemption

Our capital stock may be increased or decreased as decided by the Extraordinary General Shareholders' Meeting, regarding the fixed portion of the capital stock, but in the case of the issuance of shares that constitute the variable part of the capital stock, it is to be decided by the Ordinary General Shareholders' Meeting.

Increases or decreases in the fixed or variable portions of the capital stock must be recorded in the Capital Variation Register Book. In accordance with applicable laws, our By-laws provide that changes in the variable portion of the capital stock do not require amendment to the By-laws or registration in the Public Registry of Property and Commerce. However, resolutions of the shareholders regarding such changes in the capital stock must be registered before a Notary Public. No new shares may be issued unless the existing shares are fully subscribed and paid in.

Since our incorporation, there have been some events that have modified our capital stock, on the one hand, the first and significant capital increase agreed by the Extraordinary Shareholders' Meeting on July 20th, 2007, and, later, capital increases were agreed by Ordinary General Shareholders' Meetings on April 28th, 2010 and April 13th, 2015. Subsequently, a capital increase was agreed upon on April 19th, 2022, by the Extraordinary General Shareholders' Meeting. The last increase resulted in our current capital stock, which was not modified after the adoption of the modality of Public Stock Company. We do not currently hold open positions in risk management products able to be liquidated in kind, whose underlying assets are shares representing our capital stock or ordinary participation certificates.

In the event of an increase in our capital stock, whether in the fixed or variable part, the shareholders have a preemptive right to subscribe the shares, which is limited in the following terms: "This right will not be applicable due to the merger of the Company, in the conversion of obligations, in the reassignment of proprietary shares under the terms of Article 56 (fifty-six) of the LMV and the By-laws and for the public offering of shares under the terms of Article 53 (fifty-three) of the LMV.

The period to exercise the preemptive right will be determined by the Shareholders' Meeting approving the increase in the respective capital, provided that the period cannot be less than 15 (fifteen) calendar days following the publication in the DOF and in a newspaper of ample circulation in Mexico City. Pursuant to the applicable legislation, the preemptive right cannot be waived in advance, nor be subject to assignment or represented by an instrument that may be negotiable separately from the respective share title.

The shares representing the capital stock may be reimbursed. Monex may amortize shares with distributable profits without reducing the capital stock, observing the provisions of clause ninth of our by-laws.

Variable capital

Pursuant to Article 50 of the LMV and our By-laws, shares representing the variable portion of the capital stock will not grant our shareholders the right to withdrawal referred to in Article 220 of the LGSM.

Cancellation of Registration at RNV

The Extraordinary General Shareholders' Meeting of Monex, held on August 23, 2022, by means of unanimous vote of all the shares represented at the Meeting, which are equivalent to 98.48% (ninety-eight point forty-eight percent) of the capital stock with voting rights, resolved and approved:

(i) to request the CNBV to cancel the registration of shares representing the capital stock of Monex in the RNV, in terms of section II of article 108 and other applicable articles of the Securities Market Law, and articles 15, 16 and other applicable of the General Provisions Applicable to the Issuers of Securities and other Parties Involved in the Stock Market.

(ii) (a) that with prior authorization of the CNBV and in accordance with the provisions of articles 108 and other applicable articles of the Securities Market Law, Monex carries out a public offer addressed exclusively to shareholders non-members of the group of persons that control Monex on the initial date of the offer, to acquire up to all the shares owned by said investors.

(b) elaboration, presentation, and processing of all the requests, authorizations and permits required to carry out the Offer, performing the necessary acts and procedures before CNBV, BMV, Indeval, and other entities and participants in the stock market whose participation is necessary, and

(c) that the Company prepares, signs and/or enters into the requests, agreements, certifications, brochures, notices and other documents that are necessary and convenient for the implementation and consummation of the Offer.

Pursuant to the applicable regulations and our By-laws, if we were unable to purchase all shares held by minority shareholders on the occasion of the public offering, we must establish a trust and contribute to it the amount necessary to buy, at the same price offered in the public offer, all the shares that were not bought during the offer. The referred-to trust must remain in force for at least six months.

In any case, the cancellation of the registration of the shares in the RNV and the fulfillment of the relevant public offer will be subject to the provisions in the LMV and our By-laws.

Registration and Transfer

Shareholders may hold their shares either directly, in the form of securities, or indirectly, in the form of book entry through brokerage houses, banks, other financial entities or entities approved by the CNBV that have accounts in the Indeval or participate therein.

Indeval will issue registration certificates on behalf of any shareholder who requests it. The Issuer maintains a Register of Shareholders and only those persons registered in that Registry, those who hold the certificates issued in their name as direct shareholders or through any participant of Indeval, will be recognized by us as shareholders. The transfer of shares deposited in Indeval must be registered in the form of book entries, according to the LMV.

Shareholders' Meeting and Voting Rights

The Shareholders' Meetings may be ordinary or extraordinary. At every Meeting, each one of the shareholders has the right to grant one vote for each share. Shareholders may vote through power forms drawn up by the Issuer and make it available to them in terms of the provisions of Article 49 of the LMV.

Extraordinary General Meetings are those convened to resolve on the matters stipulated in Article 182 of the LGSM and consider: the extension of the duration of the Issuer or its early voluntary dissolution; the increase or decrease in the fixed portion of the capital stock; changes in corporate purpose or nationality; merger or transformation into another type of company; issuance of preferential shares; amendments to the By-laws; spin-off; the reimbursement of shares with retained earnings and the voluntary cancellation of the registration of shares in the RNV or at any other stock exchange (except for automated trading systems).

The Ordinary General Meetings are those convened to discuss any of the matters provided for in Article 181 of the LGSM, Article 47 of the LMV and any other that is not reserved for the Extraordinary General Meetings. The Ordinary General Meetings must be held at least once a year during the first four months following the end of each fiscal year in order to: discuss and approve the annual reports of the Members of the Board and the Audit and Corporate Practices Committee; discuss and approve, if applicable, the distribution of profits of the previous year; appoint the members of the Board of Directors, the Audit and Corporate Practices Committee and any other Special Committee created by the shareholders of Monex, as well as to determine the corresponding compensation; determine the maximum amount of resources earmarked for the repurchase of shares, among other matters.

In order to be able to participate in a General Meeting, the shareholders must be registered in the Register of Shareholders or provide evidence regarding the ownership of those shares. The quorum for Ordinary Shareholders' Meetings is at least 50% of the capital stock, and resolutions may be adopted by the majority of the shares present. If a quorum is not observed, a subsequent Meeting may be convened in which resolutions may be adopted by the majority of the shares present, regardless of the number of shares represented therein.

The quorum for Extraordinary Shareholders' Meetings is at least 75% of the capital stock, but if a quorum is not present a subsequent Meeting may be convened. The quorum for the subsequent meeting is at least 50% of the capital stock. Resolutions at an Extraordinary Meeting may be adopted by a vote of at least 50% of the capital stock, including any Extraordinary Meeting convened to continue with a Meeting previously postponed for lack of a quorum.

The Shareholders' Meetings may be convened by: the Board of Directors; the Chairman of the Board of Directors; the Committees that fulfill the Corporate Practices and Audit functions; 25% (twenty five percent) of the Directors of the Company; the Secretary of the Board of Directors; the legal authority, if shareholders owning voting shares, even in limited or restricted form, representing at least 10% (ten per cent) of the capital stock, have requested the Board of Directors to convene a Meeting and, after having made the corresponding request to the Board of Directors to hold the Meeting, the Board of Directors does not comply with the shareholders' request; if no Ordinary Shareholders' Meeting has been held for two consecutive years; or if no Meeting during that period has resolved those matters that must be decided at the Ordinary Shareholders' Meeting, in accordance with the LGSM.

The announcement for the Meetings will be made through the publication of a notice in one of the newspapers of greater circulation in Mexico City, always with an anticipation of at least 15 (fifteen) calendar days to the date appointed for the Meeting. The announcement must contain the Agenda, i.e. the list of matters that must be dealt with on the Meeting, as well as the date, place and time, in which it shall take place, and must be signed by the person or persons who call it, meaning that if done by the Board of Directors, the name of the Secretary of the Board or of the delegate designated by the Board of Directors shall suffice. As soon as the convocation for a certain Shareholders' Meeting is published, the information and available documents related to each of the established points in the agenda must be at the shareholders' disposal at our offices, immediately and free of charge.

In order to be admitted to a Meeting, shareholders must obtain their admission card in terms of our By-laws and the provisions of the LMV. A shareholder may be represented by a power of attorney granted in the special format as provided for in Article 49 of the LMV. The Minutes of the Shareholders' Meetings must be signed by the Chairman and the Secretary of the Meeting and must be transcribed in the relevant Minutes Book of Meetings or, if this is not possible, the Minutes must be notarized. Resolutions adopted at Extraordinary Shareholders' Meetings must be registered before a notary public and before the Public Registry of Commerce.

Dividends and Liquidation

Prior to the distribution of dividends, 5% of our net profits must be allocated to the legal reserve fund until such fund amounts to 20% of our capital stock. Additional amounts may be allocated to form other reserve funds, as determined by the shareholders, including amounts that the shareholders allocate to the repurchase of shares. The remaining balance, if any, may be distributed as dividends. Dividends corresponding to shares of which they are not holders will be payable through Indeval against the delivery of the corresponding coupons, if any. Dividends can only be distributed if the losses of the previous fiscal years have been amortized.

Some of our subsidiaries may be subject to restrictions that limit them in their capacity to distribute dividends. For example, in accordance with the LMV, Monex Casa de Bolsa cannot pay the dividends until their financial statements have been approved by the CNBV, otherwise Monex may be liable for reimbursement of the amounts that have been paid.

Upon dissolution, one or more liquidators shall be appointed by the Extraordinary Shareholders’ Meeting convened to deal with dissolution matters. All subscribed and paid-in shares will have the right to participate proportionately in any distribution after liquidation.

Purchase of Shares by our Subsidiaries

According to our By-laws, legal entities controlled by the Issuer may not directly or indirectly acquire shares representative of our capital stock or securities representing such shares, except for the acquisitions achieved through investment companies and those that may be carried out by any of its Subsidiaries when acting solely and exclusively, and being legally qualified for it, with the character of fiduciary of the trusts referred to in article 57 of the LMV.

Other provisions

Duration

In accordance with our By-laws, the duration of the company is perpetual.

Right of Separation and Rights of Protection to Minorities

If shareholders approve any change in corporate purpose, nationality or type of company, any shareholder who has voted against such amendment shall have the right to separate from the company and receive the book value of their shares, as included in the last statement of income approved by the shareholders, provided that the request has been made within 15 (fifteen) days following the date of postponement of the meeting at which that decision was approved.

Based on the LMV, the By-laws include a series of protections for minority shareholders. These protections include provisions to allow: holders of at least 10% of the subscribed and paid-in shares to convene Shareholders’ Meetings in which they are entitled to vote; holders of at least 15% of the subscribed and paid shares to initiate a civil liability action against Monex Directors and members of the Audit Committee; holders of at least 10% of the shares entitled to vote and represented at a Shareholders' Meeting, to request that those matters that have not been duly informed are postponed; and holders of at least 20% of the shares to legally oppose any resolution adopted by the Shareholders’ Meetings, also subject to various conditions.

Under the LMV, Monex is also subject to different corporate governance requirements, including maintaining one or more Committees that perform activities in matters of Auditing and Corporate Practices, exclusively composed of independent Directors, besides of an External Auditor.

Actions against the Chief Executive Officers and members of the Board of Directors

Procedures against any Director or any member of our Committees may be initiated as a result of resolutions adopted at Ordinary Shareholders' Meetings. If the shareholders decide to initiate such processes, any person against whom it starts immediately ceases the exercise of their commission. In addition, shareholders representing at least 15% of our shares may initiate civil actions directly against any Director or Committee member, provided that (i) the claimant shareholders have not voted against the exercise of that action against a Director, or a member of the respective Committee and (ii) the demand comprises the total amount of the liabilities in favor of Monex the company and not only the personal interest of the promoters. Any proceeds from such action that are recovered will be for our benefit and not for the direct benefit of the shareholder who initiated the proceeding.

Conflicts of interest

Any shareholder who votes on matters in which they have a conflict of interest may be liable for losses or damages caused to Monex, provided that such procedure could not have been approved without the vote of that shareholder. In addition, any member of the Board of Directors or member of our Audit Committee who has any conflict of interest must make it publicly known and refrain from deliberating or voting in relation to that matter. Non-compliance by a member of the Board of Directors or member of the Audit Committee with these obligations may result in that Director being liable for any damages or losses that may arise. Pursuant to the LMV, the Audit Committee must express an opinion on transactions with related parties and such transactions must be authorized by the Board of Directors.

Opposition to resolutions adopted by Shareholders

Shareholders holding 20% of the shares representing the capital stock have the right to legally oppose any resolution adopted by the shareholders, provided that the conditions set forth in article 51 of the LMV and article 201 of the LGSM are satisfied.

Regulation on Foreign Investment

Foreign investment in the capital stock of Mexican companies is governed by the Ley de Inversión Extranjera and its Regulations. The Comisión Nacional de Inversión Extranjera and the Registro Nacional de Inversiones Extranjeras are the entities in charge of applying the Ley de Inversión Extranjera and its Regulation. In general, the Ley de Inversión Extranjera allows foreign entities to acquire up to 100% of the capital stock of Mexican companies, except for those that are dedicated to certain restricted areas or industries.

Loss of Shareholder Quality

As required by applicable law, our By-laws provide that after having acquired shares, foreign investors are obliged to (i) be considered as Mexican with respect to the shares they hold, as well as any property, rights, concessions, contributions or interests of Monex or the rights and obligations deriving from the contracts entered with the Federal Government, and (ii) not invoke the protection of their government. If a shareholder invokes the protection of their government in violation of this obligation, their shares will become part of the assets of the Federal Government of Mexico.

Information to Shareholders

The LGSM stipulates that companies, through their Board of Directors, must submit annually a report to their Shareholders at a Meeting that includes:

- A report by the Directors on the progress of the Issuer during the previous fiscal year, as well as on the policies followed by the Directors.
- A report explaining the main accounting and information policies and criteria followed for the compilation of financial information; a statement showing the financial situation of the Issuer at the end of the fiscal year; and a statement showing the results of the company's operations during the preceding fiscal year, as well as changes in the financial position of the Issuer and in the items that compose the Company's equity during the previous fiscal year.
- The necessary notes to complete or clarify the financial information mentioned above and a report compiled by the legal entity providing the external audit services, regarding the veracity, sufficiency and reasonableness of the information submitted by the Board of Directors.

Additionally, the LGSM requires the information referred to the matters to be discussed at the Shareholders' Meetings to be available to them from the date on which the convocation to the Meeting is published.

Major Shareholders

Members of the Lagos family who are shareholders of Monex do not have agreements of any kind to make decisions in the same sense. Therefore, they do not constitute a group of persons in the terms of the LMV.

The Chairman of the Board currently owns 56.69078% of the shareholders' equity. There are two persons who bear a relation of kinship with the Chairman of the Board, whose shareholding is 20.65087% each. No relevant director has more than 1% of our capital stock. In Ordinary and Extraordinary Shareholders' Meetings held on April 28th, 2010, it was agreed, among others, the establishment of a plan or fund in terms of the regulations of Articles 366 and 367 of the LMV.

XIII. Dividends

In the last three fiscal years, we have decreed dividends for the amounts described below:

Date	Dividend per Share (MXN)
April 19, 2022	2.006486282212240
April 8, 2022	0.573281157333580
April 16, 2021	0.131765708417870
April 29, 2020	0.131380657653472

The dividend payments will be approved, after analysis and presentation, through the Board of Directors. The payments of dividends decreed by us shall be carried out on the business days and places determined by the Ordinary Shareholders' Meeting or by the Board of Directors, if so authorized by the Shareholders' Meeting, and shall be communicated through a notice published in at least one newspaper of wide circulation of the registered office. Dividends not collected within a period of five (5) years from the date they are due shall be deemed waived and prescribed in favor of Monex. If the payment of dividends is determined in the future, the decree and payment of dividends to our shareholders will be subject to the approval thereof by a Shareholders' Meeting of Monex.

The Ordinary Annual Shareholders' Meeting of Monex, held on April 29, 2020, resolved to decree the payment of a dividend to the shareholders in the amount of $70 million MXN. Likewise, it was resolved the indicated dividend to be paid in cash in a single installment, in proportion to the shareholding and through Indeval.

The Ordinary Annual Shareholders' Meeting of Monex, held on April 16, 2021, resolved to decree the payment of a dividend to the shareholders in the amount of $70 million MXN. Likewise, it was resolved the indicated dividend to be paid in cash in a single installment, in proportion to the shareholding and through Indeval.

The Ordinary Annual Shareholders' Meeting of Monex, held on April 8, 2022, resolved to decree the payment of a dividend to the shareholders in the amount of $300 million MXN. Likewise, it was resolved the indicated dividend to be paid in cash in a single installment, in proportion to the shareholding and through Indeval.

The Ordinary Annual Shareholders' Meeting of Monex, held on April 19, 2022, resolved to decree the payment of a dividend to the shareholders in the amount of $1,050 million MXN. Likewise, it was resolved the indicated dividend to be paid in cash in a single installment, in proportion to the shareholding and through Indeval.

We have no established dividend policy, however, in case dividends are declared, a maximum of one third of the net income from the previous financial year may be distributed.

MONEX

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2022 Annual Report

Chapter 3

Financial Information

a) Selected Financial Information

Concept	2022	2021	2020
Total operating revenues*	11,808*	9,030**	7,980**
Income before income taxes	3,901	2,184	1,252
Net income	2,909	1,660	876
Earnings per share	4.67	3.16	1.65
Depreciation of furniture and equipment and Amortization of intangible assets	837	499	473
Total assets	217,219	183,826	151,984
Total Stockholders' Equity	14,495	12,433	10,820
Cash dividends per share	2.58	0.13	0.13

Figures in millions of MXN, except for: Earnings per share and cash dividends per share, which are in MXN.
* Total operating revenues in 2022 are calculated with the following accounts: Financial margin adjusted for allowance for loan losses + Commission and fee income – Commission and fee expense + Financial intermediation income, net + Other operating income, net.
** Total operating revenues in 2021 and 2020 are calculated with the following accounts: Financial margin – Allowance for loan losses + Commission and fee income – Commission and fee expense + Gain/losses on financial assets and liabilities (Financial intermediation income) + Results from operating leases + Participation in the result of unconsolidated subsidiaries and associates + Services income + Other operating (expense) income.

This chapter contains consolidated financial information for each of the indicated periods. The financial information presented below is denominated in millions of pesos, unless otherwise indicated. This information must be read jointly with our Financial Statements, its notes and the information provided in the "Comments and Analysis of Management on Financial Condition and Operation Results" section hereof.

The information in the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in stockholders' equity, and the consolidated statement of cash flow for the year ended on December 31, 2022, has been obtained from the Audited Financial Statements included in Chapter 6 "Annexes" herein.

The information in the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in stockholders' equity, and the consolidated statements of cash flows for the years ended on December 31, 2021 and 2020, has been obtained from the Audited Financial Statements for the years ended December 31, 2021, 2020 and 2019, included in Chapter 6 "Annexes" herein.

Factors significantly affecting the comparability of the data presented in the table of Selected Financial Information

Accounting changes

Accounting criteria issued by the Commission: modification to the accounting criteria

Amendments to the General Provisions applicable to holding companies of financial groups, including those related to the determination of credit reserves and accounting.

On December 4, 2020, the DOF published the amending resolution to the General Provisions applicable to Holding Companies of Financial Groups, which show the changes presented below:

Series A. Criteria related to the general structure of accounting for credit institutions		
A-1 Basic outline of the set of accounting criteria applicable to credit institutions	A-1 Basic outline of the set of accounting criteria applicable to credit institutions	No changes.
A-2 Application of particular rules	A-2 Application of particular rules	The following FRS issued by the CINIF are added as applicable, establishing distinctive features in some of them: FRS B-5 "Financial information by segments". The impact is not material. FRS B-11 "Disposal of long-lived assets and discontinued operations". The impact is not material. FRS B-12 "Offsetting financial assets and financial liabilities". The impact is not material. FRS B-17 "Determination of fair value". Impact on the valuation of instruments that are not valued by a price provider. The impact is not material. FRS C-2 "Investment in financial instruments". Impact on the presentation given the classification of investments in financial instruments according to the business model and the valuation based on said model. FRS C-9 "Provisions, contingencies and commitments". The impact is not material. FRS C-10 "Derivative financial instruments and hedging relationships". The impact is not material. FRS C-12 "Financial instruments with liability and equity characteristics". The impact is not material. FRS C-13 "Related parties". The impact is not material. FRS C-14 "Transfer and derecognition of financial assets". The impact is not material. FRS C-16 "Impairment of financial instruments receivable". It has an impact on the determination of impairment of financial instruments receivable, principal and interest, according to risk stages 1 to 3. FRS C-19 "Financial instruments payable". Application to deposits, interbank loans and other organizations is considered. FRS C-20 "Financial instruments to collect principal and interest". Impact on the valuation of the instruments that are considered under this business model and that previously applied a different valuation at amortized cost. FRS D-1 "Income from contracts with customers". The impact is not material. FRS D-2 "Costs for contracts with customers". The impact is not material. FRS D-5 "Leases". Impact on leases where Monex, S.A.P.I. is the lessee since it recognizes the right-of-use asset for the leased assets and recognizes the liability. In profit or loss, the right-of-use asset is depreciated based on the useful life, while the liability generates interest at the effective interest rate of the lease or the market and is settled as paid.
A-3 Application of general rules	A-3 Application of general rules	No changes.
A-4 Supplementary application to the accounting criteria	A-4 Supplementary application to the accounting criteria	No changes.

Series B. Criteria related to the items that make up the financial statements		
B-1 Availabilities	B-1 Cash and cash equivalents	The name of the item and the accounting criteria are changed. The definition of Investments available on demand is added, considering a maturity period of 48 hours from acquisition.
B-2 Investments in securities	B-2 Repealed	It is repealed, but the new accounting criteria A-2 establishes the application of FRS C-2 "Investment in financial instruments", FRS C-20 "Financial instruments to collect principal and interest" and FRS C-16 "Impairment of financial instruments receivable". The classification of financial instruments based on the intention of management is eliminated and a new classification of financial instruments is established according to the business model applied by Monex, S.A.P.I., which can be for trading purposes, to collect principal and interest, or to collect and sell.
B-3 Repurchase/resale agreements	B-3 Repurchase/resale agreements	The obligation to offset the collateral given in cash recorded as a liability against repo debtors is eliminated when the instruments have been given as collateral in another repo transaction.
B-4 Securities lending	B-4 Securities lending	The definition of amortized cost is modified.
B-5 Derivatives and hedging transactions	B-5 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-10 "Derivative financial instruments and hedging relationships".
B-6 Loan portfolio	B-6 Loan portfolio	The accounting criterion is substantially modified: It is established that the loan portfolio is evaluated according to the business model. Established as business models: to collect principal and interest, to collect and sell, for trading purposes. The classification of the current portfolio is eliminated and a classification by risk stage is established as stage 1, stage 2, and stage 3. The manner in which the credit-related commissions received and transactions costs are amortized is modified. The methodology for determining the effective interest rate for the valuation of the loan portfolio based on the applicable business model is incorporated.
B-7 Foreclosed assets	B-7 Foreclosed assets	The value of the initial recognition of the foreclosed assets is modified, which will depend on Monex, S.A.P.I.'s intended use for these assets. The impact is immaterial.
B-9 Custody and management of assets	B-9 Custody and management of assets	Virtual assets are added as goods that are subject to custody and management. The impact is immaterial.
B-10 Trusts	B-10 Trusts	No changes.

Series C. Criteria applicable to specific items		
C-1 Recognition and derecognition of financial assets	C-1 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-14 "Transfer and derecognition of financial assets". The impact is immaterial.
C-2 Securitization operations	C-2 Securitization operations	No changes.
C-3 Related parties	C-3 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-13 "Related parties". The impact is immaterial.
C-4 Information by segments	C-4 Repealed	It is repealed, but new accounting criterion A-2 establishes the application of FRS B-5 "Financial information by segments", establishing at least the operating segments that were already defined in previous accounting criterion C-4. The impact is immaterial.

Series D. Criteria related to the basic financial statements		
D-1 Balance sheet	D-1 Statement of financial position	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-2 Income statement	D-2 Statement of comprehensive income	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-3 Statement of changes in stockholders' equity	D-3 Statement of changes in stockholders' equity	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-4 Statement of cash flows	D-4 Statement of cash flows	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.

Effective FRS issued by the CINIF in the year 2022

On December 27, 2017, the Commission announced, through the DOF, in the Fourth Transitory article of the 105th amending resolution, the incorporation of the new FRS issued by the CINIF within accounting criterion A-2 "Application of Specific Standards" contained in Appendix 33 of the Provisions, which established January 1, 2019 as the application and effective date of the FRS mentioned for credit institutions. However, on November 4, 2019, the Commission announced, through the DOF, the reform to the aforementioned transitory article that established January 1, 2021 as application and effective date. However, through a subsequent amendment to said article published in the DOF on December 4, 2020 and the publication of December 30, 2021, January 1, 2022 was established as application and effective date of said FRS. The FRS that are incorporated into accounting criteria A-2 of the aforementioned amending resolution are the following:

- *FRS B-17 "Fair value determination"* – This FRS defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is mentioned that the fair value is a determination based on the market and not on a specific value of an asset or a liability for Monex, S.A.P.I. and that, when determining the fair value, the entity must use assumptions that market participants would use when set the price of an asset or a liability under current market conditions at a given date, including assumptions about risk. As a result, the entity's intention to hold an asset or settle, or otherwise satisfy a liability, is not relevant in determining fair value.

- *FRS C-3 "Accounts receivable"* – The main characteristics issued for this FRS are shown below:

    - Renders Bulletin C-3 "Accounts Receivable" ineffective.

    - Specifies that contract-based accounts receivable represent a financial instrument, while some of the other accounts receivable generated by a legal or tax provision, may have certain characteristics of a financial instrument, such as earning interest, but they are not themselves financial instruments.

    - It establishes that the allowance for irrecoverableness for commercial accounts receivable is recognized from the moment the income is accrued, based on the expected credit losses.

    - It establishes that, from initial recognition, the time value of money must be considered, therefore, if the effect of the present value of the account receivable is important based on the term, it must be adjusted based on such present value. The effect of the present value is material when payment of the account receivable is agreed, totally or partially, for a term greater than one year, since this gives rise to a financing operation.

- *FRS C-9 "Provisions, contingencies and commitments"* **–** FRS C-9 renders Bulletin C-9 "Liabilities, provisions, assets and contingent liabilities and commitments" not effective, the scope is reduced by relocating the topic related to the accounting treatment of financial liabilities in FRS C-19 "Financial instruments payable" and the definition of liability is modified by eliminating the term "virtually unavoidable" and including the term "probable".

- *FRS C-16 "Impairment of financial instruments receivable"* **–** FRS C-16 indicates that, to determine the recognition of the expected loss, the historical experience of the entity with credit losses, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows to be recovered from the FIR should be considered.

It also indicates that the expected loss should be recognized when, after the credit risk increased, it is concluded that a portion of the future cash flows of the FIR will not be recovered.

- *FRS C-19 "Financial instruments payable"* **–**The main characteristics issued for this FRS are shown below:

    - The possibility of valuing certain financial liabilities at fair value after initial recognition is established, when certain conditions are met.

    - Value long-term liabilities at present value upon initial recognition.

    - When restructuring a liability, without substantially modifying the future cash flows to settle it, the costs and commissions incurred in this process will affect the amount of the liability and will be amortized at a modified effective interest rate, instead of directly affecting the net profit or loss.

    - It incorporates the provisions of IFRIC 19 "Extinction of Financial Liabilities with Equity Instruments", a topic that was not included in the existing regulations.

    - The effect of extinguishing a financial liability must be presented as a financial profit or loss in the consolidated statement of comprehensive income.

    - It introduces the concepts of amortized cost to value financial liabilities and the effective interest method, based on the effective interest rate.

- *FRS C-20 "Financial instruments to collect principal and interest"* **–** The main characteristics issued for this FRS are shown below:

    - The way of classifying financial instruments in assets is modified, since the concept of intention to acquire and hold them to determine classification is discarded, instead the concept of management business model is adopted.

    - In this classification, financial instruments whose objective is to collect the contractual cash flows and obtain a profit for the contractual interest that they generate, having a loan characteristic, are grouped.

    - They include both financial instruments generated by sales of goods or services, financial leases or loans, as well as those acquired in the market.

- *FRS D-1 "Revenue from contracts with customers"* – The main characteristics issued for this FRS are shown below:

    - The transfer of control, basis for the timing of revenue recognition
    - The identification of the obligations to be fulfilled in a contract.
    - The allocation of the transaction price among the obligations to be fulfilled based on the independent sales prices.
    - The introduction of conditional account receivable.
    - Recognition of collection rights
    - Income valuation

- *FRS D-2 "Costs for contracts with customers"* – The main change in this standard is the separation of the regulations relating to the recognition of income from contracts with clients from the regulations corresponding to the recognition of costs for contracts with clients.

- *FRS D-5 "Leases"* – FRS D-5 renders Bulletin D-5 "Leases" not effective and the main aspects covered by this FRS are the following:

    - A single lease recognition model is introduced by the lessee and requires the lessee to recognize the assets and liabilities of all leases with a term of more than 12 months unless the underlying asset is of low value.

    - The classification of leases as operating or financial (capital) for a lessee is eliminated, and the lessee recognizes a lease liability at present value that represents an obligation to make the lease payments and an asset for the right of use for the same amount, which represents the right to use the underlying leased asset.

    - The operating straight-line lease expense is replaced with an expense for depreciation or amortization of the right-of-use assets (in operating expenses) and an interest expense on lease liabilities (in the comprehensive financing result).

    - The recognition of gain or loss when a seller-lessee transfers an asset to another entity and leases that asset back, is modified.

    - The presentation of cash flows related to previous operating leases is modified. Cash outflows from operating activities are reduced, with an increase in cash outflows from financing activities.

    - The recognition of leases by the lessee changes significantly, however, the accounting recognition by the lessor is unchanged from the previous Bulletin D-5.

Financial reporting standards issued by the CINIF: Improvements to FRS 2022

In December 2021, the CINIF issued a document named "Improvements to FRS 2022", which contains specific modifications to some existing FRS. The main improvements that generate accounting changes with retrospective effects are the following:

FRS D-3 "Employee benefits" – FRS D-3 establishes the bases for recognizing uncertain tax treatments in current and deferred EPSP, as well as disclosure requirements in this regard. This improvement is effective for the period starting January 1, 2022, although early application for the year 2021 is allowed. Accounting changes that arise must be recognized retrospectively or partially retrospectively. The changes derived from this adoption in the financial statements as of December 31, 2021, and in the statement of financial position as of January 1, 2022 did not generate any significant accounting effect.

FRS D-4 "Income Taxes" – FRS D-4 establishes the bases for recognizing uncertain tax treatments in current and deferred income taxes, as well as the disclosure requirements in this regard. Likewise, it includes rules for the recognition of income taxes generated by dividends paid. These improvements are effective for periods starting Januar 1, 2022, although early application for the year 2021 is allowed. Accounting changes that arise must be recognized retrospectively or partially retrospectively. The changes derived from this adoption in the financial statements as of December 31, 2021, and in the statement of financial position as of January 1, 2022 did not generate any significant accounting effect.

Uncertain factors or occurrences that may cause that the presented information is not indicative of the future performance of the Issuer

See Chapter 1. "General Information" – "Risk Factors".

Significant Events in 2022, 2021 and 2020

In order to compare the selected financial information included in this chapter, there is a summary below of the significant events for the years ended on December 31, 2022, 2021 and 2020.

Change in ownership of subsidiary

Monex informs to have acquired on February 25, 2022, the remaining part of the shares of its direct subsidiary Arrendadora Monex, S.A. de C.V., in which Monex had a majority stake since June 2018. Arrendadora Monex offers a pure leasing service of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories, and other goods.

Cancellation of registration of Monex, S.A.B.'s shares in the RNV

On August 23, 2022, the Extraordinary Shareholders' Meeting of Monex, S.A.B. de C.V., resolved to request the Commission to cancel the registration of shares representing the capital stock of Monex, S.A.B. in the RNV, to request the Mexican Stock Exchange to cancel the listing of said shares and, with prior authorization of the Commission, to carry out a public offer to acquire up to all the shares owned by the shareholders non-members of the group of persons that control Monex, S.A.B. as of the initial date of the offer.

Close of business exchange rate

On December 14, 2021, through the DOF, the CONSAR issued amendments to the General Provisions on the Accounting Registry, Elaboration and Presentation of Financial Statements Applicable to Participants in the Pension Systems in order to establish that, as of that date, the exchange rate that Administrators must use to establish the equivalence of the Mexican peso to the US Dollar, shall be the close of business exchange rate of the day on the date of transaction or elaboration of the financial statements instead of the FIX exchange rate, as used to that date. The close of business exchange rate of the day on December 31, 2021 per US Dollar amounted to $20.5075 MXN; likewise, the FIX exchange rate at the end of 2021 amounted to $20.4672 MXN, so the management of Monex considers that there is not a significant impact on the financial information derived from this amendment.

Portfolio Reserve

During 2020, Banco Monex generated a charge in results of $911 million MXN of credit reserves; this amount is 224% higher than the $281 million MXN recorded in this concept in 2019. $500 million MXN of the total credit reserves generated in 2020 correspond to general additional reserves not directly related to the qualification of the portfolio, which were notified to the Commission.

During 2021, Banco Monex did not generate additional reserves or carry out the release of reserves. The Bank generated a charge in results of $235 million MXN of credit reserves and reported $987 million MXN in the allowance for loan losses.

Bitso

Monex, S.A.B. made two investments in Bitso, of $250,000 USD in May 2016 and $150,000 USD in October 2019. During July 2021, Monex, S.A.B. sold 57% of its shareholding in Bitso for $13 million USD. This operation generated revenues for $256 million MXN and an income of $178 million MXN.

Decree of dividends

On April 26, 2021, a dividend of $70 million MXN was paid to shareholders. The dividend comes from fiscal years prior to 2020, following the recommendation of the Commission.

Issuances of bonds

On May 27, 2021, Banco Monex received authorization from the CNBV to establish a revolving program of long-term bank bonds for a total amount of up to $8,000 million MXN, or its equivalent in UDIs or in any other currency.

On June 1, 2021, Monex, S.A.B. carried out the third public offering of bonds with ticker symbol "MONEX 21", by placing the total amount of $1,500 million MXN on the market at a rate of TIIE28 + 150 bp for a term of 4 years, based on the long-term bonds program.

On June 17, 2021, Monex, S.A.B. carried out the total early voluntary amortization of the bonds with ticker symbol "MONEX 19" issued on June 20, 2019, for an amount of $1,500 million MXN.

Subsequent events

On August 23, 2022, the Extraordinary Shareholders' Meeting of Monex, S.A.B. de C.V., approved to request the Commission to cancel the registration of the shares representing the capital stock of Monex, S.A.B. de C.V., in the RNV, to request the BMV to cancel the listing of said shares and, with prior authorization of the Commission, to carry out a public offer to acquire up to all the shares owned by the shareholders non-members of the group of persons that control Monex, S.A.B., as of the initial date of the offer.

The Commission authorized the public acquisition offer on December 8, 2022. The offer began on December 9 of the same year and concluded on January 9, 2023. The 22,694,115 shares representing its capital stock participated in the offer and were accepted by Monex, S.A.B. By virtue of the foregoing, Monex, S.A.B., including affiliates, related parties, and the control group, would be directly or indirectly the owner of 98.75% of its capital stock.

By official letter number 153/4905/2023, dated March 1, 2023 (the "Cancellation Notice"), the CNBV resolved to cancel the registration of Monex's shares in the RNV. The Cancellation Notice was formally notified to the BMV and, consequently, the BMV proceeded to implement the administrative and operational processes to formalize the cancellation of the registration and listing of the shares in said stock exchange, which became effective as of March 6, 2023.

As of March 30, 2023, the name of Monex, S.A.B. de C.V. is changed to Monex, S.A.P.I. de C.V.

The Ordinary Shareholders' Meeting, held on January 9, 2023, agreed on the following movements in capital:

- To decree dividends to shareholders in the amount of $400 million MXN from the Bank to the Financial Group, charged to the "Retained Earnings" account.

- To decree dividends to shareholders in the amount of $150 million MXN from the Brokerage House to the Financial Group, charged to the "Retained Earnings" account.

- To decree dividends to shareholders in the amount of $550 million MXN from the Financial Group to Monex, S.A.B., charged to the "Retained Earnings" account.

Selected Financial Statements

Below, there are extracts of the Audited Financial Statements for the year ended on December 31, 2022, and the Independent Auditor's Report, and the Audited Financial Statements for the years ended on December 31, 2021, 2020 and 2019. The Audited Financial Statements as of December 31, 2022, and the Audited Financial Statements as of December 31, 2021, 2020 and 2019 are included in the Chapter 6. "Annexes" of this Annual Report.

Consolidated Statement of Comprehensive Income for the year ended on December 31, 2022

Concept	2022
Financial margin	**1,612**
Allowance for loan losses	(327)
Financial margin adjusted for allowance for loan losses	**1,285**
Commission and fee, net	793
Financial intermediation income, net ("Trading income")	9,510
Other operating income, net	220
Administrative and promotional expenses	(7,907)
Income before income taxes	**3,901**
Income tax	(992)
Net income	**2,909**
Other comprehensive income	5
Equity in other comprehensive income of other entities	(342)
Comprehensive income	**2,572**
Net income attributable to:	
Controlling interest	2,910
Non-controlling interest	(1)
Comprehensive income attributable to:	
Controlling interest	2,573
Non-controlling interest	(1)
Earnings per share	4.67

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN, except for earnings per share, which is expressed in MXN.

Consolidated Statements of Income for the years ended on December 31, 2021 and 2020

Concept	2021	2020
Trading income	**6,204**	**6,627**
Financial margin	**1,604**	**2,088**
Allowance for loan losses	(235)	(920)
Financial margin after allowance for loan losses	**7,573**	**7,795**
Commission and fee (net)	624	588
Results from operating leasing	118	28
Participation in the result of unconsolidated subsidiaries and associates	-	(1)
Total operating revenues	**8,315**	**8,410**
Services income	2	-
Other operating income (expense)	713	(430)
Administrative and promotional expenses	(6,846)	(6,728)
Income before income taxes	**2,184**	**1,252**
Current income taxes	(291)	(788)
Deferred income taxes (net)	(233)	412
	(524)	**(376)**
Controlling interest	1,654	878
Non-controlling interest	6	(2)
Net Income	**1,660**	**876**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Consolidated Statement of Financial Position as of December 31, 2022

Concept	2022
Assets	
Cash and cash equivalents	29,771
Margin accounts	1,157
Investment in financial instruments and Debtors in repurchase/resale agreements	125,536
Derivative financial instruments	8,719
Loan portfolio, net	28,982
Other accounts receivable, net	17,480
Furniture and equipment, net and Assets for rights of use	589
Deferred taxes, net	1,005
Other assets*	3,980
Total Assets	**217,219**
Liabilities	
Deposits	51,522
Bonds	1,507
Banks and other borrowings	4,707
Creditors on repurchase/resell agreements	112,551
Sold/pledged collateral	577
Derivative financial instruments	7,396
Other Liabilities**	24,464
Total Pasivo	**202,724**
Stockholders' Equity	
Paid-in capital	3,818
Earned capital	10,665
Non-controlling interest	12
Total Stockholders' Equity	**14,495**
Total Liabilities + Equity	**217,219**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

* Other Assets is composed of the following accounts: Foreclosed assets, net; Prepayments and other assets, net; Permanent investments; Intangible assets, net; Assets for rights of use of intangible assets, net; and Goodwill.

** Other Liabilities is composed of the following accounts: Valuation adjustments of financial liabilities' hedging, Lease obligations, Other accounts payable, Income tax liability, Employee benefits, and Deferred credits and advanced payments received.

Consolidated Balance Sheets as of December 31, 2021 and 2020

Concept	2021	2020
Assets		
Funds available	21,188	14,579
Margin accounts	1,299	1,957
Investment in securities and repurchase agreements	93,006	70,746
Derivatives	3,947	6,492
Loan portfolio (net)	25,945	24,256
Other receivables (net)	32,259	28,160
Deferred taxes and PTU (asset)	1,188	1,557
Other assets	4,994	4,237
Total Assets	**183,826**	**151,984**
Liabilities		
Deposits	46,829	44,355
Bonds	1,504	1,500
Bank loans and other loans	1,734	557
Liabilities arising from sale and repurchase agreements	79,541	50,760
Collateral sold or pledged in guarantee	3,635	3,591
Derivatives	3,418	5,902
Other Liabilities	34,732	34,499
Total Liabilities	**171,393**	**141,164**
Stockholders' equity		
Contributed capital	2,818	2,818
Earned capital	9,568	7,965
Non-controlling interest	47	37
Total Stockholders' equity	**12,433**	**10,820**
Total Liabilities + Stockholders' equity	**183,826**	**151,984**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Loan Portfolio

The chart below shows the balance of the total loan portfolio itemized by credit risk stage at the end of 2022:

	Loan portfolio			
Date	Credit risk stage 1	Credit risk stage 2	Credit risk stage 3	Total Loan portfolio
Dec. 2022	29,389	295	473	30,157

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

The following chart shows the performance of the performing loan portfolio and the non-performing loan portfolio at the end of 2021 and 2020.

Date	Performing loan portfolio	Non-performing loan portfolio	Total	Increase
Dec. 2021	26,639	293	26,932	6.8%
Dec. 2020	24,735	494	25,229	5.8%

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

As of December 31, 2022, Monex, S.A.B. maintained the following credit risk operations, in compliance with the general risk diversification rules established for active and passive transactions by the Provisions, as follows:

- Monex, S.A.B. had 2 credits granted to debtors or groups of people with common risk, whose amount is $1,194 million MXN and represent 12% of the basic capital of the previous quarter.

- The total amount of the loans granted to our three main borrowers is $2,351 million MXN and represents 24% of the basic capital of the previous quarter of Monex, S.A.B.

Memorandum accounts

2022	
Transactions on behalf of third parties	Transactions for own account
735,565	385,970

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

Transactions on behalf of third parties	2021	2020
Total on behalf of third parties	585,355	449,555

Transactions for own account	2021	2020
Total for own accounts	368,170	375,586

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Dividends

In the last three financial years, we have declared dividends for the amounts described as follows:

Date	Dividend per Share (MXN)
April 19, 2022	2.006486282212240
April 8, 2022	0.573281157333580
April 16, 2021	0.131765708417870
April 29, 2020	0.131380657653472

Consolidation of financial statements

The consolidated financial statements as of December 31, 2022, and for the year ended on that date include the financial statements of Monex, S.A.P.I. de C.V. and those of its subsidiaries. The description of the main activity of its subsidiaries and the shareholding percentage are shown below:

Company	Shareholding percentage 2022	Main activity and location
Admimonex, S.A. de C.V.	99.99%	A direct subsidiary of Monex, S.A.P.I. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations, or companies, whether commercial, service or any other nature, both domestic and foreign, as well as participate in management or liquidation. Mexico City.
MNI Holding, S.A. de C.V.	99.99%	Direct subsidiary of Monex, S.A.P.I. as of November 2019. Holding company of Monex, Inc.; Monex Technology Solutions, Ltd.; and Monex Europe, Ltd. Mexico City.
Monex Grupo Financiero, S.A. de C.V.	99.99%	Direct subsidiary of Monex, S.A.P.I. It was incorporated on May 23, 2003, and is authorized by the SHCP to operate as a financial group in the manner and terms established by the Law Regulating Financial Groups. Due to legal provisions, the Financial Group is unlimitedly liable for the obligations and losses of each of the subsidiary companies. Mexico City.
Servicios Complementarios Monex, S.A. de C.V.	99.99%	A direct subsidiary of Monex, S.A.P.I. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations, or companies, whether commercial, service or any other nature, both domestic and foreign, as well as participate in management or liquidation. Mexico City.
Arrendadora Monex, S.A. de C.V.	99.99%	Direct subsidiary of Monex, S.A.P.I. whose main activity is to acquire, sell, lease, rent, sublet, use, enjoy, own, license, market, import, export, trade and have the use under any form or legal title, of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories, and other goods. Mexico City.

Functional and reporting currency

The consolidated financial statements are presented in Mexican pesos, which is the reporting, recording and functional currency. Most of the subsidiaries use the Mexican peso as functional currency.

The financial statements of the foreign subsidiaries were translated from the recording and functional currency into Mexican pesos, the reporting currency, prior to consolidation.

Comprehensive income presentation

In compliance with accounting criteria D-2 "Statement of comprehensive income" established by the Commission, Monex, S. A. B. presents the comprehensive income in a single statement that presents in a single report all the captions that make up the net income, increased or decreased by the Other Comprehensive Income (OCI) for the period, as well as the equity in OCI of other entities, and is called "Consolidated Statement of Comprehensive Income".

Trade-date recognition of financial assets and liabilities

The consolidated financial statements recognize the assets and liabilities from foreign exchange operations, investments in financial securities, securities lending and derivative financial instruments on the date the operation is finalized, regardless of the settlement date.

Principles of consolidation

The consolidated financial statements include the accounts of Monex, S. A. B. and those of the subsidiaries which it controls. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the financial statements of the subsidiaries as of December 31, 2022, which have been prepared, as appropriate, in accordance with the Accounting Criteria established by the Commission for those entities regulated thereby and in accordance with FRS, IFRS and US GAAP for other entities, as applicable. In those cases in which the subsidiaries and associates do not record operations in accordance with the Accounting Criteria established by the Commission, the most important standardizations were made in order to homogenize the financial information.

Translation of foreign currency financial statements

The financial statements of foreign operations are translated into the reporting currency by initially determining if the functional currency and the currency for recording the foreign operations are different and then translating the functional currency to the reporting currency, using the historical exchange rate and/or the exchange rate at year end, and the inflation index of the country of origin when the foreign operation is located in an inflationary economy.

Foreign currency operations

The accounting records are in Mexican pesos and in foreign currencies (mainly U.S. dollars), which, for purposes of presenting the consolidated financial statements, in the case of currencies other than the dollar, are translated from the respective currency to dollars, as established by the Commission, considering the closing exchange rate of the day, published by the Central Bank. Foreign exchange gains and losses are recorded in profit or loss of the year.

Related party transactions and balances

As of December 31, 2022, the amount of loans to related parties amounted to $1,259 million MXN.

As of December 31, 2021 and 2020, Monex, S.A.B. maintained loans with related parties for a total amount of $1,462 and $1,559 million MXN, respectively.

The 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.

Stockholders' equity

The capital stock of Monex at par value as of December 31, 2022, 2021 and 2020, was integrated as follows:

	Number of shares as of December 31		
Fixed capital:	**2022**	**2021**	**2020**
Series "A" shares	50,000	50,000	50,000
Variable capital:			
Series "B" shares	645,758,505	545,758,505	545,758,505
Total	**645,808,505**	**545,808,505**	**545,808,505**

Internally prepared with figures as of December 31, 2022, 2021 and 2020.

The Annual Ordinary Shareholders' Meeting, held on April 19, 2022, agreed on the following movements in capital:

- To transfer the balance from the book account "Net Income" to the book account "Retained Earnings".
- The payment of a dividend to shareholders was decreed for an amount of $1,050 million MXN, charged to the "Retained Earnings" account.
- The Shareholders' Meeting agreed to increase the variable part of the capital stock by $1,000 million MXN, represented by 100,000,000 Series "B" shares.

The Stockholders' equity of Monex as of December 31, 2022, comprises the following accounts:

Stockholders' equity	2022
Paid-in capital:	
Capital stock	3,055
Additional paid-in capital	763
	3,818
Earned capital:	
Capital reserves	496
Retained earnings	9,753
Other comprehensive income:	
Valuation of cash flow hedge instruments	13
Equity in other comprehensive income of other entities	403
	10,665
Controlling interest	14,483
Non-controlling interest	12
Total Stockholders' equity	**14,495**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

As of December 31, 2021 and 2020, the stockholders' equity was comprised of the following concepts:

Stockholders' Equity	2021	2020
Contributed capital:		
Capital stock	2,055	2,055
Additional paid-in capital	763	763
	2,818	2,818
Earned capital:		
Capital reserves	499	600
Retained earnings	6,662	5,863
Result from valuation of securities available for sale	(23)	(75)
Translation effects of foreign subsidiaries	938	862
Result from hedging instruments at fair value	8	(8)
Remeasurement of defined employee benefits	(170)	(155)
Net income	1,654	878
	9,568	7,965
Non-controlling interest	47	37
Total Stockholders' Equity	12,433	10,820

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

b) Financial information by Business Line, Geographic Location and Export Sales

See Section “Information on reportable operating segments” in page 183 hereof.

c) Relevant credit information

We hold loans with banks and other institutions, which consist of Supply Chain Financing (clusters), and NAFIN’s digital credit, as well as financing facilities for the agricultural, rural, and fishing sector of Mexico (FIRA by its acronym in Spanish). Likewise, we have “*Call money*” transactions and banking credit lines, which are mainly used for the short-term funding and banking leveling market.

No need has yet arisen to use external sources of liquidity to cover the margin requirements that may arise in both MexDer and CME operations. Financial counterparties are used to cover open positions with clients, who have credit facilities negotiated under various contracting conditions.

Transactions with clients are mostly agreed with an initial margin, which yields a spread of guarantees (collected - provided). Therefore, there are normally cash flow surpluses due to this concept. There are special cases and clients that have negotiated an initial margin of 0% with a maximum loss, which means that once the maximum loss amount is reached, we request contribution of guarantees.

It is important to mention, that the resources are obtained through the areas of the Treasury and the deposits of clients represent our main source of liquidity.

Demand deposits are our lowest-cost financing source compared to other alternatives. Our financing strategy is based on increasing low-cost financing sources through new banking products and commercial campaigns aimed at increasing the volume of deposits by our clients, as well as expanding our base of clients. As a result of our financing strategy, we achieved to increase our demand deposits from $31,713 million MXN in December 2021 to $36,083 million MXN in December 2022, which represents an annual increase of 14%.

To reduce our liquidity risk, we hold credit facilities on demand (call money) with certain financial institutions, as well as short-term and long-term financing. We have access to long-term financing through bank debt, issuance of securitization certificates, certificates of deposit, structured bonds, and promissory notes with yield payable at maturity (PRLV) in the local market.

As of December 31, 2022, Monex did not have any relevant credit to be disclosed as a debtor.

As of December 31, 2022, Banks and other borrowings are comprised of the following concepts:

	2022
Short term:	
Central Bank	3,862
Commercial banking institutions	106
Government banking institutions	703
Total short-term loans	**4,671**
Long term:	
Commercial banking institutions	36
Total long-term loans	**36**
Total:	
Central Bank	3,862
Commercial banking institutions	142
Government banking institutions	703
Total Banks and other borrowings	**4,707**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

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

	2021	2020
Bank demand loans:		
Operations of *Call Money* received	1,250	-
Total bank demand loans	**1,250**	**-**
Short-term:		
Agricultural trust funds (FIRA)	-	-
Clusters	375	369
Interbank loans	91	110
Total short-term loans	**466**	**479**
Long-term:		
Bank loans	18	78
Total long-term loans	**18**	**78**
Total bank loans and other loans	**1,734**	**557**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Loans with Development Bank Institutions – Loans are granted by Nacional Financiera, S.N.C. (NAFIN), which represent a direct obligation for Monex, S.A.P.I. with that entity. Accordingly, Monex, S.A.P.I. grants loans in Mexican pesos and U.S. Dollars to its clients for financial support.

Credit lines for discounts and loans, granted in Mexican pesos and U.S. Dollars by the development fund mentioned above, operate under the authorizations of the internal risk units of Monex, S.A.P.I. The financial conditions are set under fixed-rate 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.

- Operation cash flow and other liquidity sources are estimated to be enough to cover our liquidity needs for the following twelve months, including our investments budget.

- As part of our assets and liabilities management strategy, we constantly monitor our exposure to foreign currencies, with the purpose of minimizing the effect that exchange rate fluctuation might have on our results. Banco de México's regulations require us to keep open positions in foreign currency for an amount not higher than a specific level regarding to the basic capital (Tier 1), as well as a limit regarding the liabilities denominated in foreign currency with an adjusted maturity date. As of December 31, 2022, we complied with such regulatory requirements.

Monex has a credit line with Banco Monex, of which the Obligations to Do and Not to Do are as follows:

I. Obligations to Do:

   a. Financial Information. In case THE BANK requests from any of the CO-BORROWERS their quarterly financial statements within 45 (forty-five) days following the end of the corresponding quarter and the internal annual financial statements within 60 (sixty) days following the closing of the accounting period and the audited financial statements within 120 (one hundred and twenty) days after the closing of the accounting period, which must be completed and correct in all substantial aspects and must be compiled with sufficient and reasonable detail.

   b. Compliance with the Law: Authorizations. To comply with all applicable laws, rules, regulations, and legal dispositions.

   c. Compliance with obligations before third parties. To carry out and comply with all present and future obligations arising from any contract agreed with any third party.

   d. Reports and inspections. THE CO-BORROWERS are obliged to provide to THE BANK, upon request of the latter, all documents and information regarding the use and destination of the Credit. THE CO-BORROWERS agree and accept henceforth that THE BANK, through the intermediaries they instruct for the purpose, may carry out inspections of the company and request the data or documents strictly related to this operation, upon request made by THE BANK with five business days in advance.

   e. Core business; Operations: Existence. To fulfill its corporate purpose in a continuous and consistent manner, with sound commercial practices; to keep operating in accordance with its corporate purpose and core business; to obtain, maintain and carry out all required conservatory acts related to the authorizations, concessions, permits, licenses for which it currently or in the future is a holder, dealer, or authorized user necessary for the fulfillment of its corporate purpose.

   f. Taxes. To present all tax returns required to be submitted in any jurisdiction, in accordance with applicable legislation, and pay all taxes legally due to be paid pursuant to such tax returns and any other taxes, contributions, charges or duties imposed thereon or onto its properties, assets or income, on or prior to the date in which these taxes, contributions, charges or duties are payable in accordance with the applicable legislation.

g. Notifications. THE CO-BORROWERS undertake to notify THE BANK in writing, within the terms and conditions established in each case on the following:

    i. At the latest within 5 (five) calendar days following the occurrence of any act or event that constitutes or over the course of time may constitute a Cause of Maturity (specifying that it is a "Notification of Anticipated Maturity"); except for the causes of anticipated maturity related to non-compliance of any of the payment obligations to their respective position, which must be immediately notified.

    ii. At the latest within 5 (five) calendar days following any event of THE CO-BORROWER non-compliance or cause of failure under any contractual obligation agreed with any third party at that date.

    iii. At the latest within 3 (three) business days following the notification: (i) any claim, action, litigation, procedure, resource, or arbitration before any administrative or judicial authority, and arbitral entity, national or foreign; (ii) any labor dispute that affects or may affect the business, operations, or properties of THE CO-BORROWER; and (iii) any other liability or contingent responsibility with charge to THE CO-BORROWER.

    Each notification made under conditions of this section must be accompanied by a report issued by a responsible officer of any of THE CO-BORROWERS, establishing the details of the event referred to in the notification, and the measures that THE CO-BORROWER proposes to carry out as remedy.

h. Priority. To ensure that their obligations under the Credit and Promissory notes constitute at all times direct and non-subordinated obligations of THE CO-BORROWER, and that they have a priority of payment, at least at the same level of priority and preference with respect to the payment of any other obligations, present or future, direct non-guaranteed and non-subordinated of THE CO-BORROWER derivative from any liability to their respective charge.

i. Destination of Resources. To allocate the amount of the Credit solely for the purposes stipulated in the agreement.

j. Information. THE CO-BORROWERS undertake to provide THE BANK with any additional information in writing that they are required in terms duly indicated by THE BANK.

II. Obligations Not to Do:

a. To authorize any merge, consolidation, spin-off, liquidation, reorganization, or dissolution without previous notification in writing to THE BANK.
b. To pay any type of dividend being in a non-compliance of any obligation, agreement, contract, or convention with THE BANK.
c. To amend its By-laws or allow any of its subsidiaries to amend its By-laws in such a way that a cause of anticipated maturity occurs or may occur under this agreement.
d. To modify in any manner its usual way to perform the activities permitted by its corporate or business purposes without previous consent in writing by THE BANK.

d) Management's Commentary and Analysis on the Operating Results and Financial Situation of the Issuer

The following section has been prepared based on our Audited Financial Statements as of December 31, 2022, our Audited Financial Statements as of December 31, 2021, 2020 and 2019, and the rest of the financial information included herein. The potential investors must read the following analysis of the administration on our operation results and financial situation along with the "Selected Financial Information" and our Audited Financial Statements, which are part of this annual report.

This section contains projections that reflect our plans, estimates and considerations, which involve risks, uncertainties, and assumptions. Our real results may substantially differ from those anticipated in our forward-looking statements or future estimates. Factors that could make or contribute to these differences include, among others, those detailed hereunder and in other sections of this annual report, particularly in the "Risk Factors" section. It is important that investors carefully consider the information included in this section and the "Risk Factors" section (Chapter 1: General Information) before investing in the Issuer.

I. Operating Income

The following chart shows our Consolidated Statement of Comprehensive Income, with audited figures, for the year ended on December 31, 2022:

Concept	2022
Interest income	12,588
Interest expense	(10,976)
Financial margin	**1,612**
Allowance for loan losses	(327)
Financial margin adjusted for allowance for loan losses	**1,285**
Commission and fee income	1,166
Commission and fee expense	(373)
Financial intermediation income, net ("Trading income")	9,510
Other operating income, net	220
Administrative and promotional expenses	(7,907)
Income before income taxes	**3,901**
Income tax	(992)
Net income	**2,909**
Other comprehensive income	
Valuation of cash flow hedge instruments	5
Equity in other comprehensive income of other entities	(342)
Comprehensive income	**2,572**
Net income attributable to:	
Controlling interest	2,910
Non-controlling interest	(1)
Comprehensive income attributable to:	
Controlling interest	2,573
Non-controlling interest	(1)
Earnings per share	4.67

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

The following chart shows our Consolidated Statements of Income with audited figures for the years ended December 31, 2021 and 2020.

Concept	2021	2020
Trading income:		
Foreign exchange	3,851	3,677
Derivative instruments	1,652	2,789
Debt securities	717	170
Equity instruments	(16)	(9)
Trading income	**6,204**	**6,627**
Interest income	5,969	5,764
Interest expense	(4,365)	(3,676)
Financial margin	**1,604**	**2,088**
Allowance for loan losses	(235)	(920)
Financial margin after allowance for loan losses	**7,573**	**7,795**
Commission and fee income	1,014	879
Commission and fee expense	(390)	(291)
Results from operating leases	118	28
Participation in the result of unconsolidated subsidiaries and associates	-	(1)
Results from operations	**8,315**	**8,410**
Services income	2	-
Other operating (expense) income	713	(430)
Administrative and promotional expenses	(6,846)	(6,728)
Income before income taxes	**2,184**	**1,252**
Current income taxes	(291)	(788)
Deferred income taxes (net)	(233)	412
	(524)	**(376)**
Controlling interest	1,654	878
Non-controlling interest	6	(2)
Net Income	**1,660**	**876**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Financial Margin

The financial margin amounted to $1,612 million MXN at the end of 2022, which represents a 0.5% or $8 million MXN increase compared to the previous year. The financial margin in 2022 was the result of interest income of $12,588 million MXN and interest expenses of $10,976 million MXN.

Interest income registered a 110.9% or $6,619 million MXN increase in 2022 compared to 2021 and is mainly composed as follows:

- Interest and favorable returns from investments in financial instruments, which amounted to $5,653 million MXN and represented 44.9% of interest income in 2022.
- Interest and favorable returns from repurchase agreements, which amounted to $3,733 million MXN and represented 29.7% of interest income at the end of 2022.
- Interest from the commercial loan portfolio, which amounted to $2,202 million MXN and registered a participation of 17.5% in total interest income.

Meanwhile, interest expenses for the year ended December 31, 2022, increased by 151.5% or $6,611 million MXN compared to the previous year and were mainly composed as follows:

- Interest and returns payable from repurchase agreements, which amounted to $9,558 million MXN at the end of 2022 and represented 87.1% of interest expenses.
- Interest on demand deposits, which amounted to $793 million MXN and registered a participation of 7.2% in total interest expenses.
- Interest on bank and other borrowings, which amounted to $358 million MXN and had a 3.3% participation in interest expenses.

The financial margin amounted to $1,604 million MXN, which represents a decrease of 23.2% or $484 million MXN at the end of 2021 compared to the previous year, as a result of an 18.7% increase in interest expense and a 3.6% increase in interest income. In 2020, the financial margin amounted to $2,088 million MXN, which represents an increase of 42.8% or $626 million MXN in the annual comparison, explained by a 25.9% decrease in interest expense and a 10.2% decrease in interest income.

At the end of 2021, the financial margin is composed as follows:

Interest income:

- Interest generated by investment in securities, debt and securities amounted to $3,698 million MXN in 2021, which is equivalent to an increase of $252 million MXN or 7.3% compared to the previous year. This concept reached a share of 62.0% of the total interest income.
- Interest generated by the commercial loan portfolio represented 23.3% of the total interest income at the end of 2021 and decreased by $255 million MXN or 15.5% compared to the interest generated at the end of 2020.
- Interest generated by deposits with financial institutions showed an increase of $55 million MXN or 19.2% at the end of 2021 compared to the previous year. Therefore, its share in the total interest income amounted to 5.7%.

- At the end of 2021, interest generated by the housing loan portfolio increased by 264.4% or $156 million MXN compared to the end of 2020 and its share in the total interest income increased to 3.6% in 2021 from 1.0% in 2020.

Interest expense:

- The interest from repurchase agreements showed an increase of 55.4% in 2021 compared to the previous year. Therefore, this concept represents 82.6% of the total interest expense.

- Interest from time deposits decreased by 46.7% at the end of 2021 compared to 2020. As a result, they represented 12.4% of the total interest expense.

- Interest expense from Bonds decreased by 11.6% in 2021 compared to the previous year. For that reason, its share in the total interest expense decreased to 2.3%.
- Interest on bank and other loans showed a decrease of 57.1% in 2021 compared to 2020. Therefore, its share in the total interest expense decreased to 0.8%.

- Interest from demand deposits decreased by 74.4% in 2021 compared to the previous year and represented 0.5% of the total interest expense.

Allowance for loan losses

In the year ended on December 31, 2022, allowance for loan losses amounted to $327 million MXN, which is equivalent to an increase of 39.3% or $92 million MXN compared to the previous year.

On the other hand, at the end of 2021, allowance for loan losses decreased by $685 million MXN or 74.5% compared to the end of 2020, going from $920 million MXN in 2020 to $235 million MXN in 2021.

Financial intermediation income ("Trading income")

In 2022, the financial intermediation income amounted to $9,510 million MXN, which represents a 53.3% or $3,306 million MXN increase compared to 2021. This result is mainly composed of the following items:

- Result from foreign exchange, which registered a balance of $5,515 million MXN in 2022 and represented 58.0% of the financial intermediation income in the same period.

- Result from sale of derivative financial instruments for trading purposes, which amounted to $2,617 million MXN and registered a 27.5% participation in the financial intermediation income at the end of 2022.

- Result from sale of negotiable financial instruments, which amounted to $1,087 million MXN and represented 11.4% of the financial intermediation income in 2022.

- Result from valuation at fair value of derivative financial instruments for trading purposes, which registered a balance of $554 million MXN and a 5.8% participation in the financial intermediation income at the end of 2022.

Annual variation of financial intermediation income in 2022 is explained by the following items:

- The result from currencies, calculated as the sum of result from purchase and sale plus the result from valuation at fair value, amounted to $5,463 million MXN in 2022, which represents an increase of 41.9% or $1,612 million MXN compared to the result from currencies of 2021.

- The result from derivative financial instruments, calculated as the sum of result from purchase and sale of derivative financial instruments for trading purposes and derivative financial instruments for hedging purposes plus the result from valuation at fair value of derivative financial instruments for trading purposes and derivative financial instruments for hedging purposes less impairment loss, amounted to $3,168 million MXN in the year ended December 31, 2022, which is equivalent to an increase of 91.8% or $1,516 million MXN compared to the previous year.

The performance of trading income in 2021 is explained below:

- Foreign exchange result increased by 4.7% or $174 million MXN compared to the previous year. At the same time, it represents 62.1% of the total trading income in 2021.

- Derivative instruments result showed a decrease of 40.8% or $1,137 million MXN compared to the result in 2020, which caused its share in the trading income to be reduced to 26.6%

- Debt securities result increased by 321.8% or $547 million MXN compared to the previous year. Therefore, debt securities result represented 11.6% of the total trading income in 2021.

Total trading income decreased by 6.4% or $423 million MXN in 2021 compared to 2020, going from $6,627 million MXN to $6,204 million MXN. Meanwhile, in 2020, total trading income increased by 6.1% or $381 million MXN compared to the end of 2019.

Total operating revenues

The total operating revenues are calculated as the sum of financial margin adjusted for allowance for loan losses plus commission and fee income minus commission and fee expense plus financial intermediation income ("Trading income"), net plus other operating income, net.

In the year ended on December 31, 2022, the total operating revenues amounted to $11,808 million MXN, which represents an increase of 30.8% or $2,778 million MXN compared to the revenues reported in 2021.

The total operating revenues in 2021 amounted to $9,030 million MXN, which represents an increase of 13.2% or $1,050 million MXN compared to the revenues of 2020.

Administrative and promotional expenses

Administrative and promotional expenses are mainly composed of personnel salaries and benefits, taxes and rights, technology expenses, professional fees, amortizations, and rents. In 2022, 2021 and 2020, administrative and promotional expenses have registered the following performance:

2022

Personnel salaries and benefits registered a 24.1% annual increase in 2022, going from $4,310 million MXN in 2021 to $5,348 million MXN in 2022.

Taxes and rights increased by 8.5% in 2022 compared to the previous year, going from $541 million MXN in 2021 to $587 million MXN in 2022.

Technology expenses amounted to $586 million MXN in 2022, which is equivalent to a 9.8% decrease compared to 2021, when this item amounted to $650 million MXN.

Professional fees increased by 2.7% annually at the end of 2022, going from $294 million MXN in 2021 to $302 million MXN in 2022.

Administrative and promotional expenses registered an annual increase of 15.5% or $1,061 million MXN at the end of 2022 compared to the end of 2021.

2021

Personnel salaries and benefits decreased by 0.9% annually in 2021, going from $4,351 million MXN in 2020 to $4,310 million MXN at the end of 2021.

Technology expenses increased by $123 million MXN or 23.3% annually, going from $527 million MXN in 2020 to $650 million MXN in 2021.

Taxes and rights expenses increased by 6.7% annually, going from $507 million MXN in 2020 to $541 million MXN in 2021.

Promotion and publicity expenses increased by $29 million MXN or 44.6% annually in 2021.

Therefore, administrative and promotional expenses increased by 1.8% or $118 million MXN in 2021 compared to the previous year.

2020

Personnel salaries and benefits amounted to $4,351 million MXN in 2020, which is equivalent to an increase of 8.9% compared to 2019, when this concept amounted to $3,994 million MXN.

Technology expenses increased by 25.5% annually, going from $420 million MXN in 2019 to $527 million MXN in 2020.

Professional fees amounted to $286 million MXN in 2020, while this concept amounted to $234 million MXN in 2019, which is equivalent to an annual increase of 22.2% in 2020.

Contributions to IPAB increased by 21.9% in 2020 compared to 2019, going from $178 million MXN in 2019 to $217 million MXN in 2020.

In 2020, administrative and promotional expenses increased by 9.7% or $594 million MXN compared to the end of 2019.

The following chart shows the administrative and promotional expenses for the years ended on December 31, 2022, 2021 and 2020.

	2022		2021		2020	
Years ended on December 31	$	Increase (%)	$	Increase (%)	$	Increase (%)
Personnel salaries and benefits	5,348	24.1	4,310	(0.9)	4,351	8.9
Taxes and rights	587	8.5	541	6.7	507	11.7
Technology expenses	586	(9.8)	650	23.3	527	25.5
Professional fees	302	2.7	294	2.8	286	22.2
Amortizations	243	76.1	138	0.0	138	7.8
Rents	199	(4.3)	208	(5.5)	220	56.0
Promotion and publicity	123	30.9	94	44.6	65	(18.8)
Maintenance	53	3.9	51	6.3	48	84.6
Depreciations	30	(23.1)	39	(22.0)	50	(46.8)
Contributions to IPAB	0	(100.0)	195	(10.1)	217	21.9
Others	436	33.7	326	2.2	319	(17.1)
Total	**7,907**	**15.5**	**6,846**	**1.8**	**6,728**	**9.7**

Internally prepared with figures as of December 31, 2022, 2021 and 2020. Figures in millions of MXN.

Net income and comprehensive income

The net income attributable to the controlling interest of Monex, S.A.P.I. in the year ended December 31, 2022, amounted to $2,910 million MXN, which represents an increase of 75.9% or $1,256 million MXN compared to the previous year. The comprehensive income attributable to the controlling interest amounted to $2,573 million MXN.

The controlling interest of the net income for 2021 amounted to $1,654 million MXN, which represents an increase of 88.4% or $776 million MXN compared to the same concept in 2020. Meanwhile, in 2020, the controlling interest of the net income decreased by 36.4% or $502 million MXN compared to 2019.

Information on reportable operating segments

	2022							
	Foreign exchange	International	Derivatives	Securities brokerage	Credit and deposits	Trust services	Others	Total
Interest income	0	15	1	8,391	2,594	-	1,587	12,588
Interest expense	(24)	(68)	(432)	(9,420)	(238)	-	(794)	(10,976)
Financial margin	(24)	(53)	(431)	(1,029)	2,356	-	793	1,612
Allowance for loan losses	-	-	-	-	(287)	-	(40)	(327)
Financial margin adjusted for allowance for loan losses	(24)	(53)	(431)	(1,029)	2,069	-	753	1,285
Commission and fee income	118	286	0	277	56	390	39	1,166
Commission and fee expense	(19)	(105)	(15)	(51)	(68)	-	(115)	(373)
Financial intermediation income	4,660	2,577	1,406	889	-	-	(22)	9,510
Other operating income (expenses)	-	116	-	2	4	(31)	129	220
Administrative and promotional expenses	(2,894)	(2,329)	(587)	(54)	(1,261)	(220)	(562)	(7,907)
	1,865	545	804	1,063	(1,269)	139	(531)	2,616
Operating income	1,841	492	373	34	800	139	222	3,901
Income before income taxes	1,841	492	373	34	800	139	222	3,901
Income taxes	(423)	(141)	(86)	(8)	(184)	(32)	(118)	(992)
Net income	1,418	351	287	26	616	107	104	2,909
Non-controlling interest	-	-	-	-	-	-	1	1
Controlling interest	**1,418**	**351**	**287**	**26**	**616**	**107**	**103**	**2,908**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

	2021								
	Foreign exchange	**International 1**	**International 2**	**Derivatives**	**Banking products**	**Loans and deposits**	**Trust services**	**Others**	**Total**
Trading income	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)
Services income	-	-	-	-	-	-	-	2	2
Other operating (expenses) income	-	(110)	27	-	1	27	(8)	776	713
Participation in the result of unconsolidated subsidiaries and associates	-	-	-	-	-	-	-	-	-
Administrative and promotional expenses	(2,381)	(1,805)	(156)	(103)	(491)	(874)	(230)	(806)	(6,846)
Current and deferred income taxes	(246)	(1)	(10)	(10)	(51)	(91)	(24)	(91)	(524)
Non-controlling interest	-	-	-	-	-	-	-	(6)	(6)
Net Income	**815**	**13**	**43**	**36**	**167**	**299**	**80**	**201**	**1,654**

Internally prepared with audited figures as of December 31, 2021. Figures in millions of MXN.

- International 1. Includes Monex USA and Monex Europe
- International 2. Includes Monex Securities and Monex Asset Management

	2020								
	Foreign exchange	International 1	International 2	Derivatives	Banking products	Loans and deposits	Trust services	Others	Total
Trading income	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
Net income	**594**	**(166)**	**42**	**60**	**223**	**22**	**50**	**53**	**878**

Internally prepared with audited figures as of December 31, 2020. Figures in millions of MXN.
- International 1. Includes Monex USA and Monex Europe
- International 2. Includes Monex Securities and Monex Asset Management

Information by Segments

In 2022, the operating segment with the largest participation in the net income of Monex, S.A.P.I. was Foreign Exchange, whose net income increased by 74.0% or $603 million MXN in 2022 compared to the previous year, going from $815 million MXN in 2021 to $1,418 million MXN in 2022. The participation of the Foreign Exchange segment in Monex's controlling interest of the net income was 48.7%.

The Credit and Deposits operating segment registered a controlling interest of the net income of $616 million MXN in the year ended December 31, 2022, and represented a 106.0% or $317 million MXN increase compared to 2021. The net income of Credit and Deposits represented 21.2% of the controlling interest of the net income of Monex, S.A.B. in 2022.

The net income of the Trust Services segment amounted to $107 million MXN, which is equivalent to a 33.8% or $27 million MXN increase compared to the previous year. Trust Services has a 3.7% participation in the controlling interest of the net income of Monex, S.A.P.I. in 2022.

The net income of international subsidiaries (Monex Europe, Monex USA, Monex Securities and Monex Asset Management) amounted to $351 million MXN, which is equivalent to an increase of 526.8% or $295 million MXN compared to the previous year. The net income of international subsidiaries represents 12.1% of the controlling interest of the net income of Monex, S.A.P.I. for the year ended December 31, 2022.

The Derivatives operating segment registered a net income of $287 million MXN, which represents an increase of 697.2% or $251 million MXN compared to its net income in 2021. The net income of the Derivatives segment is equivalent to 9.9% of the controlling interest of the net income of Monex, S.A.P.I. as of December 31, 2022.

At the end of 2021, the net income of the Foreign Exchange segment amounted to $815 million MXN, which is equivalent to an increase of 37.2% compared to the net income of this segment in the previous year. The net income of our subsidiaries in the United States, Monex Securities and Monex Asset Management, amounted to $43 million MXN in 2021, which represents an increase of 2.4% compared to the previous year.

The Loans and Deposits segment registered an increase of 1,259.1% in its net income in 2021 compared to the previous year, going from $22 million MXN in 2020 to $299 million MXN in 2021.

The Trust Services segment reported a net income of $80 million MXN at the end of 2021, which is equivalent to an increase of 60.0% compared to its net income of the previous year, which amounted to $50 million MXN.

II. Financial Condition, Liquidity, and Capital Resources

Consolidated Statement of Financial Position

The consolidated statement of financial position, with audited figures as of December 31, 2022, in millions of MXN, is shown below:

Concept	2022
Assets	
Cash and cash equivalents	29,771
Margin accounts	1,157
Investment in financial instruments and Debtors in repurchase/resale agreements	125,536
Derivative financial instruments	8,719
Loan portfolio, net	28,982
Other accounts receivable, net	17,480
Furniture and equipment, net and Assets for rights of use	589
Deferred taxes, net	1,005
Other assets*	3,980
Total Assets	**217,219**
Liabilities	
Deposits	51,522
Bonds	1,507
Banks and other borrowings	4,707
Creditors on repurchase/resell agreements	112,551
Sold/pledged collateral	577
Derivative financial instruments	7,396
Other Liabilities**	24,464
Total Pasivo	**202,724**
Stockholders' Equity	
Paid-in capital	3,818
Earned capital	10,665
Non-controlling interest	12
Total Stockholders' Equity	**14,495**
Total Liabilities + Equity	**217,219**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

* Other Assets is composed of the following accounts: Foreclosed assets, net; Prepayments and other assets, net; Permanent investments; Intangible assets, net; Assets for rights of use of intangible assets, net; and Goodwill.

** Other Liabilities is composed of the following accounts: Valuation adjustments of financial liabilities' hedging, Lease obligations, Other accounts payable, Income tax liability, Employee benefits, and Deferred credits and advanced payments received.

Consolidated Balance Sheets

The following chart contains the consolidated balance sheets with audited figures as of December 31, 2021 and 2020, in millions of MXN.

Concept	2021	2020
Assets		
Funds available	21,188	14,579
Margin accounts	1,299	1,957
Investment in securities and repurchase agreements	93,006	70,746
Derivatives	3,947	6,492
Loan portfolio (net)	25,945	24,256
Other receivables (net)	32,259	28,160
Deferred taxes and PTU (asset)	1,188	1,557
Other assets	4,994	4,237
Total Assets	**183,826**	**151,984**
Liabilities		
Deposits	46,829	44,355
Bonds	1,504	1,500
Bank loans and other loans	1,734	557
Liabilities arising from sale and repurchase agreements	79,541	50,760
Collateral sold or pledged in guarantee	3,635	3,591
Derivatives	3,418	5,902
Other Liabilities	34,732	34,499
Total Liabilities	**171,393**	**141,164**
Stockholders' equity		
Contributed capital	2,818	2,818
Earned capital	9,568	7,965
Non-controlling interest	47	37
Total Stockholders' equity	**12,433**	**10,820**
Total Liabilities + Stockholders' equity	**183,826**	**151,984**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Variations in the accounts of the statement of financial position and balance sheet

As of 2022, modifications to the General Provisions Applicable to Holding Companies of Financial Groups became effective, including modifications to the accounting criteria described in the section "Factors significantly affecting the comparability of the data presented in the table of selected financial information". These modifications to the accounting criteria resulted in that the comparability between the financial information of 2022 and that of previous years is not exact.

Assets

Cash and cash equivalents (previously called Funds available) registered a balance of $29,771 million MXN at the end of 2022, mainly composed of deposits in foreign banks, deposits in local banks and monetary regulation deposits in the Bank of Mexico. This item also includes the currencies to be received and delivered for purchases and sales to be settled, respectively. At the end of 2022, the cash and cash equivalents account registered an increase of 40.5% or $8,583 million MXN compared to the balance of the Funds available account at the end of 2021.

Funds available increased by 45.3% annually in 2021, going from $14,579 million MXN in 2020 to $21,188 million MXN in 2021. The balance of deposits in banks amounted to $16,106 million MXN at the end of 2021, which represents an increase of $3,050 million MXN or 23.4% compared to the balance of the previous year, which amounted to $13,056 million MXN.

Margin accounts are associated with transactions with derivative financial instruments entered into in recognized markets or stock exchanges, in which highly liquid financial assets are deposited to ensure compliance with the obligations corresponding to said instruments, in order to mitigate the risk of non-compliance. This item reported a balance of $1,157 million MXN at the end of 2022, which represents a decrease of 11.0% or $142 million MXN compared to the balance at the end of 2021.

Margin accounts decreased by 33.6% or $658 million MXN in 2021 compared to the previous year, going from $1,957 million MXN in 2020 to $1,299 million MXN in 2021.

Investment in financial instruments registered a balance of $124,936 million MXN at the end of 2022, which is equivalent to an increase of 40.7% or $36,129 million MXN compared to the balance of the investment in securities account at the end of 2021. 97% of investments in financial instruments correspond to negotiable financial instruments, mainly Mexican government securities.

At the end of 2021, investment in securities showed an increase of 27.3% or $19,061 million MXN compared to the end of 2020, mainly due to an increase of 28.7% in trading securities.

The account of debtors in repurchase/resale agreements registered a decrease of 85.7% or $3,599 million MXN, going from $4,199 million MXN at the end of 2021 to $600 million MXN as of December 31, 2022. At the end of 2022, the balance is entirely composed of operations with government debt instruments. Repurchase agreements increased by 319.9% or $3,199 million MXN in 2021 compared to the previous year, going from $1,000 million MXN in 2020 to $4,199 million MXN in 2021.

As of December 31, 2022, derivative financial instruments reported a balance of $8,719 million MXN, which represents an increase of 120.9% or $4,772 million MXN compared to the balance at the end of 2021. At the end of 2022, $8,669 million MXN correspond to derivatives for trading purposes and $50 million MXN correspond to derivatives for hedging purposes. The main trading instruments were swaps, options, and forwards.

In 2021, derivatives decreased by 39.2% or $2,545 million MXN compared to the end of 2020, explained by a decrease of 39.5% in derivatives for trading purposes.

Loan portfolio with stage 1 credit risk registered a balance of $29,389 million MXN at the end of 2022. 81% of this portfolio corresponds to loans to business or commercial activity and 10% corresponds to loans to government entities.

Loan portfolio with stage 2 credit risk amounted to $295 million MXN at the end of 2022. This portfolio is entirely composed of credits for business or commercial activity. Loans classified in this risk stage are those overdue for more than 30 days and less than 90 days, or those which fail to meet any of the criteria described in stages 1 or 3.

The sum of the loan portfolios with credit risks in stages 1 and 2 amounted to $29,684 million MXN as of December 31, 2022, which represents an increase of 11.4% or $3,045 million MXN compared to the balance of the performing loan portfolio at the end of 2021. This growth is mainly explained by the loan portfolio for business or commercial activity, which registered an increase of 15.5% or $3,240 million MXN in the same period, and an increase of 33.8% or $735 million MXN in the loan portfolio for government entities.

At the end of 2022, the loan portfolio with stage 3 credit risk reported a balance of $473 million MXN, mainly composed of loans for business or commercial activity and, to a lesser extent, loans to financial institutions and mortgage loans.

Loan portfolio with stage 3 credit risk increased by 61.4% or $180 million MXN compared to the balance of the non-performing loan portfolio at the end of 2021. This increase is mainly explained by the loan portfolio for business or commercial activity, which registered a 34.9% or $101 million MXN increase compared to the end of the previous year, and a $46 million MXN increase in the loan portfolio to financial entities.

Total loan portfolio amounted to $30,157 million MXN as of December 31, 2022, which is equivalent to an increase of 12.0% or $3,225 million MXN compared to the total loan portfolio at the end of 2021, whose balance amounted to $26,932 million MXN.

Allowance for loan losses amounted to $1,175 million MXN as of December 31, 2022, which is equivalent to an increase of 19.0% or $188 million MXN compared to the end of 2021. The allowance for loan losses at the end of 2022 includes $500 million MXN of additional generic reserves constituted in December 2020.

Due to the foregoing, the loan portfolio, net amounted to $28,982 million MXN at the end of 2022, which is equivalent to an increase of 11.7% or $3,037 million MXN compared to the balance of loan portfolio (net) at the end of 2021.

The performing loan portfolio increased by 7.7% or $1,904 million MXN at the end of 2021 compared to the end of 2020. These variations are explained by the following factors:

- Loans to financial entities, which increased by $705 million MXN or 45.5% in 2021 compared to 2020.
- Loans to government entities, which increased by 46.7% or $692 million MXN in 2021 compared to the previous year.
- In 2021, the housing loans balance increased by $267 million MXN or 24.2% annually.
- The commercial or corporate activity portfolio increased by 1.2% or $240 million MXN at the end of 2021 compared to the end of 2020.

On the other hand, the non-performing loan portfolio showed an annual decrease of 40.7% or $201 million MXN at the end of 2021 compared to the end of 2020.

Allowance for loan losses increased by 1.4% or $14 million MXN annually at the end of 2021 compared to the end of 2020.

Therefore, the loan portfolio (net) increased by 7.0% or $1,689 million MXN at the end of 2021 compared to the end of the previous year.

Other accounts receivable, net, registered a decrease of 45.8% or $14,779 million MXN at the end of 2022 compared to the balance of the previous year, going from $32,259 million MXN in 2021 to $17,480 million MXN as of December 31, 2022. 70% of this balance is composed of debtors for settlement of exchange operations and 15% is composed of debtors for settlement of money market operations.

Other receivables (net) increased by 14.6% or $4,099 million MXN at the end of 2021 compared to the previous year, going from $28,160 million MXN in 2020 to $32,259 million MXN in 2021.

The annual increase in 2021 is explained by the following factors:

- An increase of $2,769 million MXN or 194.6% in receivables from liquidation of money market transactions
- An increase of $1,583 million MXN or 6.4% in receivables from 24 to 96 hours on foreign exchange transactions.
- Receivables from transactions, which increased by $90 million MXN or 7.9%.

Due to the foregoing, total assets amounted to $217,219 million MXN as of December 31, 2022, which represents an increase of 18.2% or $33,393 million MXN compared to the end of 2021.

On the other hand, total assets increased by 21.0% or $31,842 million MXN at the end of 2021 compared to the end of the previous year, going from $151,984 million MXN at the end of 2020 to $183,826 million MXN at the end of 2021.

Liabilities

Deposits amounted to $51,522 million MXN at the end of 2022, which represents an increase of 10.0% or $4,693 million MXN compared to the end of 2021. Demand deposits registered a balance of $36,083 million MXN as of December 31, 2022, which represented 70% of deposits. Meanwhile, time deposits showed a 27% participation in the total deposits, and the issuance of bank bonds represented 3% of the total balance of deposits.

At the end of 2021, Deposits registered an annual increase of 5.6% or $2,474 million MXN, which is explained by an increase of 10.8% in demand deposits and an increase of 64.9% in debt securities (bank bonds).

Bank loans and other borrowings registered an increase of 171.5% or $2,973 million MXN at the end of 2022 compared to the end of the previous year, going from $1,734 million MXN in 2021 to $4,707 million MXN at the end of 2022. As of December 31, 2022, this item is mainly composed of short-term loans, such as liquidity auction operations from the Bank of Mexico and NAFIN production chains.

At the end of 2021, Bank loans and other loans increased by 211.3% or $1,177 million MXN compared to the end of the previous year, due to received call money transactions.

The account of Creditors on repurchase/resell agreements amounted to $112,551 million MXN as of December 31, 2022, which is equivalent to an increase of 41.5% or $33,010 million MXN compared to the end of the previous year. At the end of 2022, 85% of this item is composed of operations with Mexican government debt instruments in which Monex, S.A.P.I., acted as reported.

In 2021, liabilities arising from sale and repurchase agreements showed an annual increase of 56.7% or $28,781 million MXN.

The account of sold/pledged collateral reported a balance of $577 million MXN at the end of 2022, which represents a decrease of 84.1% or $3,058 million MXN compared to the end of 2021. As of December 31, 2022, this item mainly consists of Mexican government debt instruments.

Collaterals sold or pledged in guarantee increased by 1.2% or $44 million MXN at the end of 2021 compared to the end of 2020, due to an increase of 514.0% in repurchase agreements.

Derivative financial instruments registered an increase of 116.4% or $3,979 million MXN at the end of 2022 compared to the end of the previous year, going from $3,418 million MXN in 2021 to $7,396 million MXN at the end of 2022. This balance is entirely composed of trading instruments, mainly swap operations, at the end of 2022.

At the end of 2021, derivatives registered a decrease of 42.1% or $2,484 million MXN compared to the end of the previous year, going from $5,902 million MXN in 2020 to $3,418 million MXN in 2021. The performance in 2021 is explained by an annual decrease of 41.4% in derivatives for trading purposes.

Other Accounts Payable amounted to $20,833 million MXN as of December 31, 2022, which is equivalent to a decrease of 38.7% or $13,179 million MXN compared to the end of the previous year. 47% of this item is composed of creditors on settlement of transactions at the end of 2022.

The annual variation of this item in 2022 is explained by the following factors:

- A 58.6% or $13,796 million MXN decrease in creditors on settlement of transactions.
- A 46.7% or $1,503 million MXN increase in creditors for collateral received in cash.
- A 12.7% or $873 million MXN decrease in sundry creditors and other accounts payable.

The other payables account increased by 0.4% or $120 million MXN at the end of 2021 compared to the end 0f 2020, going from $33,892 million MXN in 2020 to $34,012 million MXN in 2021.

The annual increase of this account in 2021 is explained by the following factors:

- An increase of 21.9% or $1,233 million MXN in sundry creditors and other payables
- A decrease of 2.1% or $511 million MXN in obligations arising from settlement of transactions.
- A decrease of 7.9% or $276 million MXN in liabilities arising from cash collaterals received

Total liabilities amounted to $202,724 million MXN as of December 31, 2022, which represents an increase of 18.3% or $31,331 million MXN compared to the end of 2021. On the other hand, at the end of 2021, total liabilities increased 21.4% or $30,229 million MXN compared to the end of 2020.

Stockholders' equity

Paid-in capital amounted to $3,818 million MXN, which represents an increase of $1,000 million MXN at the end of 2022 compared to the end of the previous year, since the Ordinary Annual Shareholders' Meeting, held on April 19, 2022, resolved to increase the variable part of the capital stock of Monex, S.A.B., by $1,000 million MXN through the issuance of 100 million Series "B" shares.

Contributed capital (paid-in capital) maintained its balance of $2,818 million MXN at the end of 2021 and 2020.

Earned capital amounted to $10,665 million MXN as of December 31, 2022, which represents an annual increase of $1,097 million MXN or 11.5% compared to the end of 2021. This growth is mainly explained by the controlling interest of Monex, S.A.P.I.'s net income of $2,910 million MXN in 2022 and the payment of cash dividends during the year that amounted to $1,350 million MXN.

Earned capital increased by 20.1% or $1,603 million MXN at the end of 2021 compared to the end of 2020.

The annual increase in 2021 is mainly explained by the following factors:

- Net income as of December 31, 2021, which amounted to $1,654 million MXN
- The decree of a dividend payment to shareholders for an amount of $70 million MXN
- The increase in translation effects of foreign subsidiaries of $76 million MXN.

Due to the foregoing, stockholders' equity registered an increase of 16.6% or $2,062 million MXN as of December 31, 2022, compared to the end of 2021, going from $12,433 million MXN in 2021 to $14,495 million MXN as of December 31, 2022.

Stockholders' equity registered a balance of $12,433 million MXN at the end of 2021, which is equivalent to an increase of 14.9% or $1,613 million MXN compared to the end of 2020.

Summary of transactions with derivative financial instruments

2022		Fair value		Net balance	
Instrument	**Transaction**	**Asset**	**Liability**	**Debtor**	**Creditor**
Derivatives for trading purposes					
Futures	Purchase	4,458	4,571	5	117
Futures	Sale	570	580	-	11
Options	Purchase	1,614	-	1,475	-
Options	Sale	-	746	-	607
Forwards	Purchase	75,718	75,332	814	550
Forwards	Sale	73,883	73,236	1,110	343
Swap	Purchase	54,554	-	5,280	-
Swap	Sale	-	55,042	-	5,768
Impairment		-	-	(15)	-
		210,797	**209,507**	**8,669**	**7,396**
Derivatives for hedging purposes - Fair value hedge					
Swaps	Purchase	170	120	50	-
		170	**120**	**50**	**-**
Balance of derivative financial instruments				**8,719**	**7,396**

Internally prepared with figures as of December 31, 2022. Figures in millions of MXN.

Asset position	2021 Nominal amount of purchases	2021 Net asset position	2020 Nominal amount of purchases	2020 Net asset position
Trading derivatives-				
Futures-				
Foreign currency futures	4,785	12	1,620	2
Rates futures	3	-	-	-
	4,788	12	1,620	2
Forwards-				
Foreign currency forwards	55,630	1,195	42,792	1,949
Index forwards	5	-	-	-
Security forwards	-	8	-	3
	55,635	1,203	42,792	1,952
Options-				
Foreign currency options	6,387	59	4,876	185
Rates options	23,834	399	15,877	133
Index options	7	-	18	-
	30,228	458	20,771	318
Swaps-				
Foreign currency swaps	10,068	265	8,224	137
Rates swaps	237,611	1,988	19,044	4,083
	247,679	2,253	27,268	4,220
Total trading derivatives	**338,330**	**3,926**	**92,451**	**6,492**
Hedging derivatives-				
Rates swaps	872	21	192	-
	872	21	192	-
Total hedging derivatives	**872**	**21**	**192**	**-**
Total derivatives	**339,202**	**3,947**	**92,643**	**6,492**

Internally prepared with figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Liabilities position	2021 Nominal amount of sales	2021 Net liabilities position	2020 Nominal amount of sales	2020 Net liabilities position
Trading derivatives-				
Futures-				
Foreign currency futures	478	75	625	95
Index futures	27	-	13	-
Rates futures	1	-	-	-
	506	75	638	95
Forwards-				
Foreign currency forwards	53,900	506	39,810	941
Securities forwards	141	1	53	2
	54,041	507	39,863	943
Options-				
Foreign currency options	7,260	38	3,300	9
Rates options	25,969	167	23,465	7
Securities options	-	-	-	-
Index options	7	-	15	-
	33,236	205	26,780	16
Swaps-				
Foreign currency swaps	10,112	367	8,281	195
Rates swaps	-	2,264	19,538	4,588
	10,112	2,631	27,819	4,783
Total trading derivatives	97,895	3,418	95,100	5,837
Hedging derivatives-				
Rates swaps	-	-	257	65
	-	-	257	65
Total hedging derivatives	-	-	257	65
Total derivatives	**97,895**	**3,418**	**95,357**	**5,902**

Internally prepared with figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Liquidity management

Our liquidity management seeks to ensure that, even under adverse conditions, we will have enough liquidity and access to the necessary financing to cover our payments transactions related to the foreign exchange trading, our clients' needs, liabilities due, requirements of working capital, as well as to continue the expansion to other financial services and the geographic expansion of our services in Mexico and abroad.

Our liquidity risk comes from the payment needs of our clients and the financing of our investment, credit, and treasury activities, and includes the risk of not being capable to liquidate a position on time at an adequate price and the risk of having to pay liabilities, particularly those related to deposits from our clients, in an abrupt and/or anticipate manner. We quantify our exposure to liquidity risk projecting future cash flows, considering all the assets and liabilities in pesos and in foreign currencies and taking into consideration the maturity terms. Our treasury department is in charge to ensure the maintenance of adequate liquidity levels in order to cover any foreign exchange transactions and withdrawals of deposits, payments of other liabilities in their maturity date, granting loans and fulfilling working capital needs, in compliance with the regulatory reserves and coefficients of internal and regulatory liquidity in all relevant aspects.

Our funding strategy consists of:

- To increase deposits of clients by leveraging our 57,300 current commercial relationships in Mexico at the end of 2022, as a result of the reciprocity and comprehensive relationship with our clients

- To increase the term of deposits, in order to improve the investment horizons.

- To diversify the funding through Banks and other entities.

- To diversify the alternatives of funding with those available in the market that are eligible for the activities of our credit clients.

- To issue long-term bonds to improve the mix and available alternatives to fund the loan portfolio.

Additionally, Basilea III frame seeks to establish a liquidity coverage ratio, or "LCR," and a net stable financing ratio, or "NSFR". The LCR requires that we maintain sufficient high-quality liquid assets to cover net cash outflows that could result from a stress scenario. The NSFR establishes a minimum amount of stable financing that we must maintain based on the liquidity of our assets during a period of one year.

The cash flow statement presents our capacity to generate cash and cash equivalents and the way we use those cash flows to cover our needs. The cash flow jointly with the rest of the financial statements provides information that allows:

- To evaluate the changes in assets and liabilities of the Issuer and its financial structure.

- To evaluate both the dates and amounts of receivables and payments, in order to be able to adapt to the circumstances and opportunities of generation and/or application of cash and cash equivalents.

Consolidated Statement of Cash Flow for the year ended on December 31, 2022

The following chart contains the consolidated statement of cash flow with audited figures for the year ended on December 31, 2022, in millions of MXN.

	2022
Cash flows from operating activities:	
Income before income taxes	3,901
Items relating to investment activities	
Depreciation of furniture and equipment	109
Amortization of intangible assets	728
Impairment of long-lived assets	1
Share in net income of other entities	(1)
Items relating to financial activities:	
Other interests	775
Total	5,513
Changes from operating activities:	
Change in margin accounts (derivative financial instruments)	(152)
Change in investment in financial instruments	(36,273)
Change in debtors on repurchase/resell agreements	3,620
Change in derivative financial instruments (assets)	1,071
Change in loan portfolio, net	(1,183)
Change in other accounts receivable, net	14,780
Change of foreclosed assets, net	(48)
Change in deposits	5,404
Change in banks and other borrowings	2,973
Change in creditors on repurchase/resell agreements	32,900
Change in sold/pledged collaterals	(3,058)
Change in derivative financial instruments (liabilities)	(285)
Change in hedging derivative financial instruments (items hedging related to operation activities)	8
Change in employee benefit	337
Change in accounts payable	(10,671)
Change in other provisions	(2,018)
Income taxes paid	(1,435)
Net cash provided by operating activities	11,483

	2022
Cash flows from investing activities:	
Proceeds from sale of furniture and equipment	22
Payments for acquisition of furniture and equipment	(40)
Payments for acquisition of other entities	(90)
Payments for acquisition of intangible assets	(454)
Proceeds from sale of intangible assets	201
Net cash used in investing activities	(361)
Cash flows from financing activities:	
Payments on lease obligations	(178)
Dividends paid	(1,365)
Common stock reimbursement	997
Interest paid for lease obligations	(51)
Other payments for financing activities	(92)
Net cash provided by financing activities	(689)
Net increase in cash and cash equivalents	10,433
Effects from cash value changes	(1,850)
Cash and cash equivalents at the beginning of the year	21,188
Cash and cash equivalents at the end of the year	**29,771**

Internally prepared with audited figures for the year ended on December 31, 2022. Figures in millions of MXN.

Consolidated Statements of Cash Flows for the years ended on December 31, 2021 and 2020

The consolidated statements of cash flows with audited figures for the years ended on December 31, 2021 and 2020, in millions of MXN, are shown below:

	2021	2020
Net income:	1,660	876
Depreciation	367	342
Amortization	132	131
Current and deferred income taxes	524	376
Provisions	-	642
Adjustment for items that do not require cash flows	2,683	2,367
Operating activities:		
Change in margin accounts	658	(370)
Change in investments in securities	(19,035)	(31,021)
Change in repurchase agreements	(3,199)	3,509
Change in derivatives, net	147	496
Change in hedging instruments	10	(32)
Change in loan portfolio, net	(1,689)	(844)
Change in foreclosed assets	(101)	(13)
Change in other operating assets	(4,489)	(12,873)
Change in deposits	2,474	(2,705)
Change in bank and other loans	1,177	(869)
Change in collateral sold or pledged in guarantee	45	(649)
Change in liabilities arising from sale and repurchase agreements	28,781	33,228
Change in other operating liabilities	25	6,234
Others	(177)	(2)
Net cash flows from operating activities	7,310	(3,544)
Investing activities:		
Payments for acquisition of property, furniture and equipment	180	(387)
Proceeds from sale of property, furniture and equipment	(431)	85
Payments for acquisition of intangible assets	(213)	(185)
Payment for acquisition of subsidiaries and associates	-	-
Other investing activities	(31)	-
Net cash flows from investing activities	(495)	(487)

	2021	2020
Financing activities:		
Repurchase of own shares	(111)	(2)
Dividends paid	(70)	(70)
Interest paid	-	-
Debt payments	(106)	(113)
Net cash flows from financing activities	(287)	(185)
Net (decrease) increase in funds available	6,528	(4,216)
Effects from changes in value of funds available	81	259
Funds available at the beginning of the year	14,579	18,536
Funds available at the end of the year	**21,188**	**14,579**

Internally prepared with audited figures for the years ended on December 31, 2021 and 2020. Figures in millions of MXN.

Liquidity Sources

The following chart shows the composition of our liquidity sources as of December 31, 2022:

	2022
Demand deposits-	
With interests	34,228
No interest	1,855
	36,083
Time deposits-	
General public	
Certificates of deposit (CEDES)	10,528
Money Market	
CEDES	
Maturity date	2,706
Coupons	828
	14,062
Debt securities issued-	
Bank bonds	1,374
	1,374
Global account of deposits without movement	3
Total Deposits	**51,522**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

The following chart shows the composition of our liquidity sources as of December 31, 2021 and 2020:

	2021	2020
Demand deposits	31,713	28,612
Time deposits-		
General public	11,669	12,273
Money market:		
Deposit certificates	2,179	2,700
	13,848	14,973
Debt securities-		
Debt securities (Bonds)	1,265	767
	1,265	767
Global account for inactive deposits	3	3
Total Deposits	**46,829**	**44,355**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

Our main liquidity sources have been historically integrated in (1) interbank lines to carry out payment transactions, (2) daylight repurchase agreements transactions with the Bank of Mexico, (3) deposits, mainly demand and time deposits, (4) bank loans and other loans, including *call money* and issuance of interbank paper, and (5) the own generation of business cash flow.

Below is a brief description of our deposit products:

- Demand deposits: Our core product is the Digital Account, which is a contract for banking demand deposits and allows the balances to be maintained in multiple currencies at the same time, such as in Mexican pesos, US dollars, euros, Pounds sterling, Swiss francs, Japanese yen and Swedish krona. It offers rates of return in Mexican pesos and US dollars. It allows to generate orders for cash withdrawals, to make transfers through SPEI, SPID and SWIFT and foreign exchange with charge and credit to the account. Likewise, it offers depositors identification services for the concentration of resources. There is an annual fee in case the average monthly balance is lower than $1 million MXN.

- Time Deposits. Monex Certificates of Deposit, a product that allows fixed-term investment in Mexican pesos and US dollars. Any term between one and 360 days can be freely chosen, as long as the expiration occurs on a bank business day.

- Banking loans and loans from other Institutions: Supply Chain Financing and NAFIN's digital credits, financing facilities for agricultural, rural, and fishing sectors of Mexico (FIRA). "Call money" and interbank credit facilities, which are mostly used for short-term funding and banking leveling market.

Indebtedness Level

Loans with Development Bank Institutions – Loans are granted by Nacional Financiera, S.N.C. (NAFIN), which represent a direct obligation for Monex, S.A.P.I. with that entity. Accordingly, Monex, S.A.P.I. grants loans in Mexican pesos and U.S. Dollars to its clients 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.P.I. The financial conditions are set under fixed-rate 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.

Income Taxes

The current Income Tax Law establishes an income tax rate of 30% for 2022 and subsequent years.

The income tax expense (benefit) includes the following:

	2022
In profit or loss of the period:	
On tax basis	1,008
Deferred income tax	(16)
Income Tax	**992**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

Income Taxes at the end of 2021 and 2020 have the following components:

	2021	2020
Income Tax:		
Current	291	788
Deferred	233	(412)
	524	**376**

Internally prepared with audited figures as of December 31, 2021 and 2020. Figures in millions of MXN.

The tax expense (benefit) attributable to profit (loss) from continuing operations before income taxes and Other Comprehensive Income, was different from that which would result of applying a 30% income tax rate to profit (loss) before taxes to profit from discontinued operations and Other Comprehensive Income as a result of the items showed below:

	2022
Profit or loss before income taxes	**3,901**
Expense (benefit) expected	1,170
Increase (decrease) resulting from:	
Fiscal effect of inflation, net	(216)
Non-deductible expenses	7
Others, net	31
Income tax expense (Benefit)	**992**

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

As of December 31, 2022, carryforward tax losses expire as shown below:

Year	2022
2023	3
2024	1
2025	3
2026	53
2027	61
2028	112
2029	161
2030	99
2031	17
	510

Internally prepared with audited figures as of December 31, 2022. Figures in millions of MXN.

III. Internal Control

Currently, the Financial System requires security, reliability and effectiveness in the information flows generated, based on an adequate control environment and the timely compliance with the applicable legal framework. In that sense, Financial System members must offer a reliable and timely technology and operation platform, based on an effective compliance environment. At Monex, we have an internal control system, through which we carry out the adequate risk management inherent to the ordinary performance of our activities, through the design and implementation of effective controls.

The internal control system at Monex is strengthened by the corporate governance and other controls, such as: the Board of Directors, the Audit Committee, the Risks Management Committee, the Communication and Control Committee, the Internal Auditing department, among others.

The Board of Directors and the Audit and Corporate Practices Committee are integrated as follows:

PROPRIETARY DIRECTORS	ALTERNATES
Héctor Pío Lagos Dondé **Chairman**	Ana Isabel Lagos Vogt
Georgina Teresita Lagos Dondé	Julia Inés Lagos Vogt
Francisco Lorenzo Lagos Dondé	José Raúl Bitar Romo
Mauricio Naranjo González **Vice Chairman**	Jorge Hierro Molina
Moisés Tiktin Nickin	Patricia García Gutiérrez

INDEPENDENT DIRECTORS

David Aarón Margolín Schabes

Hernando Carlos Luis Sabau García

Anthony McCarthy Sandland

SECRETARY	PRO-SECRETARY
Jacobo Guadalupe Martínez Flores	Erik Alberto García Tapia

Audit and Corporate Practices Committee:

PRESIDENT OF THE COMMITTEE
David Aarón Margolin Schabes
Independent Director

Hernando Carlos Luis Sabau García
Independent Director

Anthony McCarthy Sandland
Independent Director

SECRETARY
Jacobo Guadalupe Martínez Flores
Secretary of the Board of Directors

The internal control system implemented is based on the COSO methodology and complies with the regulatory control and compliance requirements established by the different regulatory entities, mainly by CNBV and Bank of Mexico.

Internal control is a process that involves all members of the organization without exception, which was designed to provide a reasonable level of support regarding the achievement of the objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial information
- Compliance with applicable laws and regulations

At Monex, we have an appropriate Internal Control System in accordance with the strategies and objectives of the Group, based on the following pillars, which ensure the identification, quantification, and control of the different operational risks in the transactions on the different markets in which Monex is involved, and ensure compliance with the applicable law.

a. We have policies, procedures and controls aimed at:

- Identification, evaluation, and mitigation of risks
- A proper processing of transactions (authorization, documentation, record, and settlement)
- Generation of truthful, reliable, and timely information with appropriate communication channels, which allows conducting, managing, and controlling the transactions
- Safeguarding of assets (security and custody of assets, information security and backup, operating limits, and assets assurance)
- Permanent compliance with internal and external regulations applicable to our activities
- Avoidance or prevention of conflict of interests
- Efficient and effective anti-money laundering and fraud-prevention measures

b. Staff structures, positions, functions, and responsibilities have been defined, considering the segregation and delegation principles of duties and responsibilities. The relevance of these principles consists of clearly delimiting personnel duties and responsibilities, avoiding possible conflicts of interest.

c. Establishment and dissemination of a corporate culture based on ethical values as a framework of the relationships with clients, suppliers, employees, authorities, and society in general. The most important items are:

- To act in compliance with applicable regulations and in accordance with sound market practices
- To ensure the clients' interests to generate confidence among them by means of a transparent, unbiased, and good-faith performance
- To provide the market with truthful and timely information to generate confidence in our counterparties
- To safeguard clients' information and not to use or disclose privileged information

d. Independent processes for monitoring and evaluating the functioning and design of existing control schemes and timely response of the areas responsible for attention to identified shortcomings.

e. Adherence to the Global Code of Conduct for Exchange Market operations, in addition to the Code of Ethics and Conduct of the Institution focused on the operations of our main line of business.

Finally, in accordance with the relevant provisions in the matter, each year the CEO informs the Audit Committee and the Board of Directors, in writing, regarding the proper functioning of our Internal Control System.

e) Estimates, provisions, or critical accounting reserves

Commitments and contingent liabilities

a) Monex, S.A.P.I., on a consolidated basis, discloses the rents occupied by the administrative offices, branches, and warehouses, as well as hardware, in accordance with lease contracts with defined terms. The depreciation and amortization expense for rentals is included in administrative expenses in the consolidated statement of comprehensive income. The amount of annual rents payable, derived from lease contracts with a defined term, is as follows:

Annual rents payable	
2023	181
2024	180
2025	179
2026	123
2027 and thereafter	242
	905

b) Monex, S.A.P.I. has not entered into service provision contracts with related companies.

c) In the normal course of operations, some subsidiaries have commitments to each other for service contracts. These contracts are for an indefinite period.

d) There is a contingent liability derived from employee benefits.

e) Monex, S.A.P.I. is involved in several lawsuits and claims, derived from the normal course of operations, which are not expected to have a significant effect on the financial position and future profit or loss.

f) In accordance with current tax legislation, the authorities have the power to review up to the five fiscal years prior to the last income tax return filed.

g) In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and fiscal obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable transactions. In the event that the tax authorities review the prices and reject the determined amounts, they could demand, in addition to payment of the corresponding tax and accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100% of the updated amount of contributions.

MONEX

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2022 Annual Report

Chapter 4

Management

a) External Auditors

Our financial statements for the years 2021 and 2020 have been audited by Galaz, Yamazaki, Ruiz Urquiza S.C. (member of Deloitte Touche Tohmatsu Limited), according to the established in their report attached to this annual report. For 2022, we contracted KPMG Cárdenas Dosal, S.C. (a member of KPMG International Limited) to audit our 2022 financial statements. Likewise, Deloitte and KPMG have not issued a qualified opinion, an unfavorable (or adverse) opinion or a denial (or disclaimer) of opinion regarding the financial statements of Monex, S.A.P.I. de C.V. in the last 3 financial years for the years that each company has audited the financial statements of Monex.

The Board of Directors is the body in charge of appointing and contracting external auditors, seeking to designate as such professional firms of recognized international prestige. During the year ended on December 31, 2022, the services provided to us by the external auditors for concepts other than auditing the financial statements were the following: Transfer Pricing Study, which cost $142 thousand MXN and represented 9% of the total disbursements made to the firm.

Each service requested to KPMG has been approved by the Board of Directors, in accordance with our policies and procedures. Therefore, the relationship is cordial and mutually respectful, always giving added value in all the services provided to us.

Auditor Hiring Procedure

The Audit Committee makes the necessary inquiries and evaluations to propose the external auditor and additional services to those derived from the audit of our financial statements. It is worth mentioning that in the relevant evaluations, it is considered as essential that the external auditor satisfies the requirements legally established in the Circular Única de Auditores Externos. Chapter II, Articles 4 to 13. This proposal is submitted to the Board of Directors for its approval and designation.

Once the auditor has been designated, the CEO must inform the CNBV in writing, within the 15 business days following the hiring of the external auditor, providing the reasons for such hiring and attaching the respective documentation, in accordance with the Circular Única de Auditores Externos in its Article 17.

b) Operations with related parties and conflicts of interest

By virtue of the transactions carried out between Monex and its subsidiaries, such as investments in deposits, among others, which originate revenues in one entity and expenses in the other; transactions and balances with consolidated companies were eliminated and transactions with non-consolidated companies remain.

As of December 31, 2022, loans granted to related parties amount to $1,259 million MXN. As of December 31, 2021 and 2020, those loans amounted to $1,462 million MXN and $1,559 million MXN, respectively, which were approved by the Board of Directors.

Observing the prices and amounts of the remunerations that they would have used with or between independent parties in comparable operations, we consider that the operations carried out with related parties were carried out under market conditions.

c) Managers and Shareholders

As of December 31, 2022, our management is entrusted to the Board of Directors and the CEO. The Board of Directors was designated on April 19, 2022, and the current Board of Directors was designated on October 17, 2022, which is composed of eight directors, and in its case, of their respective alternate directors. In accordance with our By-laws and the LMV, three of the members are independent directors. Likewise, there is a Vice Chairman, a Secretary, and a Pro-Secretary of the Board of Directors, on the understanding that the last two charges do not take part in this Management Board. The members are designated or ratified annually at the General Ordinary Shareholders' Meeting. Any shareholder or group of shareholders who individually or jointly represent 10% of the capital stock have the right to designate a member of the Board and its respective alternate member.

The Board must meet whenever it is convened by its Chairman, Secretary or Pro-Secretary, by 25% or more of the members of the Board, or by any of the Issuer's Committees. Resolutions adopted at Board meetings are valid, provided that the majority of the directors without conflicts of interest in the resolution vote in favor at the meeting. If required, the Chairman may cast the decisive vote.

In accordance with the provisions of Clause Sixteen of Monex By-laws, this Board shall have the broadest faculties to carry out the corporate purpose and to lead and manage the Company.

The Board of Directors shall have the following powers and competencies, among others:

- General power of attorney for lawsuits and enforced collections
- General power of attorney for administrative acts
- General power of attorney for acts of ownership
- General power of attorney to grant and subscribe credit securities
- Faculty to designate the CEO, who may be or may be not a member
- Faculty to grant general or special powers and to revoke them
- The exclusive faculty to determine the sense in which the corresponding votes of the shares owned by the Issuer, must be cast in the Ordinary, Extraordinary and Special Shareholders' Meetings of the companies in which it holds the majority of the shares and to designate the respective special attorney
- The Board of Directors will require the prior authorization of the Ordinary Shareholders' Meeting to approve the acquisition or disposal of shares, or the exercise of the right of withdrawal, in the following cases:

    i. When the acquisition value of the shares of another company, in case of one or several simultaneous or successive acquisitions, exceeds 20% of stockholders' equity, according to the last Company Balance Sheet

    ii. When the disposal value of the shares of another company, in case of one or more simultaneous or successive disposals, exceeds 20% of the stockholders' equity, according to our last Balance Sheet and

    iii. When the exercise of the withdrawal right in the companies of variable capital represents, in case of one or various simultaneous or successive acts, the refund of shares, whose value exceeds 20% of the stockholders' equity, according to our last Balance Sheet.

Through Ordinary Shareholders' Meeting held on October 17, 2022, the appointment and ratification of the Board of Directors was approved, as follows:

PROPRIETARY DIRECTORS	ALTERNATES
Héctor Pío Lagos Dondé **Chairman**	Ana Isabel Lagos Vogt
Georgina Teresita Lagos Dondé	Julia Inés Lagos Vogt
Francisco Lorenzo Lagos Dondé	José Raúl Bitar Romo
Mauricio Naranjo González **Vice Chairman**	Jorge Hierro Molina
Moisés Tiktin Nickin	Patricia García Gutiérrez

INDEPENDENT DIRECTORS

David Aarón Margolín Schabes
Hernando Carlos Luis Sabau García
Anthony McCarthy Sandland

SECRETARY	PRO-SECRETARY
Jacobo Guadalupe Martínez Flores	Erik Alberto García Tapia

The Secretary and Pro-Secretary are not part of the Board of Directors.
The Board of Directors of the Issuer is composed of 69% men and 31% women.
Héctor Pío Lagos Dondé, Georgina Teresita Lagos Dondé, and Francisco Lorenzo Lagos Dondé are blood related in first-degree collateral line.

Directors' Resume

Héctor Pío Lagos Dondé is the Executive Chairman of Monex. Since the incorporation of Monex in 1985, Mr. Lagos has managed the institution and chaired the Board of Directors. He has a strong background in the financial sector. Mr. Lagos holds a degree in Public Accounting from the Instituto Tecnológico Autónomo de México and an MBA from Stanford University.

Georgina Teresita Lagos Dondé is a member of the Board of Directors and chairs the COSUSTENTA Committee at Monex. Mrs. Lagos holds a degree in Communication Sciences from Universidad Anáhuac and a master's degree in Comparative Politics from New York University.

Francisco Lorenzo Lagos Dondé holds a bachelor's degree in Electromechanical Engineering from the Universidad Panamericana; bachelor's degree in philosophy from the Instituto Libre de Filosofía y Ciencias in Guadalajara, Mexico. He holds a master's degree and PhD in Philosophy from the Université de Paris VIII in Saint Denis, France.

Mauricio Naranjo González is CEO of Monex, S.A.P.I. de C.V. He has more than 33 years of experience in the financial sector, last 13 years in Monex. With a solid background in senior management. Previously, he held various positions in IXE, CNBV and Banco de Mexico. He holds a bachelor's degree in economics from the Instituto Tecnológico Autónomo de México and a PhD in Economics from the University of California, Berkeley.

Moisés Tiktin Nickin has more than 40 years of experience in the financial sector, 21 of which in Monex. Previously, he held various management positions at Valorum, Valores Finamex and SHCP. Mr. Tiktin holds a bachelor's degree in economics from the Instituto Tecnológico Autónomo de México and a master's degree in Economics from the University of Chicago.

Ana Isabel Lagos Vogt is Director of Innovation at Monex Grupo Financiero. Previously, she was a Business Analyst at McKinsey and Company. She holds a bachelor's degree in Metropolitan Studies and Urban Design & Architecture Studies from New York University and an MBA from the Kellogg School of Management of Northwhester University.

Julia Inés Lagos Vogt holds a bachelor's degree in financial administration from the Instituto Tecnológico de Monterrey and a Specialization in International Business from the IE Business School of Madrid, Spain.

Patricia García Gutiérrez is Managing Director of Personnel and Corporate Affairs of Monex Grupo Financiero. She has 32 years of experience in the financial sector, 22 of them at Monex. She has specialized in talent management, corporate social responsibility, public relations, communication, and marketing. She holds a bachelor's degree in computer systems and computer science from the Universidad Iberoamericana and a master's degree in systems, planning and computer science from the same university.

Jorge Hierro Molina is Managing Director of Operation and Finance and CEO of Banco Monex. Mr. Hierro has more than 36 years of experience and prior to joining Monex, he served as CFO for Latin America at Citibank, and previously he held several senior management positions within Banamex. He holds a bachelor's degree in economics from Instituto Tecnológico Autónomo de México and is a PhD candidate from the Massachusetts Institute of Technology (MIT).

David Aarón Margolín Schabes is an Independent Director of Monex. He has more than 43 years of experience during which he has held various directive positions in Banco de Mexico and Grupo Financiero Banorte. He has a bachelor's degree in actuarial sciences from the Universidad Nacional Autónoma de México (UNAM) and a master's degree in Operational Research from Cornell University in New York, USA.

Hernando Carlos Luis Sabau García is an Independent Director of Monex. He is a partner of SAI Consultores, S.C. since 1999. He has more than 46 years of experience during which he has held various directive positions. He holds a bachelor's degree in actuarial sciences from UNAM, a master's degree in Econometrics from the University of Manchester, and a PhD in Econometrics from the National University of Australia.

Anthony McCarthy Sandland is a member of our Board of Directors, who has over 41 years of experience in various management positions in financial entities, including J.P. Morgan/The Chase Manhattan Bank NA, BBVA, HSBC, BANCOMEXT/NAFIN. Currently, he is an Operating Partner of Advent International. He is a Public Accountant from the Universidad Iberoamericana and has a master's degree in business administration from Columbia University in New York.

MONEX, S.A.P.I. DE C.V. DIRECTORS	COMPANY OF WHICH HE/SHE IS A MEMBER OF THE BOARD OF DIRECTORS	RELATIONSHIP WITH THE ISSUER
Héctor Pío Lagos Dondé	i) Monex Grupo Financiero, S.A. de C.V.	DIRECT
	ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero	INDIRECT
	iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	iv) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	v) Arrendadora Monex, S.A. de C.V.	DIRECT
	vi) Admimonex, S.A. de C.V.	DIRECT
	vii) MNI Holding, S.A. de C.V.	DIRECT
	viii) Servicios Complementarios Monex, S.A. de C.V.	DIRECT
	ix) VZ Comm, S.A. de C.V.	NONE
	x) Monex Etrust, S.A.P.I. de C.V.	INDIRECT
Georgina Teresita Lagos Dondé	i) Monex Grupo Financiero, S.A. de C.V.	DIRECT
	ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero	INDIRECT
	iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	INDIRECT
Francisco Lorenzo Lagos Dondé	He is not an executive nor a member of the Board of Directors of another company.	NON APPLICABLE
Mauricio Naranjo González	i) Monex Grupo Financiero, S.A. de C.V. / CEO	DIRECT
	ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero	INDIRECT
	iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	iv) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	v) Admimonex, S.A. de C.V.	DIRECT
	vi) MNI Holding, S.A. de C.V.	DIRECT
	vii) Arrendadora Monex, S.A. de C.V.	DIRECT
	viii) Servicios Complementarios Monex, S.A. de C.V.	DIRECT
	ix) Cable4, S.A. de C.V.	INDIRECT

MONEX, S.A.P.I. DE C.V. DIRECTORS	COMPANY OF WHICH HE/SHE IS A MEMBER OF THE BOARD OF DIRECTORS	RELATIONSHIP WITH THE ISSUER
Moisés Tiktin Nickin	i) Monex Grupo Financiero, S.A. de C.V.	DIRECT
	ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero	INDIRECT
	iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	iv) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	v) Admimonex, S.A. de C.V.	DIRECT
	vi) MNI Holding, S.A. de C.V.	DIRECT
	vii) Servicios Complementarios Monex, S.A. de C.V.	DIRECT
	viii) Monex Etrust, S.A.P.I. de C.V.	INDIRECT
David Aarón Margolín Schabes	i) Monex Grupo Financiero, S.A. de C.V.	DIRECT
	ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero	INDIRECT
	iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	iv) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	INDIRECT
Hernando Carlos Luis Sabau García	i) Monex Grupo Financiero, S.A. de C.V.	DIRECT
	ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero	INDIRECT
	iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	iv) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	INDIRECT
	v) MexDer, Mercado Mexicano de Derivados	NONE
	vi) Asigna, Compensación y Liquidación	NONE
	vii) Contraparte Central de Valores	NONE
	viii) Operadora de Fondos Nafin	NONE
Anthony McCarthy Sandland	He is not an executive nor a member of the Board of Directors of another company.	NON APPLICABLE

MONEX, S.A.P.I. DE C.V. DIRECTORS	COMPANY OF WHICH HE/SHE IS A MEMBER OF THE BOARD OF DIRECTORS	RELATIONSHIP WITH THE ISSUER
Patricia García Gutiérrez	i) Monex Grupo Financiero, S.A. de C.V. / Managing Director of Personnel and Corporate Affairs ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero iii) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero	DIRECT INDIRECT INDIRECT
Jorge Hierro Molina	i) Monex Grupo Financiero, S.A. de C.V. / Managing Director of Operation and Finance ii) Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero / CEO iii) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero iv) MNI Holding, S.A. de C.V. v) Servicios Complementarios Monex, S.A. de C.V.	DIRECT INDIRECT INDIRECT DIRECT DIRECT
Ana Isabel Lagos Vogt	i) Monex Grupo Financiero, S.A. de C.V. ii) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	DIRECT INDIRECT
Julia Inés Lagos Vogt	i) Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero ii) Monex Operadora de Fondos, S.A. de C.V., Monex Grupo Financiero	INDIRECT INDIRECT
José Raúl Bitar Romo	He is not an executive nor a member of the Board of Directors of another company.	NON APPLICABLE

Beneficiary Shareholders with more than 10% of Monex capital stock:

a. Héctor Pío Lagos Dondé
b. Georgina Teresita Lagos Dondé
c. Francisco Lorenzo Lagos Dondé

Shareholders exercising significant influence:

a. Héctor Pío Lagos Dondé

Shareholders exercising control or power of command over the Issuer:

a. Héctor Pío Lagos Dondé

The Chairman of the Board currently owns 56.69078% of the capital. There are two persons who bear a relation of kinship with the Chairman of the Board, whose shareholding is 20.65087% each. No relevant member of the management team has more than 1% of the capital stock of Monex.

There are no Directors with shareholding in aggregate form that have an individual holding greater than 1% and fewer than 10%.

There were no significant changes over the last 3 years (2022-2020) in the percentage of ownership held by the main current shareholders.

Monex is not controlled, directly or indirectly, by a foreign government or any legal entity or individual other than the aforementioned one.

To date, we do not have any commitment that could mean a change of control of its shares.

Our experienced managing team will continue to play a key role in the expansion of our financial and non-financial businesses.

The Corporate Human Resources Manual of Monex, presented and authorized by the Audit Committee, provides for a specific inclusion policy pointing out that at Monex we do not make any distinction of the personnel hired with respect to any kind of exclusion or preference based on race, gender, age, color, religion, political opinion, social status, or ethnic origin, giving the same treatment and opportunities in the hiring process. Likewise, we express our explicit commitment to inclusion in our code of ethics. The Managing Director of Personnel and Corporate Affairs is committed to a follow-up on the foregoing policy.

Compensation fees to Directors and Executive Administration

By resolution adopted by the Ordinary General Shareholders' Meeting of Monex, S.A.B. de C.V., held on October 17, 2022, it has been resolved to empower the Chairman of the Board of Directors so that, if applicable, may determine the emoluments and their payment methods for Messrs. Georgina Teresita Lagos Dondé, Francisco Lorenzo Lagos Dondé, David Aarón Margolín Schabes, Hernando Carlos Luis Sabau García and George Ian Anthony McCarthy Sandland and, if applicable, their respective alternates, for being members of the Board of Directors and, where appropriate, for being members and/or chairpersons of various committees. Likewise, it recorded the resignation expressed by the rest of the persons designated as Proprietary and Alternate Directors, the Secretary and Pro-Secretary to receive any emolument for the performance of their duties.

In 2022, the total amount of benefits of any nature received by Directors of the Board, relevant directors, and related individuals of Monex and its subsidiaries during the last fiscal year amounted to $88 million MXN.

- There is no pension or retirement plan for this group of directors and relevant board members
- The relevant directors receive a monthly salary with benefits and a scheme of bonuses according to their performance.

Stock Plan or Options for Employees or Executives of the Issuer

Currently, there is no stock plan or options on stocks for the benefit of the Issuer's employees or executives.

Corporate Practices and Audit Committee

Our Corporate Practices Committee was created due to the adoption of the stock-market monitoring regime, in accordance with the provisions of articles 15 and 19 of the LMV, (the "Stock Option Plan"). The Committee has been assigned the functions of audit established in article 42 of the LMV and has 6 members, the term of the position is one year. Our Shareholders' Meeting appoints the members of this Committee, and we consider them as financial experts due to their work experience in the financial system.

CHAIRMAN OF THE COMMITTEE
David Aarón Margolin Schabes
Independent Director

Hernando Carlos Luis Sabau García
Independent Director

Anthony McCarthy Sandland
Independent Director

SECRETARY
Jacobo Guadalupe Martínez Flores
Secretary of the Board of Directors

The members of the Corporate Practices and Audit Committee are Independent Directors of the Issuer, in accordance with the LMV.

The main obligations of this Committee include:

I. The preparation of our annual reports and presentation thereof to the Board of Directors for approval

II. Review and opinion of transactions with related parties

III. The recommendation on hiring third-party experts to express an opinion on transactions with related parties

IV. Recommendations to the Board of Directors regarding independent auditors

V. The review of our financial statements prior to their publication

VI. Periodic evaluation of our internal control mechanisms

VII. Periodic evaluation of our compliance with generally accepted accounting criteria

VIII. The salary package or integral remunerations of relevant executives

It is worth mentioning that the External Auditor is the firm KPMG Cárdenas Dosal, S.C. (KPMG).

In compliance with the regulations applicable to financial intermediaries, the different financial entities that compose Monex Grupo Financiero have the Communication and Control Committee and the Risk Committee.

Additionally, we have several intermediate administration bodies and committees that strengthen our corporate governance structure, from which, the following stand out:

- Audit and Corporate Practices Committee of Monex
- Audit Committee (Banco Monex and Monex Casa de Bolsa)
- Risk Management Committee (Banco Monex, Monex Casa de Bolsa and Monex Fondos)
- Credit Committee (Banco Monex)
- Compensation Committee (Banco Monex and Monex Casa de Bolsa)
- Financial Products Analysis Committee (Banco Monex and Monex Casa de Bolsa)
- Assets and Liabilities Committee (Banco Monex)
- Communication and Control Committee (Banco Monex, Monex Casa de Bolsa and Monex Fondos)
- Environmental, Social, and Corporate Governance Committee (Monex Grupo Financiero)

On October 17, 2022, the Ordinary Shareholders' Meeting approved the integration and ratification of the current Board of Directors.

Code of Ethics

Monex has a Code of Ethics intended to be a simple and practical tool, from an ethical point of view, to guide the decision-making of all the persons integrating the Institution.

The main guidelines applicable to directors and executives with respect to shareholders are detailed below:

- To increase the value of the organization's shares and to carry out timely monitoring of results through financial, security and permanence indicators.
- To ensure the interests of the Institution and to collaborate at all times on the achievement of goals.
- To generate and provide truthful and reliable information under required quality and audit standards.
- Promote the development of Monex's intellectual and human capital, in order to have a team of capable and motivated personnel.
- Contribute to the construction of an Institution valued for its respect for legality, innovation, efficiency, and social commitment.
- Maintain a high degree of innovation in all our processes to maintain a competitive position in the market.
- Responsibly manage material and financial resources, information, and the various assets (facilities, equipment and tools) entrusted to us by Monex.
- Keep the information confidential, even if there is no express obligation to do so.
- Promote throughout the organization a culture of collaboration, openness, and communication.
- It is not allowed to falsify the information presented to shareholders.
- It is not allowed to hide information relevant for decision making.
- It is not allowed to promote or allow practices of dishonesty, corruption, or sabotage in the organization.
- It is not allowed to use Monex resources for purposes other than those for which they are intended.
- It is not allowed to sabotage proposals for development of the organization or the implementation of new technologies or processes.
- Leverage systems to improve products and customer service; as well as optimize processes and costs.
- It is not allowed to disclose confidential information to third parties (including family and friends) and to use such information for any other purpose unrelated to the business.
- It is not allowed to carry out any activity that implies a conflict with the purposes of Monex, as well as to use privileged information, available to the personnel as a result of their functions, for their own benefit or that of third parties.

d) By-laws and other agreements

The By-laws in force to date of this Annual Report are the following:

MONEX, S.A.B. DE C.V.

CHAPTER I

NAME, REGISTERED OFFICE, NATIONALITY,

PURPOSE AND DURATION

CLAUSE ONE. Name. The name of the Company is "MONEX". This name shall be followed by the words "Sociedad Anónima Bursátil de Capital Variable" (Variable Capital Stock Market Company) or its abbreviation "S.A.B. de C.V.".

CLAUSE TWO. Registered Office. The registered office of the Company is in Mexico City, Federal District, but it may establish offices and branches anywhere else in the Mexican Republic and agree on elected domiciles, the foregoing without implying a change of its registered office.

CLAUSE THREE. Nationality. The Company is of Mexican nationality and any foreigner that acquires an interest or equity interest in the Company at the time of the organization of the Company or any time thereafter, will be deemed for such mere fact as Mexican with respect to his interest or equity interest in the Company, and it will be understood that he agrees not to invoke the protection of its government, under the penalty, in the event of breach of this agreement, of waiving said interest or equity interest for the benefit of the Mexican Nation.

The foreign shareholders of the Company formally agree with the Ministry of Foreign Affairs to be considered as nationals with respect to the shares issued by the Company that they may acquire or hold, and with respect to the property, rights, concessions, interests, or equity interests held by the Company, or the rights and obligations arising from agreements with Mexican authorities to which the Company is a party, and thus not to invoke the protection of their Governments, under penalty, in the event of breach of this agreement, of losing the shares they acquired for the benefit of the Nation.

CLAUSE FOUR. Purpose. The purpose of the Company is to promote, form, organize, use, acquire, and participate in the capital stock or equity of all kinds of business or civil corporations, partnerships, or companies, whether commercial, of services, or any other nature, both national and foreign, and to participate in their management or liquidation.

CLAUSE FIVE. Acts Related to its Corporate Purpose. For the fulfillment of the purpose mentioned in the clause above, the Company may carry out the following activities:

(a) buy, sell, transfer, encumber, and in general, trade in any way shares, equity interests, rights, and interests in commercial, civil and any other type of legal persons, national and foreign, and acquire its own shares under the terms of the respective laws;

(b) receive from other companies and persons, and provide to other companies and persons, any service necessary for the fulfillment of their purposes or corporate purposes, such as, among others, management, financial, treasury, audit, marketing, preparation of balance sheets and budgets, preparation of programs and manuals, analysis of results of operation, assessment of information regarding productivity and potential financing, preparation of analyses regarding capital availability, technical assistance, advising, or consulting services.

(c) obtain, acquire, develop, market, improve, use, grant, and receive licenses, or use under any legal title all kinds of patents, marks, certificates of invention, trade names, utility models, industrial designs, industrial secrets, and any other industrial property rights, as well as copyrights, options thereon, and preference, whether in the United Mexican States or abroad;

(d) obtain all kinds of loans or credits; issue and, where applicable, make a public and/or private offering of shares, debentures, convertible debentures, bonds, stock exchange certificates, including any other securities, negotiable instrument, or equivalent instrument, regardless of the law that regulates them, with or without the grant of specific collateral with a pledge, mortgage, trust, or under any other legal title, and grant any type of financing or loan to business or civil corporations, companies, and institutions with which the Company has business relations or interests, whether it receives or not specific collateral or personal guarantees.

(e) grant and receive all kinds of personal guarantees, collateral, and guarantees of debentures or negotiable instruments of companies, partnerships, and institutions in which the Company has an interest or participation, or with which the Company has business relationships, constituting itself as surety, joint and several obligor, and/or guarantor of such persons or any third party;

(f) sign, issue, draw, and guarantee all types of negotiable instruments, regardless of their name and the law that regulates them, and accept and endorse them;

(g) execute any type of derivative financial transactions, provided that such transactions are for hedging purposes;

(h) make, oversee, or hire, on its own account or through third parties, all kinds of constructions, buildings, facilities for offices or establishments;

(i) carry out on its own account or for the account of third parties, training and development programs, as well as research works.

(j) act as a commission agent, agent, or representative of any person or company involved in management or business activities allowed by the laws of the United Mexican States;

(k) lease or grant in lease or gratuitous bailment; acquire, possess, swap, sell, transfer, dispose of, or encumber the ownership or possession of all kinds of personal and real property, as well as other real or personal rights thereon, necessary or advisable for its corporate purpose or for the operations or corporate purposes of the business or civil corporations, partnerships, and institutions in which the Company has an interest or participation of any nature;

(l) acquire its own shares in terms of the Ley del Mercado de Valores and applicable general provisions;

(m) issue unsubscribed shares for their offering to the public in terms of Article 53 (fifty-three) of the Ley del Mercado de Valores or any provision that substitutes it, pursuant to the procedure set forth in these Bylaws and in the applicable law; and

(n) in general, execute and carry out all related, accessory, or incidental acts, agreements, and operations, necessary or advisable for the fulfillment of the purposes mentioned above.

CLAUSE SIX. Duration. The duration of the Company is perpetual.

CHAPTER II

CAPITAL STOCK AND SHARES

CLAUSE SEVEN. Capital Stock. The capital of the Company is variable represented by ordinary, registered shares with no par value.

The minimum fixed portion of the capital stock without right of withdrawal is $50,000.00 (FIFTY THOUSAND MXN 00/100), represented by 50,000 (FIFTY THOUSAND) ordinary, registered Series "A" shares with no par value, fully subscribed and paid. The variable portion of the capital stock shall be unlimited and it shall be represented by ordinary, registered Series "B" shares with no par value. All shares shall be of equal value and shall confer to their holders the same rights within each Series, and they shall be fully paid in cash at the time of their subscription.

All shares of the capital stock shall be freely subscribed in terms of the Ley de Inversión Extranjera, its regulations, and other applicable statutory provisions.

Under Article 54 (fifty-four) of the Ley del Mercado de Valores, prior approval of the Comisión Nacional Bancaria y de Valores, the Company may issue shares without voting rights, and also with the limitation of other corporate rights, and different restricted voting shares or those provided by Articles 112 (one hundred twelve) and 113 (one hundred thirteen) of the Ley General de Sociedades Mercantiles. At the time in which the shares without voting rights or limited or restricted voting shares are issued, the General Shareholders' Meeting that resolves their issue shall determine the applicable rights. Where appropriate, shares issued pursuant to this paragraph shall be of a Series different from the other shares representing the capital stock of the Company.

CLAUSE EIGHT. Increases and Decreases. The variable capital of the Company may be increased or decreased without need for amending the Bylaws, with the only formality of the increases or decreases being resolved at an Ordinary General Shareholders' Meeting and that such minutes are notarized with a notary public, without need for amending these Bylaws or registering the official transcript of the respective instrument in the applicable Registro Público de Comercio. Decreases and increases in the capital stock arising from the purchase and offering of shares referred to by Article 56 (fifty-six) of the Ley del Mercado de Valores and Clause Ten of these Bylaws shall not require a resolution of the Shareholders' Meeting or resolution of the Board of Directors.

The minimum fixed capital of the Company may not be increased or decreased unless resolved by the Extraordinary General Shareholders' Meeting and with the consequent amendment of the Bylaws, and in the event of a decrease, the provisions of Article 9 (nine) of the Ley General de Sociedades Mercantiles shall be complied, if the decrease in the capital is to reimburse to the shareholders their contributions or to release them from the obligation to make payments of their subscription value not paid yet.

Every increase or decrease in the capital stock shall be recorded in the book that the Company shall keep to that effect. No increase in the capital stock may be decreed if all shares previously issued by the Company are not fully subscribed and paid.

In the case of an increase in capital resulting from the capitalization of paid-in capital, retained earnings, reserves, or any other equity accounts, the shareholders may participate in the increase in proportion to the number of their shares. Given that the share certificates of the Company have no par value, the issue of new certificates will not be required in these cases.

In the event of a decrease in the capital stock through a reimbursement, the amount thereof shall remain at the disposal of the applicable Shareholders, and such reimbursement shall not bear any interest.

Under Article 50 (fifty) of the Ley del Mercado de Valores, holders of the shares representing the variable part of the capital stock of the Company shall have the right of withdrawal referred to in Article 220 (two hundred and twenty) of the Ley General de Sociedades Mercantiles.

In case of an increase in the capital stock, all shareholders shall have a preemptive right in proportion to the number of their shares to subscribe those issued or made outstanding. The right conferred in this paragraph shall be exercised within fifteen calendar days from the date on which the applicable notice is published in the Official Gazette of the Federation and in another newspaper of wide circulation in Mexico City, Federal District. This right shall not be applicable by reason of (i) the merger of the Company, (ii) in the conversion of debentures, (iii) in the repurchase of own shares in terms of Article 56 (fifty-six) of the Ley del Mercado de Valores and these By-laws, (iv) for a public offering of shares in terms of Article 53 (fifty-three) of the Ley del Mercado de Valores, and (v) in the event of an increase in capital resulting from the capitalization of paid-in capital, retained earnings, reserves, or any other equity accounts. Given that the share certificates of the Company have no par value, the issue of new certificates will not be required in these cases.

If any shares remain unsubscribed after the term during which the shareholders had the preemptive right conferred in this Clause expires, the shares in question may be offered to any person for their subscription and payment in the conditions and terms provided by the Meeting that decreed the increase in capital, or in the terms and conditions provided by the Board of Directors or the Delegates appointed by the Meeting to that effect, with the understanding that the price at which the shares are offered to third parties may not be lower than the price at which the shares were offered to the shareholders of the Company for subscription and payment.

The Company may also issue unsubscribed shares composing the capital stock, which shall be kept at the Company's treasury to be delivered to the extent that they are subscribe.

Additionally, the Company may issue unsubscribed shares to be offered to the public, provided that they are kept in custody by a securities depository and provided that the conditions provided to that effect in Article 53 (fifty-three) of the Ley del Mercado de Valores are met. For purposes of the above, Article 132 (one hundred and thirty-two) of the Ley General de Sociedades Mercantiles shall not be applicable.

The General Shareholders' Meeting may resolve to reduce the capital stock by proportionally affecting all shareholders, in such a way that after the reduction, the shareholders maintain the same percentages with respect to the total capital stock they had at the date of the reduction, without need for any ballot to assign the shares to be redeemed.

In no case may the capital stock be decreased to less than the legal minimum.

CLAUSE NINE. Redemption of Shares. The Company may redeem shares with distributable profits without decreasing the capital stock. The Extraordinary General Shareholders' Meeting that resolves the redemption, in addition to observing the applicable provisions of Article 136 (one hundred and thirty-six) of the Ley General de Sociedades Mercantiles, shall observe the following specific rules:

I. The Meeting may resolve to redeem shares to all the shareholders on a pro-rata basis, in such a way that after the redemption the shareholders shall have the same percentages with respect to the total capital stock they had prior to the redemption, without need for cancelling share certificates, as such certificates have no par value, and without need for a ballot for assigning the shares to be redeemed, notwithstanding that the Meeting determined a particular price.

II. If the Meeting resolves that the redemption of shares will be made by acquiring such shares through a stock exchange, the Meeting or, where appropriate, the Board of Directors, shall approve the system for the withdrawal of shares, the number of shares to be redeemed, and the person appointed as stock broker or buying agent.

III. Except as provided in section two above, and if the Meeting determines a particular price for the redemption, the shares to be redeemed will be assigned, in any case, by ballot in the presence of a Notary or Public Attestor, with the understanding that such ballot shall be made in any case separately with respect to each Series of the capital stock, in such a way that shares of all Series are proportionally redeemed, so that such series will represent, after the redemption, the same percentage with respect to the total capital stock they represented prior to the redemption. The certificates of the redeemed shares in the case referred to by this section three shall be null and void.

CLAUSE TEN. Purchase of Own Shares. The Company may acquire shares of its own capital stock through the Stock Exchange in terms of Article 56 (fifty-six) of the Ley del Mercado de Valores, and the prohibition provided in the first paragraph of Article 134 (one hundred and thirty-four) of the Ley General de Sociedades Mercantiles shall not apply, provided that the acquisition is made charged to equity, in which case such shares may be held by the Company without need for a decrease in the capital stock, or charged to the capital stock, in which case they shall be converted into unsubscribed shares that will be kept by the treasury without need for a resolution of the Meeting.

The Ordinary General Shareholders' Meeting shall expressly indicate, for each year, the maximum amount of resources that may be used to acquire its own shares, with the only limitation that (i) the sum of the resources that may be used for such purpose may in no event exceed the total balance of net income of the Company, including retained earnings; (ii) the Company, where appropriate, has to be in good standing with the payment of obligations arising from debt securities registered with the Registro Nacional de Valores; and (iii) the acquisition and transfer of shares or securities representing such shares in no event shall exceed the percentages referred to by Article 54 (fifty-four) of the Ley del Mercado de Valores or fail to meet the listing maintenance requirements of the applicable stock exchange. On its part, the Board of Directors shall appoint to that effect the person or persons responsible for the acquisition and offering of own shares. As long as the Company holds the shares, such shares may not be represented or voted at Shareholders' Meetings of any kind or corporate or economic rights of any type exercised.

Own shares belonging to the Company or, where appropriate, treasury shares, without prejudice to the provisions of the Ley General de Sociedades Mercantiles, may be offered to the investing public, and the applicable increase in capital stock shall not require a resolution of the Shareholders' Meeting of any type or resolution of the Board of Directors. For the purposes of the provisions of this paragraph, the provisions of Article 132 (one hundred thirty-two) of the Ley General de Sociedades Mercantiles shall not apply.

The acquisition and transfer of shares provided in this Clause, the reports on such transactions that must be submitted to the Ordinary General Shareholders' Meeting, the financial reporting standards, and the form and terms in which such transactions must be informed to the Comisión Nacional Bancaria y de Valores, to the applicable stock exchange, and to the investing public, shall be subject to the terms of the Ley del Mercado de Valores and to the general provisions issued by the Comisión.

As provided for in Article 366 (three hundred and sixty-six) of the Ley del Mercado de Valores, the related persons of the Company and trustees of the trusts created with the purpose of establishing employee stock option plans and retirement funds, seniority premiums, and any other fund with similar purposes, created directly or indirectly by the Company, may only transfer or acquire from the Company shares of its capital stock or securities representing it, by public offering or auction authorized by the Comisión Nacional Bancaria y de Valores, except in the cases provided in Article 367 (three hundred and sixty-seven) and 365 (three hundred and sixty-five) of the Ley del Mercado de Valores and other applicable provisions.

CLAUSE ELEVEN. Acquisition by Subsidiaries. Legal persons Controlled (as such term is defined in Clause Twelve below) by the Company may not acquire, directly or indirectly, shares of the capital stock of the Company or securities representing such shares. Acquisitions through investment companies and those carried out by any of its Subsidiaries, where such Subsidiaries act solely and exclusively in the capacity as trustees of the trusts referred to by Article 57 (fifty-seven) of the Ley del Mercado de Valores are excluded from the prohibition above.

CLAUSE TWELVE. Acquisition of Shares and Change of Control.

Definitions. For purposes of this Clause Twelve, the terms below shall have the following meaning:

“Shares” means any and all of the shares representing the capital stock of the Company, regardless of their class, series, name, or any negotiable instrument, securities, or right (detachable or not, represented or not by any instrument, or resulting from conventional or contractual provisions and not from any instrument) or instrument issued or created on the basis of such shares, including ordinary participation certificates, certificates of deposit, or negotiable instruments with respect thereto, regardless of the law that regulates them or the market where they are offered or were executed or granted, or that confer any right on these shares or is convertible into, or may be exchanged for, such shares, including instruments and derivative transactions, options, optional instruments, or any similar or equivalent right or instrument, or any whole or partial right with respect or related to shares of the capital stock of the Company.

“Voting Agreement” means any agreement, verbal or written, regardless of its name, as a result of which voting mechanisms or partnership agreements, or joint votes, are created or adopted, which imply a change in the Control of the Company, a 20% Interest, or Significant Influence in the Company.

“Affiliate” means any company that Controls, is controlled by, or is under common Control with, any Person.

“Competitor” means any Person engaged, directly or indirectly, by any means and through any entity, vehicle, or agreement, mainly or sporadically to any activity it carries out, at any time during its existence, the Company or any of its Subsidiaries, and that represent 5% (five percent) or more of the gross revenues at a consolidated level of the Company and its Subsidiaries, with the understanding that the Board of Directors of the Company may on a case-by-case basis agree on exemptions to the concept of Competitor, by resolutions adopted under the terms of these Bylaws.

“Consortium” means the group of legal persons, of any nature, any name, and regardless of the jurisdiction in which they are organized, related with each other by one or more natural persons that, forming or not a Group of Persons, have Control of the first persons, provided that the concept of legal persons shall be understood to include trusts or similar agreements.

“Control”, “Controlling”, or “Controlled” means the capacity of a Person or Group of Persons, of any nature, any name, and regardless of the jurisdiction in which they are organized, of performing any of the following acts (i) impose, directly or indirectly, decisions or determinations at General Shareholders’ Meetings, of partners, or equivalent bodies, or appoint or remove a majority of the Directors, managers, or equivalent persons of the Company, (ii) maintain the ownership of Shares or rights with respect to such shares that allow to exercise, directly or indirectly, the vote with respect to more than 50% (fifty percent) of the capital stock of the Company, (iii) direct or otherwise determine, directly or indirectly, the management, strategy, or main policies of the Company, whether through the ownership of shares, by contract, or otherwise.

“Business Group” means the group of legal persons, of any nature, whatever their name, and regardless of the jurisdiction in which they are formed, organized under direct or indirect participation plans in the capital stock, or otherwise, in which one same legal person maintains Control of the other legal persons, provided that the concept of legal persons shall be understood to include trusts or similar agreements.

“Group of Persons” means the Persons with agreements, of any nature, verbal or written, to make decisions in one same direction or to act together. It is presumed, unless otherwise proven, that a “Group of Persons” is created by:

(i) the persons with a relationship by consanguinity, by affinity, or legal relationship up to the fourth degree, spouses, and concubine

(ii) the legal persons, of any nature, any name, and regardless of the jurisdiction in which they are organized, forming part of the same Consortium or Business Group and the person or group of persons controlling such legal persons, provided that the concept of legal persons shall be understood to include trusts or similar agreements.

"Significant Influence" means the ownership of rights that allow to exercise, directly or indirectly, through any means, the right to vote with respect to at least 20% (twenty percent) of the capital stock of a legal person, provided that the concept of legal persons shall be understood to include trusts or similar agreements.

"20% Interest" means the ownership or holding, individual or joint, directly or indirectly, through any legal person, trust, or equivalent, vehicle, entity, company, Consortium, Group of Persons, or Business Group, or other form of economic or commercial partnership, of any nature, any name, whether legally existing or not, and organized under the laws of any jurisdiction, of at least 20% (twenty percent) of the capital stock or equivalent of a legal person.

"Person" any natural person or legal entity, corporation, investment company, trust or its equivalent, vehicle, entity, company, or any other form of economic or commercial partnership, or any of the Subsidiaries or Affiliates thereof, of any nature, any name, whether legally existing or not, and organized under the laws of any jurisdiction, or any Consortium, Group of Persons, or Business Group acting or that intend to act in concert, jointly, or in a coordinated manner for the purposes of this Clause.

"Related Persons" means the Persons that, with respect to the Company, fall within the scope of the following events:

(i) the Persons that Control or have a Significant Influence or 20% Interest in any legal person that forms part of the Business Group or Consortium to which the Company belongs, as well as the directors, managers, or relevant officers of the Persons forming part of such Consortium or Business Group;

(ii) the Persons with management power, of any nature, with respect to a Person that forms part of the Consortium or Business Group to which the Company belongs;

(iii) the spouse, concubine, or persons with a kinship or legal relationship up to the fourth degree, with natural persons that fall within the scope of the above subsections (i) and (ii), as well as the partners of, or co-owners together with, the natural persons mentioned in such subsections or with whom they have business relationships;

(iv) the legal persons that form part of the Consortium or Business Group to which the Company belongs;

(v) the legal persons over which any of the persons referred to by the above subsections (i) to (iii), have Control or Significant Influence.

"Subsidiary" means any company with respect to which a Person owns a majority of the shares of its capital stock, or with respect to which a Person has the right to appoint a majority of the members of its board of directors (or equivalent management body) or its manager.

Approval to Acquire Shares by the Board of Directors

Any and all acquisitions of Shares, of any nature and any name, intended to be carried out under any title or means, whether in one act or a series of acts without any time limitation between such acts, including for such purposes mergers, consolidations, or other similar transactions, direct or indirect, by one or more Persons, Related Persons, Group of Persons, Business Group, or Consortium, shall require for their validity the prior and written affirmative vote of the Board of Directors, each time that the number of Shares to be acquired, added to the Shares of its previous shareholding, directly or indirectly through any means, results in a number equal to or greater than 10% (ten percent) of the Company's capital stock.

Any acquisition or attempt to acquire any Share, of any nature and any name, intended to be carried out under any title or means, whether in one act or a series or acts without any time limitation between such acts, including for such purposes mergers, consolidations, or other similar transactions, directly or indirect, regardless of the percentage of capital stock outstanding that such acquisition or attempt of acquisition represents, by any Competitor, above 5% (five percent) of the capital stock, shall require the favorable resolution of the Board of Directors as provided in this Clause Twelve.

The prior favorable resolution of the Board of Directors shall be required for either an acquisition of Shares within or outside a stock exchange, directly or indirectly, in one or several transactions of any legal nature, simultaneous or successive, without any time limitation between such transactions, in Mexico or abroad.

The prior favorable resolution of the Board of Directors shall also be required, in writing, for the execution of any Voting Agreement.

For such purposes, the Person that individually, or jointly with the Related Persons in question, or the Group of Persons, Business Group, or Consortium that intends to carry out the acquisitions (including mergers, consolidations, or similar transactions), or to execute any Voting Agreements, shall comply with the following:

1. The written request for approval shall be submitted by the interested party or parties for consideration of the Board of Directors. Such request shall be addressed and irrefutably delivered to the Chairman of the Board of Directors, with a copy to the Secretary, at the Company's address. The aforementioned request shall contain the following information:

(i) the number and class or series of Shares that the Person or Persons in question and/or any Related Person to such Person(s) or the Group of Persons, Business Group, or Consortium (A) is the owner or co-owner, whether directly or through any Person or Related Person, and/or (B) with respect to which it has, shares, or enjoys any right, whether by contract or otherwise, including any Voting Agreement;

(ii) the number and class or series of Shares to be acquired, whether directly or indirectly, by any means, or that are subject to any Voting Agreement;

(iii) the number and class or series of Shares with respect to which it is planned to share any right, whether by Voting Agreement, contract, or any other means;

(iv) (A) the percentage of Shares referred to by subsection (i) above represents all Shares issued by the Company, (B) the percentage of Shares referred to by subsection (i) above represents the applicable class or series of Shares, (C) the percentage of Shares referred to by subsections (i), (ii), and (iii) above represents all Shares issued by the Company, and (D) the percentage of Shares referred to by subsections (i), (ii), and (iii) above represents the applicable class or series of Shares;

(v) the identity and nationality of the Person(s), Group of Persons, Consortium, Business Group that intends to acquire the Shares or to execute the relevant Voting Agreement, with the understanding that if any of them is a legal person, investment company, trust or equivalent entity, or any other vehicle, entity, company, or form of economic or commercial partnership, of any nature, whether it legally exists or not, and under the laws of any jurisdiction, shall specify the identity and nationality of the partners or shareholders, grantors and beneficiaries or their equivalent, beneficiaries, members of the technical committee or its equivalent, successors, manager or its equivalent, members or associates, and the identity and nationality of the Person(s) Controlling, directly or indirectly, the legal person, investment company, trust or equivalent entity, vehicle, company, or economic or commercial partnership, of any nature, whether legally existing or not, and organized under the laws of any jurisdiction in question, until the person or natural persons Controlling or holding any right, interest, or ultimate interest, of any nature, in the legal person, trust or equivalent entity, vehicle, company, or economic or commercial partnership, of any nature, whether legally existing or not, and organized under the laws of any jurisdiction in question, is identified;

(vi) the reasons and purposes for acquiring the Shares subject of the approval requested or executing the relevant Voting Agreement, specifically mentioning if its purpose is to acquire, directly or indirectly, (A) additional shares to those mentioned in the request for approval, (B) a 20% Interest, (C) the Control of the Company, or (D) Significant Influence in the Company;

(vii) if it is, directly or indirectly, a Competitor of the Company or of any Subsidiary or Affiliate of the Company and it has authority to acquire the Shares or to execute the Voting Agreement in question, as provided for herein and in the applicable law; in case it is in the process of obtaining any consent or approval, of which person, and the terms and conditions in which it expects to obtain such consent or approval; it shall further specify if the Person(s) that intends to acquire the Shares in question has Related Persons that may be considered a Competitor of the Company or of any Subsidiary or Affiliate thereof, or if they have any economic or business relationship with a Competitor or any interest or participation either in the capital stock or in the management, direction, or operation of a Competitor, directly or through any Person or Related Person;

(viii) the origin of the economic resources it plans to use to pay the price of the Shares subject matter of the request; if the resources come from any financing, the petitioner shall specify the identity and nationality of the Person providing such funds, the financial statements, or proof of solvency of the Person providing the resources, and shall deliver, along with the request for approval, the documentation signed by that Person stating a commitment by such Person, not subject to any condition, proving and explaining the terms and conditions of such financing, including any security it agrees to create. The Board of Directors may request the creation or grant of (A) a bond, (B) guarantee trust, (C) irrevocable letter of credit, (D) deposit, or (E) any other security, up to an amount equal to 100% (one hundred percent) of the price of the Shares to be acquired or subject matter of the Voting Agreement in question, appointing the Company or its shareholders, through the Company, as beneficiaries, with the purpose of ensuring payment of damages that the Company or its shareholders may suffer due to misrepresentations in the information submitted or as result of the request or due to any act or omission of the petitioner, whether direct or indirect;

(ix) if it has received economic resources, such as a loan or otherwise, from a Related Person or Competitor or if it has facilitated economic resources through a loan or otherwise to a Related Person or Competitor, with the purpose of paying the price of the Shares or executing the transaction or Voting Agreement in question;

(x) the identity and nationality of the financial institution that will act as intermediary, in case the acquisition in question is made through a public offering;

(xi) if appropriate, in case of a public offering, a copy of the draft informational brochure or similar document it plans to use for the acquisition of the Shares or in relation to the transaction or Voting Agreement in question, complete as of such date, and a statement with respect to if such draft has been approved by or submitted for approval of the competent authorities (including the Comisión Nacional Bancaria y de Valores); and

(xii) an address in Mexico, Federal District, to receive notifications and notices in relation to the request submitted.

Where the Board of Directors so determines, due to the impossibility of knowing certain information upon receiving the respective request, that such information may not be disclosed yet or for other reasons, the Board of Directors may exempt the petitioner from complying with one or more of the aforementioned requirements.

2. Within 8 (eight) business days from the date on which the request for approval referred to by paragraph 1 above is received, the Chairman or the Secretary shall call the Board of Directors to consider, discuss, and resolve on such request for approval. The notices of meeting for the meetings of the Board of Directors shall be made in writing and sent by the Chairman or the Secretary to each regular and alternate Director, at least with the anticipation set forth herein, by certified mail, private courier, fax, or email, to their addresses or places that such Directors designated in writing to be called to the matters referred to by this Clause. The notices of meeting shall specify the time, date, and place for the meeting and the respective Agenda.

3. The Board of Directors shall resolve every request for approval submitted pursuant to the terms of this Clause of the Bylaws within 90 (ninety) calendar days from the date on which the request is submitted, provided that and as from the date on which the request contains all information requested under this Clause. If the Board of Directors does not resolve within the aforementioned 90 (ninety) calendar day term, the request for approval shall be deemed denied.

   The Board of Directors may request the Person that intends to acquire the Shares in question or to execute the applicable Voting Agreement, to provide additional documentation and necessary clarifications within 15 (fifteen) calendar days from the date on which the request is submitted for approval, as well as to hold any meeting to resolve on the request for approval that was submitted, with the understanding that the terms mentioned in this provision shall not elapse, and the request shall not be deemed completed until the Person that intends to acquire the Shares in question submits all additional information and makes all clarifications requested by the Board of Directors.

4. To consider a meeting of the Board of Directors legally installed by virtue of the first or subsequent calls, to deal with any business related to any request for approval or Voting Agreement referred to in this Clause, the attendance of at least 75% (seventy-five percent) of its regular members or respective alternates shall be required, with the understanding that the absence of the Chairman of the Board of Directors shall not be an impediment for holding the meeting, provided that the quorum provided herein exists. The resolutions shall be valid when adopted by 75% (seventy-five percent) of the members of the Board of Directors. The meetings of the Board of Directors shall be called and the resolutions shall be adopted only in relation to the request for approval referred to in this Clause (or parts of such request for approval).

5. In case the Board of Directors approves the acquisition of Shares proposed or the execution of the Voting Agreement proposed, and such acquisition, transaction, or Voting Agreement implies (i) the acquisition of a 20% or higher Interest, (ii) a change of Control, or (iii) the acquisition of Significant Influence, notwithstanding that such approval was granted, the person that intends to acquire the Shares in question, or to execute the Voting Agreement, shall make a public offering for 100% (one hundred percent) minus one of the Shares outstanding, at a price payable in cash not less than the highest price of the following:

   (i) the book value per Share, according to the last quarterly financial statements approved by the Board of Directors and submitted to the Comisión Nacional Bancaria y de Valores or to the relevant stock exchange; or

   (ii) the highest closing price per Share with respect to transactions in stock exchanges, published on any of the 365 (three hundred and sixty-five) days prior to the date on which the request was submitted or of the approval granted by the Board of Directors pursuant to this provision; or

   (iii) the highest price paid with respect to the purchase of any Shares, at any time, by the Person that, individually or jointly, directly or indirectly, has the intention to acquire the Shares, or intends to execute the Voting Agreement, subject matter of the request approved by the Board of Directors, plus, in each such cases, a premium equal to 20% (twenty percent) with respect to the price per Share payable in relation to the acquisition subject matter of the request, with the understanding that the Board of Directors may increase or decrease the amount of such premium, considering the opinion of a highly recognized investment bank.

The public offering referred to in this Clause shall be completed within 90 (ninety) days from the date on which the acquisition of Shares, or the execution of the Voting Agreement in question, is approved by the Board of Directors as provided in this Clause.

The price paid for each Share shall be the same, regardless of the class or series of Shares in question, except for the Person or Persons that execute agreements with the acquirer or acquirers in question in terms of Article 100 (one hundred) of the Ley del Mercado de Valores that impose affirmative or negative covenants on such shareholders for the benefit of the acquirer or the Company and provided that such agreements are approved by the Board of Directors of the Company and disclosed to the investing public.

In case the Board of Directors receives, on or before the completion of the acquisition or execution of the Voting Agreement in question, an offer from a third party, consisting in a request to acquire the relevant Shares (including through a merger, consolidation, or similar transaction), in better terms for the shareholders or holders of Shares of the Company, the Board of Directors shall have the authority to consider and, where appropriate, authorize such second request, keeping on hold the approval previously granted, and submitting both requests to the Board of Directors for consideration, so that the Board of Directors may approve the request it may deem appropriate, with the understanding that any approval shall be without prejudice of the obligation of making a public offering pursuant to the terms of this Clause and the applicable law.

6. The acquisitions of Shares that do not involve (A) the acquisition of a 20% or higher Interest, (B) a change of control, (C) the acquisition of Significant Influence, may be recorded in the Company's Share Register, once they are duly approved by the Board of Directors and once such acquisitions are completed. The acquisitions, or Voting Agreements, that involve (A) the acquisition of a 20% or higher Interest, (B) a change of control, (C) the acquisition of Significant Influence, shall not be recorded in the Company's Share Register until the Board of Directors approves them and the public offering referred to in this section concludes. Therefore, in this case, the corporate rights arising from the Shares may not be exercised until the public offering in question is concluded.

7. The Board of Directors may deny its approval for the acquisition of Shares requested or for the execution of the Voting Agreement proposed, in which case it will indicate to the petitioner in writing the basis and reasons for denying the approval. Furthermore, it may indicate the terms and conditions pursuant to which it might approve the acquisition of Shares requested or for the execution of the Voting Agreement proposed. The petitioner shall be entitled to request and have a meeting with the Board of Directors, or with an ad-hoc committee appointed by the Board of Directors, to explain, extend, or clarify the terms of their request, and to express their position through a written document submitted to the Board of Directors.

General Provisions

For the purposes of this Clause Twelve, it shall be understood that Shares that belong to the same Person are the Shares owned by the Person, plus the Shares (i) held by any Related Person or (ii) held by any legal person, trust or its equivalent or similar, vehicle, entity, company, or economic or commercial partnership, of any nature, and organized under the laws of any jurisdiction, where such legal person, trust or its equivalent, vehicle, entity, company, economic or commercial partnership, whether legally existing or not, is Controlled by the aforementioned Person. Also, where one or more Persons intend to acquire Shares in concert, jointly, or in a coordinated manner, in a series of acts, regardless of the legal act that gives rise thereto, shall be considered one single Person for the purposes of this Clause Twelve. The Board of Directors, taking into consideration the definitions set forth in this Clause Twelve, shall determine if one or more Persons that intend to acquire Shares, or execute Voting Agreements, must be considered as a single Person for the purposes of this Clause Twelve. Any de facto or de jure information in the possession of the Board of Directors may be considered in such determination.

In assessing the requests for approval referred to in this Clause Twelve, the Board of Directors shall take into account the factors it may deem pertinent, considering the interests of the Company and its shareholders, including financial, market, business, factors, moral and economic solvency of potential acquirers, the origin of the resources that the potential acquirer may use for the acquisition, potential conflicts of interest, the protection of minority shareholders, the expected benefits for the future development of the Company, the impact on the Company's plans and budgets, the quality, accuracy, and veracity of information referred to by this provision that the potential acquirer submits, the feasibility of the offer, the identity and credibility of the offerors (to the extent it is determinable and without any liability for the Directors or for the shareholders), the reasons for the execution and term of the Voting Agreement, the sources of financing of the offer, and the completion term, and other advisable.

If any acquisitions of Shares or execution of Voting Agreements restricted in this Clause Twelve are performed without observing the requirement to obtain the prior and written favorable approval of the Board of Directors (as well as, where appropriate, the public offering in question), the Shares subject of such acquisitions or of the Voting Agreement (i) shall grant to the acquirer of Shares the property rights arising from the ownership of the Shares to the extent that such rights correspond to the rest of the shares of the capital stock of the Company, and (ii) shall not grant to the acquirer corporate rights of any kind, including, among others, the right to vote the Shares acquired, the right to request Shareholders' Meetings to be called, and any other rights arising from the ownership of the Shares that are not property rights or have property content.

The approvals granted by the Board of Directors as provided in this Clause Twelve will no longer be effective if the information or documentation on which such approvals granted relied on are not or cease to be true and/or legal.

If the provisions of this Clause Twelve are not complied with, the Board of Directors may resolve, among others, the following actions (i) to reverse the executed transactions, with mutual restitution between the parties, where possible, and without breaching the provisions of the Ley del Mercado de Valores, or (ii) to transfer the Shares subject of the acquisition to an interested third party approved by the Board of Directors, at the minimum reference price that the Board of Directors may determine.

The provisions of this Clause shall not be applicable to (i) the acquisitions or transfers of Shares by probate, whether by inheritance or legacy, or (ii) the acquisition or transfer of Shares, or any agreement or settlement, (1) by the Person or Persons jointly holding Control of the Company or Significant Influence in the Company, immediately prior to the date on which this Clause is adopted by the company, (2) by any legal person, trust or its equivalent, vehicle, entity, company, or other form of economic or commercial partnership, whether legally existing or not, under the Control of the Person or Persons in question referred to in subsection (1) above, (3) by probate of the Person or Persons referred to in subsection (1) above, (4) by the lineal ascendants or descendants up to the third degree of the Person or Persons referred to in subsection (1) above, (5) by the Person or Persons referred to in subsection (1) above, where they acquire Shares of any company, trust or its equivalent, vehicle, entity, company, form of economic or commercial partnership, whether legally existing or not, of any nature, and organized under the laws of any jurisdiction, ascendants or descendants referred to in subsections (3) or (4) above, and (6) by the Company or its Subsidiaries, or by trusts created by the Company or its Subsidiaries, or by any other Person Controlled by the Company or by its Subsidiaries, or (iii) the transfer to a trust of control or option for employees, or similar vehicle by the shareholders.

The Provisions of this Clause Twelve shall be applied in addition to the laws and general provisions on mandatory acquisitions of securities in the markets in which the Shares or other securities issued in relation to such Shares or rights arising therefrom are listed; in case this Clause contravenes, in whole or in part, such laws or general provisions, the provisions of the law or general provisions on mandatory acquisitions of securities shall apply.

This Clause Twelve shall be registered in the Public Registry of Commerce of the registered office of the Company, and the provisions set forth therein shall be expressly referred to in the share certificates representing the capital of the Company, to be valid before any third party.

This Clause Twelve may only be eliminated from the Bylaws or amended by favorable resolution of the shareholders of at least 85% (eighty-five percent) of the Shares outstanding at the time the elimination or amendment in question is approved, and provided that the shareholders of at least 5% (five percent) of the Shares outstanding at the time of the vote did not vote against such elimination or amendment.

CLAUSE THIRTEEN. Cancellation of Registration. As long as the shares of the Company are registered with the Public Registry of Commerce in terms of the Ley del Mercado de Valores and the general provisions issued by the Comisión Nacional Bancaria y de Valores, in case of cancellation of the registration of the Company's shares with such Registry, whether at the request of the Company or by resolution adopted by the Comisión Nacional Bancaria y de Valores in terms of the Law, the Company agrees to make a public offering in terms of Article 108 (one hundred and eight) of the Ley del Mercado de Valores, which shall be exclusively addressed to the shareholders or holders of negotiable instruments representing such shares, that do not form part of the group of persons that control the Company: (i) at the date of the request of the Comisión Nacional Bancaria y de Valores in relation to the cancellation of the registration by resolution of such Commission; or (ii) at the date on which the offer becomes effective in accordance with the resolution adopted by the Extraordinary General Shareholders' Meeting with the affirmative vote of the holders of shares with or without voting rights, representing ninety-five percent of the capital stock in relation to the voluntary cancellation of the registration.

The Company shall transfer to a trust, for the period it may deem convenient, but at least for 6 (six) months following the date of the cancellation, the necessary resources to buy at the same price of the public offering the shares of the investors that did not participate in such offering, in the event that, once the public offering is made and prior cancellation of the registration of shares of capital stock of the Company or other securities issued based on those shares in the Public Registry of Commerce, the Company failed to acquire 100% (one hundred percent) of the capital stock paid.

The aforementioned public offering shall be made at least at the highest price of the following: (i) the quoted value and (ii) the book value of the shares or securities representing such shares according to the last quarterly report submitted to the Commission and to the stock exchange before the offering started, which may be adjusted when such value is modified according to the criteria applicable to the determination of relevant information, in which case, the most recent information known to the Company shall be considered, accompanied with a certificate from an authorized officer of the Company in relation to the determination of such book value.

For the purposes of the above, the quoted value shall be the weighted average price per volume of the transactions executed during the last 30 (thirty) days during which the shares of the Company or securities representing such shares were traded, prior to the beginning of the offering, during a period that may not exceed 6 (six) months. If the number of days during which such shares or securities representing such shares were traded, during the aforementioned period, is lower than 30 (thirty), the days during which they were actually traded will be taken into account. If there was no trading during such period, the book value will be taken into account.

It will not be necessary to make the public offering if the consent of all the shareholders is proven for the respective cancellation.

The Comisión Nacional Bancaria y de Valores may authorize the use of a different base for determining the price of the offer in accordance with the Company's financial position, provided that Company has the Board of Directors' approval, prior hearing the opinion of the committee that performs duties relating to corporate practices, containing the reasons why it is considered warranted to set a different price, supported by a report from an independent expert.

In any case, the voluntary cancellation of the registration of the shares of the Company with the Public Registry of Commerce requires, in addition to any other requirement indicated in the Ley del Mercado de Valores and other applicable legal provisions: (i) the prior approval of the Comisión Nacional Bancaria y de Valores, and (ii) the resolution of the Extraordinary General Shareholders' Meeting adopted with a minimum voting quorum of 95% (ninety-five percent) of the capital stock.

CLAUSE FOURTEEN. Share Certificates. The shares of the Company shall be represented by share certificates or provisional certificates, consecutively numbered, which shall be signed by two Directors with handwritten signatures in terms of the applicable legal provisions. All share certificates and provisional certificates above mentioned shall be issued in accordance with the requirements provided for in Articles 125 (one hundred and twenty-five), 127 (one hundred and twenty-seven), and other applicable of the Ley General de Sociedades Mercantiles, and shall contain the text of the Clauses Four, Five, and Twelve hereof.

Each share is indivisible, therefore, if two or more persons own the same share, a common representative shall be appointed as provided for in Article 122 (one hundred and twenty-two) of the Ley General de Sociedades Mercantiles. Otherwise, the Company shall consider as such the person whose name appears first in the Share Register kept by the Company in terms of Article 128 (one hundred and twenty-eight) of the aforementioned Law.

All transfers of shares shall be considered unconditional and without any reservation against the Company, hence the person acquiring one or several shares shall assume all rights and obligations of the former holder with respect to the Company.

Final share certificates may have numbered coupons attached, which will facilitate the collection of dividends to their holders when dividends are declared.

In case of loss, destruction, or theft of the share certificates or provisional certificates, the owner may request the issue of new certificates or provisional certificates subject to the relevant provisions of the Ley General de Títulos y Operaciones de Crédito. Expenses originated by the issuance of the new share certificate or provisional certificate shall be covered by the interested party.

In terms of Article 282 (two hundred and eighty-two) of the Ley del Mercado de Valores, the Company may issue multiple certificates or one single certificate that complies with the provisions of said Article and other applicable provisions of the Ley del Mercado de Valores. Such certificate shall not require any attached coupons. In such a case, certificates representing shares shall be issued indicating that they are deposited in the relevant securities depository institutions, without need for including the name, address, or nationality of the holder in the certificate.

CLAUSE FIFTEEN. Share Register. The Company shall keep a Share Register in terms of Articles 128 and 129 of the Ley General de Sociedades Mercantiles, and the person that appears registered as owner in such Share Register shall be considered as such.

Said register shall be kept by: (i) the Secretary of the Board of Directors of the Company, and in absence thereof, by the Assistant Secretary, (ii) any securities depository institution, (iii) a credit institution, or (iv) the person that may be appointed by the Board of Directors to act in the name and on behalf of the Company as registrar agent. In case the Board of Directors fails to expressly appoint a registrar, the Share Register shall be kept by the Secretary of the Board of Directors and, in absences thereof, by the Assistant Secretary.

The person in charge of the Share Register shall not be required to record the transfers and conversions of shares or the creation of property rights, attachments, or other liens thereon.

The Share register shall remain closed during the periods from five business days prior to each Shareholders' Meeting up to and including the date on which the Meeting is held; therefore, during such periods no registration shall be made in the Register or any certificates or records issued.

With respect to the shares issued by the Company that, if applicable, are deposited in an authorized securities depository institution, their registration in the Share Register shall be integrated with (i) the record of deposit issued by such securities depository institution for each Shareholders' Meeting, and (ii) the lists issued by the depository entities to supplement such records, with data corresponding to the respective holders, as provided for in Article 290 (two hundred and ninety) of the Ley del Mercado de Valores.

The Company shall only consider the person who appears registered in the Share Register as the legitimate holder of the shares.

CHAPTER III

MANAGEMENT

CLAUSE SIXTEEN. Board of Directors. The Management of the Company shall be entrusted to a Board of Directors and to a Chief Executive Officer, who shall perform their duties as provided for in the Ley del Mercado de Valores.

The Ordinary General Shareholders' Meeting shall appoint or elect the members of the Board of Directors by a majority of votes. The Board of Directors shall be composed of a minimum number of 5 (five) directors and a maximum number of 21 (twenty-one) directors, of which at least 25% (twenty-five percent) shall be independent, as the Meeting that appoints or ratifies them may determine, in terms of the Ley del Mercado de Valores. For each regular director, the Meeting may appoint its respective alternate. The foregoing, in the understanding that alternate directors of independent directors shall have the same capacity.

The Directors may not be (i) persons disqualified by law to exercise trade; or (ii) persons who performed the position of External Auditor of the Company or of any of the legal persons that compose the business group or consortium to which it belongs, during the 12 (twelve) months immediately preceding the date of the appointment.

Regular directors and, where applicable, their respective alternates, shall mutually inform each other regarding the businesses transacted during the meetings of the Board of Directors they attend.

The members of the Board of Directors need not be shareholders. Furthermore, they shall meet the requirements mentioned in the Ley de Mercado de Valores. Holders of shares with voting rights, including limited or restricted voting rights, that individually or jointly represent at least 10% (ten percent) of the capital stock of the Company, shall be entitled to appoint at a General Shareholders' Meeting a Regular member of the Board of Directors and, where appropriate, its respective Alternate, and to revoke the appointment of the Regular or Alternate member previously made. In this case, said shareholder or group of shareholders will not be able to exercise its voting rights to appoint Regular Directors and their Alternates whose election corresponds to a majority. If any shareholder or group of shareholders representing at least 10% (ten percent) of the ordinary shares of the capital stock, exercises the right to appoint a Regular Director and its Alternate, the majority shall only be entitled to appoint the number of remaining Directors whose appointment corresponds to such majority. Such Directors may only be revoked by the other shareholders, when the appointment of all the other Directors is also revoked. Furthermore, the foregoing shall be valid unless the removal is due to any of the causes provided for in the Ley del Mercado de Valores.

Directors shall be elected for a period that will end when a new Ordinary General Meeting resolves on the new appointments, meeting that shall be held by April 30 of the year following their appointment, and they shall continue performing their duties up to 30 (thirty) calendar days, even in case the term for which they were appointed expires or for resigning their position if no substitute is appointed or until such substitute does take office.

The Board of Directors may appoint provisional Directors, without the participation of the Shareholders' Meeting, where any of the events mentioned in the paragraph above or in the last paragraph of Article 155 (one hundred and fifty-five) of the Ley General de Sociedades Mercantiles occurs. The Shareholders' Meeting of the Company shall ratify such appointments or appoint substitute Directors at the Meeting following the occurrence of such event.

The Directors of the Company may be reelected and they shall receive the compensation determined by the General Shareholders' Meeting. The appointed Alternate Directors shall substitute their respective absent Regular Directors.

The Board of Directors shall appoint a Secretary and, where applicable, an Assistant Secretary, who shall not form part of said corporate body. They shall only be subject to the obligations and responsibilities provided for in the Ley del Mercado de Valores.

CLAUSE SEVENTEEN. Guarantees and Liabilities. The members of the Board of Directors shall not be required to grant any guarantee for their performance of the duties they may assume in their positions unless the Shareholders' Meeting that appointed them expressly establishes such obligation.

If applicable, the guarantee will not be returned to the Directors until the accounts relevant to the period during which they served in such capacity are duly approved by the General Meeting.

The members of the Board of Directors and, where applicable, the Secretary or Assistant Secretary thereof, shall be subject to the liability regime provided for in Article 33 of the Ley del Mercado de Valores. The Company, in any case, shall indemnify and hold the members of the Board of Directors and the Secretary and Assistant Secretary harmless from any liability incurred in the legal performance of their office, even that resulting from breach of duty of due diligence, and it shall cover the amount of the indemnity for damages caused by their actions to the Company or legal persons controlled by the Company or in which it has a significant influence, unless in the case of (i) willful misconduct or bad faith; (ii) breach of duty of loyalty; or (iii) illegal acts due to acts, events, or omissions referred to in Articles 34 (thirty-four), 35 (thirty-five), 36 (thirty-six), and other applicable of the Ley del Mercado de Valores or other legal provisions. For such purpose, the Company will grant advances for the defense costs of the person in question in any type of legal proceeding.

For the purposes of the provisions of the Ley del Mercado de Valores, it shall not be considered that a business opportunity corresponding to the Company or legal persons controlled by the Company or in which they have a significant influence is used or exploited where a member of the Board of Directors, directly or indirectly, carries out activities in the ordinary or customary course of business of the Company or of the legal persons controlled by the Company or in which they have significant influence, given that, if such members are elected by the Shareholders' Meeting, it shall be considered that they have the Company's necessary exemption for all legal purposes.

CLAUSE EIGHTEEN. Offices and Auxiliary Bodies. The Company's Board of Directors and its Chairman and of the Committees shall be elected by the Shareholders' Meeting. The Board of Directors may also appoint one or more Vice Chairmen. The aforementioned officers shall remain in office for one year and shall continue in office even when the term expires or, in case of their resignation, up to 30 (thirty) calendar days if there is no appointment of a substitute or until such substitute takes office. One person may hold more than one office. The Chairman shall be, in any case, a regular member of the Board of Directors, and must be Mexican. Any officer may be appointed or removed from office without cause by resolution of the Board of Directors.

Persons with honorability, technical quality, and satisfactory credit history, as well as with broad knowledge and experience on financial, legal, or administrative matters, shall be appointed as Directors of the Company.

Any vacancy related to any position, except, of course, that of Director, may be filled by appointment of the Board of Directors at any Meeting it may hold.

The Board of Directors, for the performance of its duties, shall be assisted by one or various committees created to that effect. The Committee(s) that carry out activities related to Corporate Practices and Auditing shall be exclusively composed of independent directors in terms of Article 25 (twenty-five) of the Ley del Mercado de Valores and by a minimum of 3 (three) members appointed by the Board of Directors, at the proposal of its Chairman. As long as the Company is controlled by a person or group of persons holding fifty percent or more of the capital stock, the Corporate Practices Committee shall be composed of, at least, a majority of independent directors, provided that such circumstance is disclosed to the public.

Where, by any cause, there is no minimum number of members of the Committee to perform Audit duties and the Board of Directors has not appointed provisional directors as provided for in Article 24 (twenty-four) of the Ley del Mercado de Valores, any shareholder may request the Chairman of such Board to call a General Shareholders' Meeting, within three calendar days, so that such meeting may make the respective appointment. If the call is not made within the aforementioned term, any shareholder may resort to the judicial authority of the company's registered office so the authority may make the call. In case the Meeting is not gathered, or does not make the appointment once gathered, the judicial authority of the company's registered office, at the request and proposal of any shareholder, shall appoint the applicable Directors, who shall serve until the General Shareholders' Meeting makes the final appointment.

CLAUSE NINETEEN. Calls. The Board of Directors shall convene in an ordinary meeting at least once every three months in Mexico City or anywhere else in the Mexican Republic indicated to that effect, and on the dates established by the Board for such purpose. Such meetings shall be called by at least 25% (twenty-five) percent of the members of the Board, by the Chairman thereof, or by any of the Committees of the Company, or by the Secretary or Assistant Secretary of said collegiate body. Likewise, the external auditor of the Company may be called to the meetings of the Board of Directors, as a guest with voice but without vote. The above in terms of Article 27 (twenty-seven) of the Ley de Mercado de Valores.

Without contradicting the above, the Board of Directors shall convene, at least, four times during each fiscal year.

In addition to the ordinary meetings referred to above, the Board of Directors shall always be convened whenever its members are called, by any means with documentary record, to that effect at least 5 (five) calendar days in advance, by the Chairman of the Board of Directors or by the Chairman of any of the Committees that perform Corporate Practices and/or Audit duties, and by the members representing, at least, 25% (twenty-five percent) of the Directors of the Company, including electronic means or via fax (for which acknowledgment of receipt shall be required), by certified mail, by any specialized courier with a reliable tracking system, or by messenger, at least 5 (five) calendar days prior to the date on which the meeting is to be held. The notice of meeting shall be delivered to the Directors of the Company at the address or email account provided by the Secretary for such purpose and it shall contain the agenda, date, time, and place for the Meeting.

The members of the Committees shall be called to all Meetings of the Board, to which they may attend with voice but without vote. The Company's external auditor may be called to the meetings of the Committees or of the Board of Directors, in the capacity of a guest with voice but without vote, and it shall refrain from being present with respect to those businesses of the agenda in which it has a conflict of interest or which might compromise his independence.

Notice of meetings for the Meetings of the Board of Directors shall contain the agenda for the respective meeting.

The notice of meeting requirement may be omitted in case of an emergency, provided that all regular members of the Board are present and that the businesses to be transacted in the applicable agenda are unanimously approved.

CLAUSE TWENTY. Quorum and Minutes. Each Regular Director shall be entitled to one vote at the Meetings of the Board of Directors. Alternate Directors shall only have the right to vote when they attend and act in the absence of the Regular Directors that they respectively substitute. The attendance of a majority of Directors with voting rights shall be required for a Meeting of the Board of Directors to be deemed legally installed. The decisions of the Board of Directors shall be valid when adopted, at least, by a majority of the Directors with a right to vote present at the legally installed Meeting in question. In case of a tie, the Chairman will have a casting vote.

The Directors shall be required to expressly refrain from participating in the deliberation and voting of any business implying a conflict of interest for them, and they shall inform such situation to the Chairman and to the Secretary of the Board of Directors. Moreover, they shall keep strictly confidential all such acts, incidents, or events that are not made public and any deliberation at a meeting of the Board.

The minutes of the Meetings of the Board of Directors shall be signed by the Chairman and the Secretary of the Board in question, and by the member or members of the Committees that attended the meeting.

CLAUSE TWENTY-ONE. Meetings without call. As provided for in the last paragraph of Article 143 (one hundred and forty-three) of the Ley General de Sociedades Mercantiles, the Board of Directors may validly adopt resolutions without the need for their members personally convening at a formal meeting. Resolutions adopted in lieu of a meeting shall be approved, in all cases, by the affirmative vote of all regular members of the body in question or, in case of a definitive absence or disability of any member, by the affirmative vote of the respective alternate member, in accordance with the following provisions:

I. The Chairman, on his own initiative or at the request of any 2 (two) regular members of the Board of Directors shall communicate to all regular members or, where applicable, alternates of the corporate body in question and other Committees of the Company, verbally or in writing and by the means he may deem convenient, the resolutions intended to be adopted in lieu of a meeting and the reasons that justify them. The Chairman shall also provide to all of them, if they so request, all documentation and clarifications required to that effect. The Chairman may be assisted by one or more members of the Board or of the Committees of the Company that he may determine, their alternates, or the Secretary, or, otherwise, the Assistant Secretary, to make such communications.

II. In case all regular members of the Board or of the Committees of the Company or, where appropriate, the alternates whose vote is required, verbally state to the Chairman or to the members who assist the latter, their consent to the resolutions submitted for their consideration, they shall confirm in writing their consent no later than the second business day following the date on which they stated such consent in the manner provided in the third section below. The written consent shall be sent to the Chairman and to the Secretary by mail, email, fax, telegram, or courier service, or via any other means that guarantee that such consent is received within 2 (two) business days.

III. For purposes of the provisions of Section II above, the Chairman shall send, in writing, to each member of the body in question, whether directly or through the persons assisting him, a formal draft of the minutes containing the agreements or resolutions intended to be adopted in lieu of a meeting and any other documentation deemed necessary, so that, if applicable, once the modifications required are made, the relevant draft minutes may be sent to the Chairman and to the Secretary, duly signed in agreement at the bottom by each member of the Board or of the Committees of the Company, as the case may be.

IV. Once the Chairman and the Secretary receive the written confirmations of all members of the body in question, they shall immediately proceed to record the approved minutes in the applicable minute's book, which shall include all resolutions adopted and which shall be legalized with the signature of the Chairman and the Secretary. The date of the minutes shall be the date on which the verbal or written consent of all relevant members was obtained, even if the written confirmations are not received at that time, same that upon receipt shall be integrated into a file that the Company shall keep to that effect. Moreover, written comments made by the members of the Committee of the Company, if any, corresponding to the relevant draft resolutions, shall be integrated into such file.

CLAUSE TWENTY-TWO. Duties and Authority.

The Board of Directors shall be responsible for the following:

I. Establish general strategies for conducting the Company's business and legal persons controlled by the Company.

II. Monitor the management and direction of the Company and of the legal persons controlled by the Company, considering the relevance of the latter in the financial, administrative, and legal position of the company, and the performance of the relevant officers.

III. Approve, with the prior opinion of the competent committee:

a) The policies and guidelines for the use or enjoyment of the assets composing the property of the Company and of the legal persons controlled by the Company, by related persons.

b) The transactions with related persons, in an individual manner, that the company or legal persons controlled by the Company plan to execute.

The transactions mentioned below shall not require the approval of the Board of Directors provided that they abide by the policies and guidelines approved to that effect by the Board:

1. The transactions that, given their amount, lack relevance for the Company or legal persons controlled by the Company.

2. The transactions carried out between the Company and the legal persons controlled by the Company or in which it has significant influence or between any of the above, provided that:

(i) They form part of the ordinary or customary course of business.

(ii) They are considered executed at market prices or supported on valuations made by external specialized agents.

3. The transactions executed with employees, provided that they are executed under the same conditions as with any other client or as a result of general labor benefits.

c) The transactions executed, whether simultaneously or successively, which given their characteristics may be considered a single transaction and which the Company or the legal persons controlled by Company plan to execute within a fiscal year, when they are unusual or non-recurring, or, if their amount represents, based on amounts corresponding to the closing of the immediately preceding quarter, any of the following events:

1. The acquisition or transfer of assets with a value equal to or greater than 5% (five percent) of the consolidated assets of the Company.

2. The grant of guarantees or the assumption of liabilities in a total amount equal to or greater than 5% (five percent) of the consolidated assets of the Company.

Investments in debt securities or bank instruments are excepted, provided that they are made in accordance with the policies that the Board may approve to that effect.

d) The appointment, election, and, where applicable, removal of the Chief Executive Officer of the Company and its comprehensive compensation, as well as the policies for the appointment and comprehensive compensation of other relevant officers.

e) The policies for granting credits, loans, or any type of credit or guarantees to related parties.

f) The waivers so that a Director, relevant officer, or person with management authority, takes advantage of business opportunities for itself or for the benefit of third parties, relevant to the company or to the legal persons controlled by the Company or in which it has significant influence. The waivers for transactions whose amounts are lower than the one mentioned in subsection c) above, may be delegated to any of the committees of the Company in charge of the duties related to Audit or Corporate Practices.

g) The guidelines on internal control and internal audit of the Company and of the legal persons controlled by the Company.

h) The accounting policies of the Company, in accordance with accounting principles recognized or issued by the Comisión Nacional Bancaria y de Valores through general provisions.

i) The Company's financial statements.

j) The hiring of a legal person that provides external audit services and, where appropriate, additional, or supplementary services to those of external audit services.

Where the resolutions of the Board of Directors do not agree with the opinions provided by the applicable Committee, such Committee shall order the Chief Executive Officer to disclose such circumstance to the investing public, through the stock exchange in which the shares of the Company or securities representing them are listed, in accordance with the terms and conditions provided by such stock exchange in its internal regulations.

IV. Submit to the General Shareholders' Meeting held at the closure of the fiscal year:

a) The reports referred to in Article 43 (forty-three) of the Ley del Mercado de Valores.

b) The report that the Chief Executive Officer prepares as provided for in Article 44 (forty-four), Section XI, of the Ley del Mercado de Valores, accompanied with the report of the external auditor.

c) The opinion of the Board of Directors on the contents of the report of the Chief Executive Officer referred to in the paragraph above.

d) The report referred to in Article 172 (one hundred and seventy-two), subsection b), of the Ley General de Sociedades Mercantiles that includes the main accounting and financial policies and criteria followed in the preparation of financial information.

e) The report relating to the operations and activities in which it participated.

V. Follow up the main risks to which the Company and the legal persons controlled by the Company are exposed, identified on the basis of the information submitted by the Committees, the Chief Executive Officer, and the legal person that provides the external audit services, as well as accounting, internal control and internal audit services, registry, filing, or information, of the Company and the legal persons controlled by the Company, which may be carried out through the Committee that performs Audit duties.

VI. Approve information and communication policies with Shareholders and the market, and with the Directors and relevant officers, to comply with the provisions of the Ley del Mercado de Valores.

VII. Determine the applicable actions to correct irregularities it is aware of and implement the applicable corrective actions.

VIII. Establish the terms and conditions that the Chief Executive Officer will follow in the exercise of this power of acts of ownership.

IX. Instruct the Chief Executive Officer to disclose to the public the relevant events it is aware of. The above without prejudice to the duty of the Chief Executive Officer referred to in Article 44 (forty-four), Section V, of the Ley del Mercado de Valores.

X. Others provided for in the Law or in these Bylaws.

The Board of Directors shall be responsible for monitoring compliance with the resolutions of the Shareholders' Meetings, which it may do through the Committee that performs Audit duties.

The Board of Directors shall have the broadest authority for the fulfillment of the corporate purpose and to direct and manage the Company.

It shall act, including, but not limited to, with the following powers of attorney and authority:

A. General power of attorney for litigation and collections, with all general and special authorities that require a special power or clause under the Law, in terms of the first paragraph of Article 2554 (two thousand five hundred and fifty-four) of the Civil Code for the Federal District and equivalent legal provisions for the other States, including the authority mentioned in Article 2587 (two thousand five hundred and eighty-seven) of the same law.

   The following authorities are mentioned, among others:

   I. To engage and withdraw from all kinds of proceedings, including amparo trial.
   II. To compromise.
   III. To submit to arbitration.
   IV. To answer and formulate interrogatories.
   V. To challenge.
   VI. To assign property.
   VII. To receive payments.
   VIII. To file complaints and criminal complaints and withdraw therefrom where allowed by Law.

B. The power of attorney referred to in the above subsection shall be exercised before individuals and all kinds of administrative or judicial authorities, including federal or local authorities, and before Local or Federal Boards of Conciliation and Arbitration and Labor Authorities.

C. General power of attorney for acts of administration in terms of the second paragraph of said Article 2554 (two thousand five hundred and fifty-four) of the Civil Code for the Federal District and equivalent legal provisions for the other States.

D. General power of attorney for acts of ownership in terms of the third paragraph of the same Article 2554 (two thousand five hundred and fifty-four) of the Civil Code for the Federal District and equivalent legal provisions for the other States.

E. Power to grant and sign negotiable instruments in terms of Article 9 (nine) of the Ley General de Tíitulos y Operaciones de Crédito, exclusively for the fulfillment of the corporate purpose.

F. Authority to appoint the Chief Executive Officer, who may or may not be a shareholder.

G. Power to grant general and special powers to third parties, being able to grant the power of substitution, among others, to substitute or delegate its powers, always reserving the exercise thereof, and to revoke any power that has been granted, substituted, or delegated.

H. The exclusive authority to determine the direction in which the votes corresponding to the shares held by the Company must be cast at the Ordinary and Extraordinary Shareholders' Meetings of the companies in which it holds a majority of the shares and to appoint the respective special attorney-in-fact.

I. The authority to appoint the officers, employees, managers, and attorney-in-fact of the Company, in terms of the Ley del Mercado de Valores, to whom they shall indicate their duties, obligations, and compensation.

J. Establish or close offices, branches, or agencies.

K. Acquire shares, interests, and securities issued by third parties and exercise the voting rights on such shares or interests of other companies.

L. Execute, amend, terminate, and rescind agreements.

M. Accept on behalf of the Company mandates of natural or legal persons, both Mexican or foreign.

N. Open bank and investment accounts and withdraw deposits therefrom, and appoint authorized persons to use the corporate signature, to make deposits into such accounts and withdraw deposits therefrom, and to issue all kinds of instructions, with the limitations that may be established by the Board.

O. Create collateral and personal guarantees and transfer assets to trusts to guarantee the Company's obligations and to act as surety, guarantor, or joint and several debtor, and in general, bound to perform the obligations of third parties and establish collateral and transfer assets to trusts to ensure performance of such obligations.

P. Call Shareholders' Meetings and execute the resolutions adopted thereat.

Q. Execute any legal act and adopt any decision that may be necessary or advisable for the fulfillment of the corporate purposes.

R. Those provided for in the Ley del Mercado de Valores.

S. Approve the terms and conditions of the settlement whereby the amount of damages is settled in a liability proceeding; the lack of such formality shall constitute grounds for relative nullity as provided for in the provisions of Article 38 (thirty-eight) of the Ley del Mercado de Valores.

T. In terms of Article 47 (forty-seven) of the Ley del Mercado de Valores, the Board of Directors shall require prior authorization of the Ordinary General Shareholders' Meeting to approve the transactions that the Company or the legal persons controlled by the Company intend to carry out, during a fiscal year, where they represent 20% (twenty percent) or more of the consolidated assets of the Company on the basis of figures corresponding to the closing of the immediately preceding quarter, regardless of the form in which they are executed, whether simultaneously or successively, but that given their characteristics may be considered as a single transaction.

CLAUSE TWENTY-THREE. Chairman and Vice-chairman. The Chairman of the Board of Directors shall chair the Shareholders' Meetings and the Meetings of the Board, will be the Board representative, execute the resolutions of the Meetings and of the Board of Directors, unless the Meetings or the Board of Directors appoint 1 (one) or more Delegates to execute such resolutions, s/he will oversee corporate transactions in general, in strict compliance with these Bylaws, the regulations, and the resolutions and provisions of the Meetings, the Board, and the Law, and will sign, jointly with the Secretary, the minutes of the Meetings and of the Board. In case of a temporary or definitive absence of the Chairman, their duties shall be performed with the same authority by 1 (one) of the Vice-chairmen; in the absence of the Vice-chairman or Vice-chairmen, a majority of the Directors shall appoint a person who will temporarily substitute the Chairman of the Board, who shall be Mexican and from among those appointed by a majority of ordinary shares.

CLAUSE TWENTY-FOUR. Secretary. The Secretary shall have the authority assigned thereon by the Board, shall keep the Book of Minutes and shall record and sign with the Chairman all the minutes of the Shareholders' Meetings in one book and all meetings of the Board of Directors in another book. In his absence, the Assistant Secretary, if any, shall perform his duties, and in the absence of the Assistant Secretary, the person appointed by the acting Chairman.

CLAUSE TWENTY-FIVE. Committees. In addition to the Board of Directors and without detriment of the provisions of Clause Twenty-Seven below, the Company may and shall, where appropriate, and in compliance with the provisions of the Ley del Mercado de Valores and other applicable legal provisions, have intermediate Management bodies, which shall be called Committees. The appointment of the members of the Committees shall be made by resolution of the Board of Directors.

The Committees shall invariably operate as collegiate bodies and they shall be composed of a minimum of 3 (three) members. They will validly operate with the attendance of a majority of their members, and their resolutions shall be adopted by a majority of votes; the Chairman of each Committee shall have a casting vote.

The Board of Directors shall elect from among the members of the Committees the person who shall chair them, and who shall be named a Committee Chairman.

The Committees, through their Chairman, shall inform the Board of Directors regarding their activities with the periodicity provided for in the Law or, otherwise, if no periodicity is provided for in the Law, with the periodicity determined by the Board of Directors or upon occurrence of significant events or acts for the Company which, in the opinion of the Board of Directors or Chairman of the Committees, justifies such report.

The duty of the Committees shall be to resolve issues that maintain the development, security, and oversight of the Company's activities in accordance with the guidelines provided by the Board of Directors, which in no case shall include the authorities reserved by law or the Bylaws to any other body of the Company.

CLAUSE TWENTY-SIX. Chief Executive Officer. The Chief Executive Officer shall be responsible for management duties and, specifically those related to the administration, direction, and execution of the Company's businesses and of the legal persons controlled by the Company; for such purpose, he shall abide by the strategies, policies, and guidelines approved by the Board of Directors.

The Chief Executive Officer, for the performance of his duties, shall have the broadest authority to represent the Company in acts of administration and litigation and collections, including special authorities that require a special clause under the laws. With respect to acts of ownership, the Chief Executive Officer shall have authority in the terms and conditions that the Board of Directors of the Company may determine.

Without prejudice to the above, the Chief Executive Officer shall:

I. Submit to the Board of Directors for approval, the business strategies of the Company or of the legal persons controlled by the Company, on the basis of the information provided by the latter.

II. Comply with the resolutions of the Shareholders' Meetings and of the Board of Directors, in accordance with the instructions that, if any, may be issued by the Meeting or the Board.

III. Propose to the Committee performing duties related to audit matters, the guidelines of the internal control and internal audit system of the Company and legal persons controlled by the Company, and execute the guidelines approved by the Board of Directors of the Company to that effect.

IV. Sign the Company's relevant information, jointly with the relevant officers responsible for preparing such information, within the scope of their authority.

V. Disseminate relevant information and events that must be disclosed to the public, abiding by the provisions of the Ley del Mercado de Valores.

VI. Comply with the provisions relating to the execution of acquisition and offering transactions of the Company's own shares.

VII. Carry out, on its own account or through the authorized delegate, within the scope of its authority or as per instructions of the Board of Directors, the applicable corrective and responsibility actions.

VIII. Verify, where applicable, that contributions of capital are made by the shareholders.

IX. Comply with the legal and statutory requirements provided with respect to dividends paid to shareholders.

X. Ensure that the Company's accounting, booking-keeping, filing, or information systems are maintained.

XI. Prepare and submit to the Board of Directors the report referred to by Article 172 (one hundred and seventy-two) of the Ley General de Sociedades Mercantiles, except for the provisions of subsection b) of said article.

XII. Establish mechanisms and internal controls that allow to verify that the acts and operations of the Company and of the legal persons controlled by the company complied with the applicable law, and follow up the results of such mechanisms and internal controls and take the measures that result necessary, where appropriate.

XIII. Carry out the actions of responsibility under the Ley del Mercado de Valores and these Bylaws against related persons or third parties that presumably caused damage to the Company or the legal persons controlled by the Company or in which it has significant influence, except if the damage caused is not relevant according to the resolution of the Board of Directors and prior opinion of the Audit Committee.

The Chief Executive Officer, for the performance of its duties and activities, and for the due performance of the obligations, shall be assisted by the relevant officers appointed to that effect and by any employee of the Company or of the legal persons controlled by the Company.

The appointment of the Chief Executive Officer of the Company and of the officers holding positions two hierarchical levels below the Chief Executive Officer, shall be held by persons with credit eligibility and honorabilty.

The reports related to the financial statements and financial, administrative, economic, and legal information referred to in Article 104 (one hundred and four) of the Ley del Mercado de Valores shall be signed, at least, by the Chief Executive Officer and other incumbent relevant officers of the finance and legal or equivalent departments, within the scope of their respective authority. Furthermore, this information must be submitted to the Board of Directors for consideration and, where appropriate, approval, with the supporting documentation.

The Chief Executive Officer is hereby released from the liability consisting of indemnifying damages caused to the Company or the legal persons controlled by the Company or in which it has a significant influence, for lack of diligence arising from the acts it carries out or ceases to carry out, provided that (i) such acts are not fraudulent or acts in bad faith; (ii) breach of the duty of loyalty; (iii) illegal acts by reason of acts, events, or omissions referred to in Articles 35 (thirty-five), Sections III to VII, and 36 (thirty-six) and other applicable articles of the Ley del Mercado de Valores or other laws, or (iv) the acts fall within the scope of Article 46 of the Ley del Mercado de Valores.

CHAPTER IV

OVERSIGHT

CLAUSE TWENTY-SEVEN. Audit and Corporate Practices Committee. The Board of Directors, for the performance of its duties regarding the matters of oversight, shall have the support of the Committee or Committees that develop activities related to Corporate Practices and Audit. Such Committees shall be composed of independent Directors and a minimum of 3 (three) members appointed by the Board of Directors, as provided by Article 25 (twenty-five) of the Ley del Mercado de Valores. Such committees of the Company shall be responsible for the development of the following activities:

A. Regarding the corporate practices:

1. Provide to the Board of Directors an opinion regarding matters within the scope of their authority under the Ley del Mercado de Valores.

2. Request the opinion of independent experts when deemed convenient, for the proper performance of their duties or where required under the Ley del Mercado de Valores or general provisions.

3. Call Shareholders' Meetings and have the items deemed pertinent included in the agenda of such meetings.

4. Assist the Board of Directors in the preparation of the reports referred to in Article 28 (twenty-eighth), Section IV, subsections d) and e) of the Ley del Mercado de Valores with respect to the main accounting and financial reporting policies and criteria and the report regarding the operations and activities in which it intervened while performing its duties pursuant to these Bylaws and the Ley del Mercado de Valores.

5. Others provided for in the Ley del Mercado de Valores or in these Bylaws.

Additionally, the Committee Chairman shall include in the report referred to in Article 43 (forty-three) of the Ley del Mercado de Valores, regarding corporate practices, the following:

I. Make observations with respect to the performance of the relevant officers;

II. Review transactions with related parties during the reporting period, detailing the characteristics of material transactions;

III. Propose the comprehensive fees, compensation, and remuneration packages of the Chief Executive Officer and other relevant officers of the Company, as provided for in Article 28 (twenty-eight), Section III, subsection d) of the Ley del Mercado de Valores;

IV. Analyze and give its opinion on the waivers to be granted by the Board of Directors so that a Director, relevant officer, or person with management power in terms of the Ley del Mercado de Valores may take advantage of business opportunities, whether for itself or in favor of third parties, pursuant to the terms of Article 28 (twenty-eight), Section III, subsection f) of the Ley del Mercado de Valores.

B. Regarding the audits:

1. Provide to the Board of Directors an opinion regarding matters within the scope of their authority under the Ley del Mercado de Valores.

2. Assess the performance of the legal person that provides external audit services, and analyze the reports or opinions prepared and signed by the external auditor. For such purpose, the committee may require the presence of such auditor when it deems convenient, without prejudice to meeting with the auditor at least once a year.

3. Discuss the financial statements of the Company with the persons responsible for their preparation and review, and based on that discussion, recommend or not their approval to the Board of Directors.

4. Inform the Board of Directors on the condition of the internal control and internal audit system of the Company or regarding the legal persons controlled by the Company, including any irregularities detected, if any.

5. Prepare the opinion referred to in Article 28 (twenty-eight), Section IV, subsection c) of the Ley del Mercado de Valores with respect to the contents of the report submitted by the Chief Executive Officer and submit such opinion for the consideration of the Board of Directors for its later submission to the Shareholders' Meeting, supported, among other elements, with the report of the external auditor. Such opinion shall indicate, at least:

   (i) If the accounting and financial reporting policies and criteria observed by the Company are appropriate and sufficient considering the particular circumstances of the Company.

   (ii) If such policies and criteria have been consistently applied in the information submitted by the Chief Executive Officer.

(iii) If, as a result of subsections (i) and (ii) above, the information submitted by the Chief Executive Officer reasonably reflects the financial position and results of the Company.

6. Assist the Board of Directors in the preparation of the reports referred to in Article 28 (twenty-eight), Section IV, subsections d) and e) of the Ley del Mercado de Valores.

7. Monitor that the transactions referred to in Articles 28 (twenty-eight), Section III and 47 (forty-seven) of said Law are carried out in compliance with the provisions of such articles and the policies arising therefrom.

8. Request the opinion of independent experts when deemed convenient, for the proper performance of their duties or where required by the general provisions issued to that effect.

9. Request to the relevant officers and other employees of the Company or of the legal persons controlled by the Company, reports relating to the preparation of financial information and any other type deemed necessary for the performance of their duties.

10. Investigate any potential non-compliance they are aware of regarding the operations, operating guidelines and policies, internal control and internal audit system, and accounting records, whether of the Company or of the legal persons controlled by the Company, for which they shall make an analysis of the documentation, records, and other evidentiary proof, to the extent required for such oversight.

11. Receive comments from the shareholders, directors, relevant officers, employees, and, in general, from any third party, with respect to the matters referred to in the above section, and carry out the actions that, in their opinion, are applicable in relation to such comments.

12. Request regular meetings with the relevant officers, as well as the delivery of any type of information related to the Company's internal control and internal audit or the legal persons controlled by the Company.

13. Inform the Board of Directors regarding material irregularities detected by reason of the performance of their duties and, where appropriate, the corrective measures adopted or propose those that must be applied.

14. Call Shareholders' Meetings and request to include the items deemed pertinent in the agenda of such Meeting.

15. Monitor that the Chief Executive Officer complies with the resolutions of the Shareholders' Meetings and of the Board of Directors of the Company, in accordance with the instructions that, if any, the Meeting or such Board may issue.

16. Supervise that mechanisms and internal controls are in place that allow to verify that the acts and operations of the Company and of the legal persons controlled by the company abide by the applicable law, and implement methodologies that allow to review compliance with the foregoing.

17. Other provided herein and in the Ley del Mercado de Valores.

Additionally, the Committee Chairman shall include in the report referred to in Article 43 (forty-three) of the Ley del Mercado de Valores, regarding audit matters, the following:

I. The status of the internal control and audit system of the Company and legal persons controlled by the Company and, where appropriate, a description of its deficiencies and deviations, as well as the aspects that require improvement, taking into account the opinions, reports, communications, and the external audit report, and the reports issued by the independent experts that provided their services during the period covered by the report;

II. Reference to and follow-up of the preventive and corrective measures implemented based on the results of investigations related to the non-compliance with the operating and accounting guidelines and policies, whether of the Company or of the legal persons controlled thereby;

III. The assessment of the performance of the legal person that provides external audit services, and of the external auditor in charge of the audit and its independent status;

IV. A description and assessment of additional or supplementary services that, if any, are provided by the legal person in charge of conducting the external audit, as well as those provided by the independent experts;

V. The main results of the reviews to the financial statements of the Company and of the legal persons controlled by the Company;

VI. A description and the effects of the changes in the accounting policies approved during the applicable period covered by the annual report;

VII. The measures adopted as a result of the observations it may deem relevant, made by shareholders, directors, relevant officers, employees, and in general any third party, with respect to the accounting, internal controls, and matters related to the internal or external audit, or arising from complaints related to events deemed irregular in the management; and

VIII. The follow-up of the resolutions of the Shareholders' Meetings and meetings of the Board of Directors.

For the preparation of the reports referred to by this clause, and for the opinions mentioned in Article 42 (forty-two) of the Ley del Mercado de Valores, the Audit Committee shall hear the relevant officers; in the event of any difference of opinion between the Audit Committee and the relevant officers, such differences shall be included in such reports and opinions.

CLAUSE TWENTY-EIGHT. External Auditor. The Company shall have an external auditor, who may be called to the meetings of the Board of Directors, in the capacity of a guest with voice but without vote, and it shall refrain from being present with respect to those businesses of the Agenda in which it has or may have a conflict of interest or which might compromise his independence. The external auditor shall be appointed and, where appropriate, removed by the Board of Directors of the Company. The external auditor of the Company shall issue its report on the financial statements, which must be prepared on the basis of auditing standards and Financial Reporting Standards.

CHAPTER V

SHAREHOLDERS' MEETINGS

CLAUSE TWENTY-NINE. Types of Meetings. The General Shareholders' Meeting is the supreme body of the Company; it may resolve and ratify all act and operations thereof.

Resolutions adopted in lieu of a Meeting, by the unanimous vote of the Shareholders representing all shares of the capital stock, shall have for all applicable legal purposes the same effect as if adopted at a General Meeting, provided that they are confirmed in writing.

General Shareholders' Meetings may be Ordinary or Extraordinary.

Ordinary Meetings, which shall convene at least once a year within the four months following the end of each fiscal year, shall be those whose purpose is to address any of the matters mentioned in Article 181 of the Ley General de Sociedades Mercantiles: to approve the transactions that the Company or the legal persons controlled by the Company intend to carry out during a fiscal year, where they represent 20% (twenty percent) or more of the consolidated assets of the Company on the basis of figures corresponding to the closing of the immediately preceding quarter, regardless of the form in which they are executed, whether simultaneously or successively, but that, given their characteristics, may be considered as a single transaction in terms of Article 47 (forty-seven) of the Ley del Mercado de Valores, and those that are not exclusively reserved for Extraordinary Meetings under the applicable law and/or these Bylaws, taking into account the report of the applicable Committee of the Company at all times.

Extraordinary Meetings, which may convene at any time, shall be those whose purpose is (i) to address any of the matters indicated in Article 182 (one hundred and eighty-two) of the Ley General de Sociedades Mercantiles, taking into account the report of the applicable Committee of the Company at all times; (ii) to address and, where appropriate, approve the cancellation of the registration of the shares of the Company with the Public Registry of Commerce; (iii) those called in relation to increases in capital in terms of Article 53 (fifty-three) of the Ley del Mercado de Valores; and (iv) those called for the other businesses that require a special quorum under the applicable legal provisions and/or these Bylaws.

CLAUSE THIRTY. Calls. Except as provided in Article 185 (one hundred and eighty-five) of the Ley General de Sociedades Mercantiles, the Shareholders' Meetings may be called at any time by the Board of Directors, the Chairman of the Board of Directors, or by the Committees that perform Corporate Practices and Audit duties, and by 25% (twenty-five percent) of the Directors of the Company or the Secretary of the Board of Directors, or by the judicial authority, if applicable. Shareholders holding shares with voting rights, even in a limited or restricted manner, representing at least 10% (ten percent) of the capital stock, may request the Chairman of the Board of Directors or of the Committees that perform duties related to Corporate Practices and Audit matters, at any time, to call a General Shareholders' Meeting pursuant to the terms mentioned in Article 50 (fifty), Section II, of the Ley del Mercado de Valores.

The call for the Meetings shall be made through a publication of a notice in one of the newspapers of wide circulation in Mexico City, Federal District, at least 15 (fifteen) calendar days in advance of the date set for the Meeting. Such notice shall contain the Agenda, that is, the list of matters to be addressed at the Meeting, as well as the date, place, and time for the Meeting, and shall be signed by the person(s) calling the meeting, in the understanding that if the Board of Directors is calling the Meeting, the name of the Secretary of such body or of the delegate appointed to that effect by the Board of Directors for such purposes shall suffice. Available information and documents related to each of the items set forth in the agenda shall be available, immediately and free of charge, to the shareholders at the offices of the Company as form the publication of the notice of meeting for a certain Shareholders' Meeting.

CLAUSE THIRTY-ONE. Quorum and Special Rights. To consider an Ordinary General Meeting legally installed by virtue of first call, at least half of the capital stock must be represented. In the case of a second or subsequent call, the Ordinary General Meeting shall be deemed legally convened whatever the number of shares represented.

Resolutions of the Ordinary General Meeting shall always be adopted at least by a majority of votes present for such resolutions to be valid.

To consider an Extraordinary General Meeting legally installed by virtue of the first call, at least 75% (seventy-five percent) of the capital stock shall be represented. In the case of a second or subsequent call, to consider the Extraordinary General Meeting legally installed, at least 50% (fifty percent) of the capital stock must be represented.

Resolutions of the Extraordinary General Meeting shall always be adopted by the affirmative vote of the number of shares representing at least half the capital stock, for such resolutions to be valid, unless these Bylaws provide a higher percentage.

Shareholders shall have the following rights, in addition to any other right granted in these Bylaws:

Shareholders holding shares with voting rights, even in a limited or restricted manner, representing at least 10% (ten percent) of the capital stock, individually or jointly, may request to postpone the vote of any business with respect to which they consider they are not well informed, abiding by the terms and conditions mentioned in Article 50 (fifty), Section III, of the Ley del Mercado de Valores.

Shareholders with voting rights, even in a limited or restricted manner, individually or jointly representing at least 20% (twenty percent) of the capital stock, may judicially oppose the resolutions of general meetings, with respect to which they have voting rights, provided that the requirements of Article 201 (two hundred and one) of the Ley General de Sociedades Mercantiles are met, in terms of Article 51 (fifty-one) of the Ley del Mercado de Valores.

Except as provided for in Clause Seventeen of these Bylaws, holders of shares with voting rights, even in a limited or restricted manner, or without voting rights, that individually or jointly represent at least 5% (five percent) of the capital stock, may directly exercise a civil liability action against the Company's managers in terms of Article 38 (thirty-eight), Section II, of the Ley del Mercado de Valores, and provided that the requirements set forth in Article 163 (one hundred and sixty-three) of the Ley General de Sociedades Mercantiles are met.

CLAUSE THIRTY-TWO. Totalitarian Meetings. Ordinary or Extraordinary General Shareholders' Meetings may be legally held without need for a previous call and their resolutions will be valid provided that all shares are represented at the time of the voting, as provided for in Article 188 (one hundred and eighty-eight) of the Ley General de Sociedades Mercantiles.

CLAUSE THIRTY-THREE. Proxies. Shareholders may be represented at Meetings by proxies appointed through simple power of attorney, in the understanding that the members of the Board of Directors may not exercise such mandate.

In addition to the foregoing, shareholders may be represented at Meetings by proxies who evidence their legal capacity through a power of attorney granted in the forms prepared by the Company, namely: (i) clearly indicates the name of the Company, and the respective agenda, without including businesses under the general or equivalent item, and (ii) contains a space for the instructions indicated by the person granting such power in relation to the exercise thereof.

The Company shall make available to stock market brokers that evidence that they represent the shareholders of the Company, during the term referred to in Article 49 (forty-nine) of the Ley del Mercado de Valores, the forms of the power of attorney, so they can send them on time to their principals.

The Secretary of the Board of Directors shall be required to ensure the provisions above are observed and to inform regarding such situation to the meeting, which shall be recorded in the respective minutes.

To attend the General Meetings, the Shareholders shall obtain their respective admission cards at the domicile of the Company, during business days and hours and in advance as the corresponding notices of meetings may indicate, against delivery of a certificate stating that their shares are deposited with any bank in the country or abroad. For shares deposited with any Depository Institution, admission cards shall be issued against delivery to the Company of the aforementioned certificate and, if applicable, the supplementary list, as provided for in the Ley del Mercado de Valores.

CLAUSE THIRTY-FOUR. Development of Meetings. Meetings may be chaired by the Chairman of the Board of Directors or, in absence thereof, by the Director authorized to that effect by the Board to substitute the Chairman in their duties, or in the absence of both, by the person appointed by the Shareholders present or represented at the Meeting.

The Secretary of the Board shall act as Secretary and, in absence thereof, the person appointed by the Shareholders present or represented at the Meeting.

At the beginning of each Meeting, the Chairman shall appoint 2 (two) tellers to determine the number of shares present and the percentage representing the capital stock. All minutes of the Shareholders' Meetings shall be ordinary or extraordinary and shall be signed by the Chairman and by the Secretary of the Meeting. The minutes shall be recorded in the respective book. Where meeting minutes cannot be recorded in the applicable book, such minutes shall be notarized with a public attestor.

The minutes of Extraordinary Shareholders' Meetings shall be notarized with a public attestor and registered in the Public Registry of Commerce of the registered office.

CHAPTER VI

FISCAL YEARS, FINANCIAL INFORMATION

PROFITS AND LOSSES

CLAUSE THIRTY-FIVE. Fiscal Years. Fiscal years shall consist of one year from January 1 (first) to December 31 (thirty-first) of each year.

CLAUSE THIRTY-SIX. Financial Statements. The Board of Directors shall be responsible for the preparation of the financial statements as of the closing of each fiscal year and shall contain all information set forth in Article 172 (one hundred and seventy-two) of the Ley General de Sociedades Mercantiles. The financial statements shall be prepared within 3 (three) months from the closing of every fiscal year and shall be submitted along with all supporting documentation, to the shareholders, as provided for in Article 173 of the Ley General de Sociedades Mercantiles.

CLAUSE THIRTY-SEVEN. Profit. The net income of each fiscal year, prior approval of the financial statements that show such net income by the Shareholders' Meeting, after deducting the applicable legal amounts of (i) income tax, (ii) employee profit sharing, and (iii) amortization of loss carryforwards, shall be distributed as follows:

1. 5% (five percent) shall be separated to create the Legal Reserve until said reserve amounts to 20% (twenty percent) of the capital stock, as provided for in Article 20 of the Ley General de Sociedades Mercantiles.

2. The amount determined by the General Shareholders' Meeting to create one or several contingency, reinvestment, redemption, or reserve funds shall be separated, including the amounts applied to create or increase the amount to acquire own shares referred to in Article 56 (fifty-six) of the Ley del Mercado de Valores.

3. The rest shall be applied as resolved by the Ordinary Shareholders' Meeting or distributed among the Shareholders in proportion to the number of their shares if fully paid, or otherwise, to the amount paid for such shares.

The payment of dividends declared by the Company shall be made on the business dates and places as determined by the Ordinary Shareholders' Meeting, or the Board of Directors if such body was authorized to that effect by the Shareholders' Meeting and shall be published in a notice in at least one newspaper of wide circulation in the registered office.

The dividends not collected within 5 (five) years from the date on which they are payable shall be deemed waived and assigned in favor of the Company.

CLAUSE THIRTY-EIGHT. Loss. The Shareholders shall be liable for the Company's losses in proportion to the shares they hold, but their liability is limited to the payment of the capital stock. Consequently, holders of paid-up shares shall not be liable for corporate obligations.

CHAPTER VII

DISSOLUTION, LIQUIDATION AND SEPARATION

CLAUSE THIRTY-NINE. Dissolution. The Company shall be dissolved in the cases provided for in Article 229 of the Ley General de Sociedades Mercantiles or by resolution adopted at an Extraordinary General Shareholders' Meeting.

CLAUSE FORTY. Liquidation. Once the Company is dissolved, it will be liquidated. For such purpose, the same Extraordinary General Shareholders' Meeting that resolves or recognizes the dissolution shall appoint a liquidator by a simple majority vote, who shall have, in the opinion of the Meeting, sufficient technical capacity, honorability, and satisfactory credit history. Such liquidator, who may be a legal person, shall have the powers and duties determined by the Ley General de Sociedades Mercantiles for liquidators, as well as those granted by the Shareholders' Meeting, if any.

CLAUSE FORTY-ONE. Revocation of the Resolution for Dissolution. The Extraordinary General Shareholders' Meeting may revoke the resolution for dissolution where the causes that gave rise to the dissolution cease to exist.

CLAUSE FORTY-TWO. Liquidator. During the period of liquidation, the Meeting shall convene and operate in the same terms provided for herein.

The liquidators shall assume the duties that in the ordinary course of the Company correspond to the Board of Directors, but with the special modalities imposed by the liquidation status.

The liquidator or liquidators of the Company shall proceed to liquidate the Company and distribute its proceeds among the Shareholders in proportion to the number of their shares, as provided for in Article 248 (two hundred and forty-eight) of the Ley General de Sociedades Mercantiles.

In general terms, the rules provided by Chapters X and XI of the Ley General de Sociedades Mercantiles shall be followed for the dissolution and liquidation of the Company.

CHAPTER VIII

APPLICABLE LAW AND JURISDICTION

CLAUSE FORT-THREE. Applicable Law. The Company shall be governed by these Bylaws, the Ley del Mercado de Valores, the Ley General de Sociedades Mercantiles, and by any other applicable law, as regards to matters not contemplated herein.

CLAUSE FORTY-FOUR. Jurisdiction. For everything related to the construction and compliance with these Bylaws, the shareholders submit to the jurisdiction of the competent courts of the Federal District, waiving any other jurisdiction that may correspond to them by virtue of their present or future domiciles.

e) Other corporate governance practices

The Meeting of Shareholders may designate the respective alternate for each Proprietary Director. The foregoing, in the understanding that the Alternate Directors of Proprietary Directors shall have the same capacities. The members of the Board of Directors shall not need to be shareholders and must comply with the requirements set forth in the LMV.

As of the date of this Annual Report, the Board of Directors is composed of 8 Proprietary Directors, 3 of which are independent. 5 of the Directors have their respective Alternate Directors.

Corporate governance practices controls

An important part of our business philosophy has been maintaining solid corporate governance practices and adequate Risk Management controls, which include anti-money laundering practices and rigorous customer selection processes (KYC "Know Your Customer" policies). Since the incorporation of Monex Grupo Financiero in 2003 and since the date of incorporation of each of the financial entities that comprise it, we have been regulated by the CNBV, the SHCP, the Bank of Mexico and the CONDUSEF. We must comply, among others, with anti-money laundering regulations applicable in Mexico, which oblige our subsidiaries to comply with:

- The creation and implementation of procedures and policies, including mechanisms to identify and know our customers, to prevent and detect actions, omissions, or transactions that might favor, assist, or in any manner cooperate with terrorism-financing activities or money laundering.
- Implementing procedures to detect relevant, unusual, or suspicious transactions.
- Reporting relevant, unusual, or suspicious transactions to the SHCP through the CNBV.
- The establishment of a Communication and Control Committee responsible for supervising the compliance with anti-money laundering regulations, among others.
- The adoption of KYC policies that include, among others:
    i. creation of a customer identification dossier
    ii. validation of information and documents delivered
    iii. application of an own model to assign the risk level and profile of each customer.
    iv. application of a methodology for assessing the risk of money laundering and financing of terrorism at the entity level, including compensatory controls for their mitigation.
    v. implementation of systems and processes to prevent, detect, and report transactions related to resources of illicit origin.

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2022 Annual Report

Chapter 5

Stock Market

a) Shareholding Structure

Monex has no convertible bonds or CPOs on shares. The company has no registered American Depositary Receipts (ADRs). The information on Shareholders' Equity is included in Chapter 2. The Issuer, subsection b. Business Overview, section XII. Shares representing the capital stock of this report.

b) Share Performance in the Stock Market

At the end of 2022, Monex's series "A" and series "B" shares were traded on the BMV under the ticker symbol "MONEX". The following information details the performance of the series "B" shares in the last 5 fiscal years, in each quarter of the last 2 fiscal years, and in the last 6 months of 2022. (Source: SiBolsa).

Share performance at the end of the last 6 months

Date	High	Low	Close	Volume
jul-22	14.20	14.20	14.20	10,783
aug-22	17.05	15.00	17.05	26,916
sep-22	19.00	17.60	19.00	40,418
oct-22	19.00	18.95	18.95	103,718
nov-22	18.95	17.50	18.00	19,058
dec-22	20.85	17.50	20.85	575,446

Share performance at the end of the last 8 quarters

Date	High	Low	Close	Volume
1Q21	12.40	12.00	12.00	1,544,108
2Q21	12.36	11.90	12.20	132,638
3Q21	12.50	11.89	12.49	7,809,600
4Q21	12.50	12.00	12.00	32,281
1Q22	13.11	12.00	13.11	322,436
2Q22	15.00	13.20	14.20	106,458
3Q22	19.00	14.20	19.00	78,117
4Q22	20.85	17.50	20.85	698,222

Share performance at the end of the last 5 fiscal years

Date	High	Low	Close	Volume
2018	16.00	10.50	14.10	385,881
2019	14.80	11.64	12.00	3,171,669
2020	13.25	9.90	12.13	3,157,905
2021	12.50	11.89	12.00	9,518,627
2022	20.85	12.00	20.85	1,205,233

c) Market Maker

As of December 31, 2022, the issuer with ticker symbol "MONEX" series "A" and "B" had not hired any services from a Market maker; however, Monex Casa de Bolsa operates the Repurchase Fund of the Issuer in accordance with the regulations of Circular Única de Emisoras.

Coverage of Security Analysis

The company Prognosis Economía Finanzas e Inversiones, S.C. ("PROGNOSIS") has been in charge of performing the coverage analysis of Monex's securities since the first quarter of 2014.

Prognosis Economía
Finanzas e Inversiones,
S.C. ("PROGNOSIS")
Carlos Ludwig Fritsch Vázquez
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Phone: (55) 5202 9571 / 9964

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Chapter 6

Annexes

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

Consolidated financial statements

December 31, 2022

(With the Independent Auditor´s Report Thereon)

(Translation from Spanish Language Original)

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Independent Auditors' Report

To the Board of Directors and Stockholders

Monex, S. A. B. de C. V.:

(Millions of Mexican pesos)

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 statement of financial position as of December 31, 2022, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the year then ended on that date, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Monex, S. A. B. de C. V. and Subsidiaries have been prepared, in all material respects, in accordance with the Accounting Criteria for Financial Group Holding Companies in Mexico, established by the National Banking and Securities Commission (the Commission).

Basis for Opinion

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

Emphasis paragraph

As described in note 4 of the consolidated financial statements, during 2022 the accounting changes mentioned in notes 6, 7, 9 and 10 to the attached consolidated financial statements were made, which was done in accordance with the Resolution that modifies the general provisions applicable to the controlling companies of financial groups and sub-controlling companies that regulate the matters that correspond jointly to the National Supervisory Commissions, published in the Federal Gazette on December 4, 2020, which establishes that the Holding Companies recognize the cumulative effect of such accounting changes in profit or loss of the year, without restating the consolidated financial statements of years prior to January 1, 2022, and that the basic consolidated financial statements as of and for the year ended December 31, 2021, are not disclosed. Our opinion has not been modified in relation to this matter.

(Continued)

Key audit matters

Key audit matters are those 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 thereon.

Allowance for loan losses $675 in the consolidated statement of financial position	
See notes 3 and 10 to the consolidated financial statements	
The key audit matters	**How the key audit matter was addressed in our audit**
The allowance for loan losses for commercial loan portfolio involved significant judgments to assess the customers´ quality credit risk, considering the various factors established in the methodologies prescribed by the Commission for the qualification process of the loan portfolio, as well as the reliability on the documentation and updating of the information used as input for the determination of the allowance for loan losses for credit risks for the commercial loan portfolio. Therefore, we have determined the allowance for loan losses as a key audit matter in our audit.	The audit procedures applied by Management on the determination of the allowance for loan losses for credit risks and the effects on the income of the year, included, the assessment, through sample testing, both of the inputs used and the calculation process for the various loan portfolios based on the in-force methodologies for each type of loan portfolio established by the Commission. Additionally, with the participation of our specialists, as of December 31, 2022, we: I. inspected the approval of the policy and the model used by the Risk Committee (or by the body empowered for authorization), II. assessed the model used and the relevant inputs used for the calculation process.

(Continued)

Over-the-counter derivative financial instruments $5,468 (asset) and $3,870 (liability) and hedging operations $50 (asset)	
See note 9 to the consolidated financial statements	
The key audit matters	**How the key audit matter was addressed in our audit**
The fair value as of the consolidated financial position date of over- the-counter financial instruments is determined through the use of valuation techniques that involve Management´s judgments, mainly when the use of inputs from different sources or from not observable data in the market and complex valuation models. Additionally, the requirements that must be met to account for financial instruments as hedges, as well as to document and monitor to prove effectiveness, involve a certain degree of specialization by Management. Therefore, we have considered the determination of over the counter the derivative financial instruments´ valuation and hedging transactions as a key audit matter in our audit.	As part of our audit procedures, we obtained evidence of the approval, by the Risk Committee of Monex, S. A. B., of the valuation models for over-the-counter derivative financial instruments and hedging transactions used by Management. Likewise, through sample testing, we assessed the reasonableness of such models and the inputs used, with the participation of our specialists. Additionally, through sample testing, we assessed the adequate measurement and classification of the fair value of over-the-counter derivative financial instruments and for hedging transactions, adequate compliance with the criteria and documentation to be considered as such, as well as the effectiveness thereof.

Other information

Management is responsible for the other information. The other information comprises information included in the annual report for the year ended December 31, 2022 to be filed with the Commission and the Mexican Stock Exchange (the Annual Report) but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is estimated to be available to us after the date of this auditors' report.

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

(Continued)

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

When we read the Annual Report, if we conclude that there is a material misstatement on this other information, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the accounting criteria for financial group holding companies in Mexico, established by the Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

(Continued)

- 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 the internal control of Monex, S. A. B..

- 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 to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion in our auditors' report. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Monex, S. A. B. to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, 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 communicated to them all relationships and other matters that may reasonably be thought to affect our independence, and where applicable, the actions taken to eliminate threats or the safeguards applied.

From the matters communicated to those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore key audit matters. We described 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.

Other questions

The consolidated financial statements of Monex, S. A. B. as of December 31, 2021 and for the year then ended, were audited by other auditors, who, on March 30, 2022, issued an unqualified opinion thereon.

KPMG Cárdenas Dosal, S. C.

Ricardo Lara Uribe

Mexico City, April 3, 2023.

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

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Consolidated statement of financial position

December 31, 2022

(Millions of Mexican Pesos)

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

Assets	
Cash and cash equivalents (note 6)	$ 29,771
Margin accounts (derivative financial instruments) (note 9)	1,157
Investment in financial instruments (note 7):	
Negotiable financial instruments	121,370
Financial instruments to collect or sell	451
Financial instruments to collect principal and interest	3,115
	124,936
Debtors in repurchase/resale agreements (note 8)	600
Derivative financial instruments (note 9):	
Trading	8,669
Hedging	50
	8,719
Loan portfolio with stage 1 credit risk (note 10):	
Commercial loans:	
Commercial activity	23,787
Financial entities	2,545
Government entities	2,910
	29,242
Mortgage loans:	
Improvement backed by the borrowers' mortgage sub-account	147
Total loan portfolio with stage 1 credit risk	29,389
Loan portfolio with stage 2 credit risk (note 10):	
Commercial loans:	
Commercial activity	295
Total loan portfolio with stage 2 credit risdk	295
Loan portfolio with stage 3 credit risk (note 10):	
Commercial loans:	
Commercial activity	390
Financial entities	46
	436
Mortgage loan	
Improvement backed by the borrowers' mortgage sub-account	37
Total loan portfolio with stage 3 credit risk	473
Past-due loan portfolio	30,157
(-) Less:	
Allowance for loan losses (note 10)	(1,175)
Loan portfolio, net	28,982
Other accounts receivable, net (note 11)	17,480
Foreclosed assets, net (note 13)	151
Prepayments and other assets, net (note 17)	737
Furniture and equipment, net (note 14)	72
Assets for rights of use of furniture and equipment, net (note 15)	517
Permanent investments	180
Deferred taxes, net (note 23)	1,005
Intangibles assets, net (note 18)	1,415
Assets for rights of use of intangible assets, net (note 16)	355
Goodwill (note 19)	1,142
Total assets	$ 217,219

Liabilities and Stockholders´ Equity	
Deposit funding (note 20):	
Demand deposits	$ 36,083
Time deposits:	
General public	10,528
Money market	3,534
Debt securities issued	1,374
Global deposit funding account without movement	3
	51,522
Stock certificates (note 21)	1,507
Banks and other borrowings (note 22):	
Short-term	4,671
Long-term	36
	4,707
Creditors on repurchase/resell agreements (note 8)	112,551
Sold/pledged collateral:	
Creditors on repurchase/resell agreements	562
Securities lending	15
	577
Derivative financial instruments (note 9):	
Trading	7,396
Valuation adjustments of financial liabilities' hedging	20
Lease obligations (notes 15 and 16)	905
Other accounts payable (note 12):	
Creditors on settlement of transactions	9,764
Creditors for collateral received in cash	4,724
Contributions payable	350
Sundry creditors and other accounts payable	5,995
	20,833
Income tax liability (note 23)	432
Employee benefits (note 24)	1,437
Deferred credits and advanced payments received	837
Total liabilities	202,724
Stockholders' equity (note 25):	
Paid-in capital:	
Capital stock	3,055
Additional paid-in-capital	763
	3,818
Earned capital:	
Capital reserves	496
Retained earnings	9,753
Other comprehensive income:	
Valuation of cash flow hedge instruments	13
Equity in other comprehensive income of other entities	403
	10,665
Controlling interest	14,483
Non-controlling interest	12
Total stockholders' equity	14,495
Commitments and contingent liabilities (note 33)	
Subsequent events (note 35)	
Total liabilities and stockholders' equity	$ 217,219

(Continued)

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

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Consolidated statement of financial position, continued

December 31, 2022

(Millions of Mexican Pesos)

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

Memorandum accounts (note 27)

Transactions on behalf of third parties

Customer current accounts:	
Customer banks accounts	$ 92
Custody transactions:	
Customer financial instruments (securities) received in custody	86,624
Customer financial instruments (securities) on abroad	16,719
	103,343
Management transactions:	
Customer debtors in repurchase/resale agreements	49,439
Customer sold/pledged collateral	7,501
	56,940
Derivative financial instrument purchase transaction:	
Futures and forwards (notional amount)	80,345
Options	61,040
Swaps	297,067
	438,452
Total management transactions	495,392
Financial instruments derivates sale transaction:	
Futures and forwards	74,407
Options	47,952
Swaps	14,379
	136,738
Total on behalf of third parties	$ 735,565

Transactions for own account

Contingent assets and liabilities	$ 129
Credit commitments	18,202
Assets in trust or mandate	245,755
Assets in custody or under management	16,653
Collateral received by the entity:	
Government debt	41,016
Bank debt	8,032
Other debts securities	3,355
	52,403
Collateral received and sold or delivered as guarantee by the entity:	
Government debt	41,012
Bank debt	8,032
Other debts securities	3,355
	52,399
Uncollected accrued interest derived from loan portfolio with stage 3 credit risk	172
Other memorandum accounts	257
Total for own accounts	$ 385,970

See accompanying notes to the consolidated financial statements.

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

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Consolidated statement of comprehensive Income

Year ended December 31, 2022

(Millions of Mexican Pesos)

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

Interest income (note 28)	$	12,588
Interest expense (note 28)		(10,976)
Financial margin		1,612
Allowance for loan losses (note 10)		(327)
Financial margin adjusted for allowance for loan losses		1,285
Commission and fee income (note 28)		1,166
Commission and fee expense		(373)
Financial intermediation income, net (note 28)		9,510
Other operating income, net		220
Administrative and promotional expenses		(7,907)
Income before income taxes		3,901
Income tax (note 23):		(992)
Net income	$	2,909
Other comprehensive income:		
Valuation of cash flow hedge instruments		5
Equity in other comprehensive income of other entities		(342)
Comprehensive income		2,572
Comprehensive income attributable to:		
Controlling interest		2,910
Non-controlling interest		(1)
Comprehensive income attributable to:		
Controlling interest		2,573
Non-controlling interest	$	(1)
Earnings per share	$	4.67

See accompanying notes to the consolidated financial statements.

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

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Consolidated statement of changes in stockholders' equity

Year ended December 31, 2022

(Millions of Mexican Pesos)

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

		Paid-in capital		Earned capital						
		Capital stock	**Additional paid-in capital**	**Capital reserves**	**Retained earnings**	**Valuation of cash flow hedge instruments**	**Equity in other comprehensive income of other entities**	**Total Controlling interest**	**Total non-controlling interest**	**Total stockholders' equity**
Balances as of December 31, 2021, as previously reported	$	2,055	763	499	8,316	8	745	12,386	47	12,433
Retrospective adjustments for error corrections		-	-	-	(123)	-	-	(123)	-	(123)
Balances as of December 31, 2021, adjusted		2,055	763	499	8,193	8	745	12,263	47	12,310
Movements inherent to the decisions of the stockholders:										
Contributions for capital stock increases (note 25)		1,000	-	(3)	-	-	-	997	-	997
Dividend paid (note 25)		-	-	-	(1,350)	-	-	(1,350)	-	(1,350)
Total		1,000	-	(3)	(1,350)	-	-	(353)	-	(353)
Comprehensive income:										
Net income		-	-	-	2,910	-	-	2,910	(1)	2,909
Other comprehensive income:										
valuation of cash flow hedge instruments		-	-	-	-	5	-	5	-	5
Equity in other comprehensive income of other entities		-	-	-	-	-	(342)	(342)	(34)	(376)
Total		-	-	-	2,910	5	(342)	2,573	(35)	2,538
Balances as of December 31, 2022	$	3,055	763	496	9,753	13	403	14,483	12	14,495

See accompanying notes to the consolidated financial statements.

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

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Consolidated statement of cash flow

Year ended December 31, 2022

(Millions of Mexican Pesos)

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

Cash flows from operating activities:	
Income before income taxes	$ 3,901
Items relating to investment activities:	
Depreciation of furniture and equipment	109
Amortization of intangible assets	728
Impairment of long-lived assets	1
Share in net income of other entities	(1)
Items relating to financial activities:	
Other interests	775
Total	5,513
Changes from operating activities:	
Change in margin accounts (derivative financial instruments)	(152)
Change in investment in financial instruments	(36,273)
Change in debtors on repurchase/resell agreements	3,620
Change in derivative financial instruments (assets)	1,071
Change in loan portfolio, net	(1,183)
Change in other accounts receivable, net	14,780
Change of foreclosed assets, net	(48)
Change in deposit funding	5,404
Change in banks and other borrowings	2,973
Change in creditors on repurchase/resell agreements	32,900
Change in sold/pledged collaterals	(3,058)
Change in derivative financial instruments (liabilities)	(285)
Change in hedging derivative financial instruments (items hedging related to operation activities)	8
Change in employee benefit	337
Change in accounts payable	(10,671)
Change in other provisions	(2,018)
Income taxes paid	(1,435)
Net cash provided by operating activities	11,483
Cash flows from investing activities:	
Proceeds from sale of furniture and equipment	22
Proceeds from acquisition of furniture and equipment	(40)
Acquisition of other entities	(90)
Proceed from acquisition of intangible assets	(454)
Proceed from sale of intangible assets	201
Net cash used in investing activities	(361)
Cash flows from financing activities:	
Payments on lease obligations	(178)
Dividends paid	(1,365)
Common stock reimbursement	997
Interest paid for lease obligations	(51)
Other payments for financing activities	(92)
Net cash provided by financing activities	(689)
Net increase in cash and cash equivalents	10,433
Effects from cash value changes	(1,850)
Cash and cash equivalents at beginning of year	21,188
Cash and cash equivalents at end of year	$ 29,771

See accompanying notes to the consolidated financial statements.

(Millions of Mexican pesos)

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

(1) Description of business and relevant events 2022

Monex, S. A. B. de C. V. ("Monex, S. A. B."), domiciled at Avenida Paseo de la Reforma 284, floor 15th, alcaldía Cuauhtémoc, Colonia Juárez, Mexico City, C.P. 06600, was incorporated in accordance with Mexican law, whose corporate purpose is to promote, establish, organize, acquire and manage any kind of commercial or civil companies in order to be the holder of investments.

The consolidated financial statements as of December 31, 2022 and for the year ended on that date include those of Monex, S. A. B. de C. V. and their subsidiaries. The description of the main activity of its subsidiaries and the rate of shareholding are described below:

	Stock ownership 2022	Main activity and location
Admimonex, S. A. de C. V.	99.99%	A direct subsidiary of Monex, S. A. B. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations or companies, whether commercial, service or any other nature, both domestic and foreign, as well as participate in management or liquidation. Mexico City.
MNI Holding, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. B. as of November 2019. Holding company of Monex Inc, Monex Technology Solutions Ltd and Monex Europe Ltd. Mexico City.
Monex Grupo Financiero, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. B. It was incorporated on May 23, 2003 and is authorized by the Treasury Department of Mexico (SHCP, per Spanish acronym) to operate as a financial group in the manner and terms established by the Regulate Financial Groups law. Due to legal provisions, the Financial Group is unlimitedly liable for the obligations and losses of each of the subsidiary companies. Mexico City.
Servicios Complementarios Monex, S. A. de C. V. (Servicios Complementarios)	99.99%	A direct subsidiary of Monex, S. A. B. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations or companies, whether commercial, service or of any other nature, both domestic and foreign, as well as participate in management or liquidation Mexico City
Arrendadora Monex, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. B. whose main activity is to acquire, sell, lease, rent, sublet, use, enjoy, own, license, market, import, export, trade and have the use under any form or legal title, of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories and other goods. Mexico City.

(Continued)

Change in ownership of subsidiary

Monex, S. A. B. de C. V. (Monex) reports that on February 25, 2022, it acquired the remaining portion of the shares of direct subsidiary Arrendadora Monex, S. A. de C. V., in which Monex held a majority interest since June 2018. Arrendadora Monex offers a pure leasing service of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories and other goods.

Cancellation of the registration of Monex, S. A. B. shares in the RNV

On August 23, 2022, Monex, S. A. B. de C. V. at the General Extraordinary Stockholder Meeting, the stockholders approved to request the National Banking and Securities Commission (the "Commission") to cancel the registration of the shares representing the capital stock of Monex, S. A. B. in the National Securities Registry (RNV, per Spanish acronym), request the Mexican Stock Exchange to cancel the listing of mentioned shares and, with prior authorization from the Commission, carry out a public offer to acquire up to all of the shares owned by shareholders who are not part of the group of individuals that have control of Monex, S. A. B. at the start date of the offer. (See Subsequent Events note 35).

(2) Authorization and basis of presentation-

Authorization

On April 3, 2023, Mauricio Naranjo González, Chief Executive Officer, Alfredo Gershberg Figot, Chief Financial Officer, José Luis Orozco Ruíz, Internal Audit Director, and José Arturo Álvarez Jiménez, Accountant and Tax Director, authorized the issuance of the accompanying consolidated financial statements and notes related thereto.

In accordance with the General Corporations Law (LGSM, per Spanish acronym), the Monex, S. A. B. by laws and the General Provisions applicable to the Holding Companies of Financial Groups (the Provisions), issued by the Commission, the shareholders and the Commission are empowered to modify the consolidated financial statements after issuance. The accompanying 2022 consolidated financial statements will be submitted for approval at the next Stockholders' Meeting.

Basis of presentation

a) Statement of compliance

The consolidated financial statements are prepared based on banking legislation and in accordance with the Accounting Criteria for Holding Companies of Financial Groups in Mexico (the Accounting Criteria) established in Appendix 1 of the Provisions, and the applicable operating rules, established by the Commission, which is in charge of the inspection and oversight of the holding companies of Financial Groups in Mexico and reviews the financial information.

The Accounting Criteria establish that the accounting of financial group holding companies must conform to the basic structure of the Financial Reporting Standards (FRS) defined by the Mexican Board of Financial Reporting Standards, A. C. (CINIF, per Spanish acronym) in FRS A- 1 "Structure of financial reporting", considering in the first instance the FRS contained in FRS Series A "Conceptual framework", as well as the provisions of accounting criterion A-4 "Supplementary application to the Accounting Criteria". Likewise, they establish that the institutions must observe the accounting guidelines of the FRS except when necessary, in the opinion of the Commission, apply a regulation or specific accounting criteria on the recognition, valuation, presentation and disclosure applicable to specific items of the financial statements and those applicable to preparation.

The Accounting Criteria establish that in the absence of specific Accounting Criteria of the Commission for holding companies of financial groups and secondly for banking institutions, or in a broader context, of the FRS, the supplementary bases provided for by FRS A-8 "Supplementary" will be applied, and only in the event that the International Financial Reporting Standards (IFRS) referred to in FRS A-8 fails to provide a solution to the accounting recognition, opting for a supplementary standard that belongs to any other regulatory system will be possible, provided that all the requirements indicated in the aforementioned FRS are met, and the supplementation must be applied in the following order: generally accepted accounting principles in the United States of America (US GAAP) and any accounting standard that is part of a formal and recognized set of standards, as long as the requirements of criterion A-4 "Supplementary Application to Accounting Criteria" of the Commission are met.

b) Use of estimates and judgments

The preparation of the consolidated financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 7 – Investments in financial instruments: definition of the business model: Financial Instrument to Collect Principal and Interest (FICPI).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the following financial year is included in the following notes:

— Notes 3(g) and 7 – Carrying value of investments in financial instruments.
— Notes 3(k) and 10(h) – Determination of the allowance for loan losses; inputs used in the calculation process.
— Notes 3(i) and 9 – Valuation of derivative financial instruments (IFD, per Spanish acronym);

— Notes 3 and 20 – Tests for impairment of intangible assets and goodwill; key assumptions for the recoverable amount.

Measurement of fair values

Some of Monex, S. A. B.'s accounting policies and disclosures require the measurement of fair values of both financial and non-financial assets and liabilities.

Monex, S. A. B. has a control framework established in relation to the measurement of fair values. This includes the authorization by the Board of Directors to contract a price vendor, in addition to the authorization by the Risk Committee of Monex, S. A. B. of the internal measurement models and modifications thereto, the estimation methods of the variables used in these measurement models when they are not provided directly by the price vendor that Monex, S. A. B. has contracted, and of those securities and other financial instruments and virtual assets to which the internal measurement models are applicable.

In addition, the established control framework includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Risk Committee. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Monex, S.A.B., audit committee.

When measuring the fair value of an asset or a liability, Monex, S.A.B. uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used (observable inputs) in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities, which corresponds to the highest level, corresponding to prices obtained exclusively with level 1 input data.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) that correspond to prices obtained with level 2 input data.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments that are valued using an internal Monex, S. A. B. measurement model are not considered as Level 1 under any circumstances.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the entire fair value measurement is categorized in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(Continued)

Pursuant to the Provisions, Monex, S. A. B. calculates the fair value of the following financial instruments through direct vector valuation, which consists of applying to the position in Monex, S. A. B. securities or contracts the updated price for valuation provided by a price vendor:

I. Securities registered in the National Securities Registry or authorized, registered or regulated in markets recognized by the Commission.
II. Derivative financial instruments that are listed on domestic derivative exchanges or that belong to markets recognized by Banco de México (Central Bank).
III. Underlying assets and other financial instruments that are part of the structured operations or derivative packages, in the case of securities or financial instruments provided for in sections I and II referred-to above.

The price vendor contracted by Monex, S. A. B. that provides the prices and inputs for determining the valuation of financial instruments is Valuación Operativa y Referencias de Mercado, S. A. de C. V.

c) Functional and reporting currency

The aforementioned consolidated financial statements are presented in Mexican pesos, reporting, recording and functional currency. Most of the subsidiaries use the Mexican peso as functional currency.
The financial statements of the foreign subsidiaries were translated from the recording and functional currency into Mexican pesos, the reporting currency, prior to consolidation.

For disclosure purposes in the notes to the consolidated financial statements, when reference is made to pesos or "$", it refers to millions of Mexican pesos, and when reference is made to dollars or USD, it refers to millions of United States dollars.

d) Comprehensive income presentation

In compliance with accounting criteria D-2 "Statement of comprehensive income" established by the Commission, Monex, S. A. B. presents the comprehensive income in a single statement that presents in a single report all the captions that make up the net result, increased or decreased by the Other Comprehensive Income (OCI) for the period, as well as the share in the OCI of other entities, and is called "Consolidated Statement of Comprehensive Income".

e) Trade-date recognition of financial assets and liabilities

The consolidated financial statements recognize the assets and liabilities from currency purchase and sale operations, investments in financial securities, securities lending and derivative financial instruments on the date the operation is finalized, regardless of the settlement date.

(3) Summary of the main accounting policies-

The accounting policies shown on the next page have been applied consistently in the preparation of the consolidated financial statements presented, except as explained in note 4, which includes accounting changes recognized during the year.

(Continued)

(Millions of Mexican pesos)

(a) Principles of consolidation

The consolidated financial statements include the accounts of Monex, S. A. B. and those of the subsidiaries which it controls. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the financial statements of the subsidiaries as of December 31, 2022, which have been prepared, as appropriate, in accordance with the Accounting Criteria established by the Commission for those entities regulated thereby and in accordance with FRS, IFRS and US GAAP for other entities, as applicable. In those cases in which the subsidiaries and associates do not record operations in accordance with the Accounting Criteria established by the Commission, the most important standardizations were made in order to homogenize the financial information.

(b) Recognizing the effects of inflation

The accompanying consolidated financial statements were prepared in accordance with the Accounting Criteria, which, since Monex, S. A. B. operates in a non-inflationary economy as established by FRS B-10 "Effects of inflation", include the recognition of the effects of inflation through December 31, 2007 based on the Investment Unit Value (UDI, per Spanish acronym), which is a unit of account whose value is determined by the Central Bank based on inflation. Annual and cumulative inflation rates and the UDI of the last three years are as follows:

December 31,	UDI (in pesos)	Yearly	Cumulative inflation of three previous fiscal years
2022	7.646804	7.58%	19.50%
2021	7.108233	7.61%	14.16%
2020	6.605597	3.22%	11.30%

(c) Translation of foreign currency financial statements

The financial statements of foreign operations are translated into the reporting currency by initially determining if the functional currency and the currency for recording the foreign operations are different and then translating the functional currency to the reporting currency, using the historical exchange rate and/or the exchange rate at year end, and the inflation index of the country of origin when the foreign operation is located in an inflationary economy.

(d) Foreign currency operations

The accounting records are in Mexican pesos and in foreign currencies (mainly dollars), which, for purposes of presenting the consolidated financial statements, in the case of currencies other than the dollar, are translated from the respective currency to dollars, as established by the Commission, considering the closing exchange rate of the day, published by the Central Bank. Foreign exchange gains and losses are recorded in profit or loss of the year.

(Continued)

(e) Offsetting financial assets and financial liabilities

A financial asset and liability will be offset in such a way that the net amount is presented in the consolidated statement of financial position, only when Monex, S. A. B. has the legally enforceable and current right to offset them in any circumstance, and in turn intends to liquidate them on an offsetting basis, or to realize the financial asset and settle the financial liability simultaneously.

(f) Cash and cash equivalents

Cash is recognized at nominal value. Legal tender and foreign currency in cash, deposits in the Central Bank and deposits in financial institutions in the country and abroad, whether in checking accounts, bank, wire or postal money orders, and remittances in transit, are considered cash.

Cash equivalents are initially recognized at fair value. These include short-term, highly liquid securities, easily convertible into cash that are subject to insignificant value risks (where the latter are those whose maturity is expected within a maximum of 48 hours from acquisition), among others, interbank loans with maturities equal to or less than three business days ("Call Money" operations), foreign currency purchases that are not considered derivative financial instruments as established by the Central Bank in the applicable regulation, and other cash equivalents such as correspondents, immediate collection documents, coined precious metals and investments available on demand.

Availabilities represented by coined precious metals are estimated at fair value, considering as such the price applicable on the valuation date, except those that by nature do not have a fair value, which are recognized at acquisition cost.

Acquired currencies that are agreed to be settled on a date after the purchase and sale transaction is concluded, are recognized as restricted cash and cash equivalents, while foreign currency sold is recorded as an outflow of cash and cash equivalents. The rights originated by foreign currency sales are recorded under the caption “Other accounts receivable, net” and the obligations derived from foreign currency purchases are recorded under the caption “Creditors on settlement of transactions”.

Overdrafts in checking accounts, the offset balance of currencies to receive and currencies to deliver, or of some concept that integrates the availabilities, when they show negative balances, is presented in the caption "Other accounts payable".

Interest earned and exchange gains or losses are included in profit or loss for the year as accrued as part of interest income or expense. The results from the valuation and sale of precious metals coined and currencies are recognized in the result of intermediation.

(g) Margin accounts

Margin accounts are associated with transactions with derivative financial instruments entered into in recognized markets or stock exchanges, in which highly liquid financial assets are deposited to ensure compliance with the obligations corresponding to such instruments, in order to mitigate the risk of nonpayment. The amount of the deposits corresponds to the initial margin and subsequent contributions or withdrawals made by Monex, S. A. B. and the clearinghouse during the term of the derivative financial instrument contract.

Margin accounts in cash are recognized at nominal value and are presented under “Margin Accounts”. The returns and commissions that affect margin accounts, other than fluctuations in the prices of derivatives, are recognized in profit or loss of the year as accrued under "Interest income" and "Commissions and fees expense”, respectively. Partial or total settlements deposited or withdrawn by the clearinghouse due to fluctuations in the prices of derivatives are recognized under "Margin Accounts", affecting as a counterpart a specific account that can be debit or credit, as appropriate and that represents an advance received, or a financing granted by the clearinghouse and that will reflect the effects of the valuation of the derivatives prior to settlement.

The rules for recognition of margin accounts other than cash will depend on the right of the clearinghouse to sell or pledge such margin account, as well as compliance, if applicable, of the assigning entity. The assignor must recognize the margin account in accordance with the following:

a) If the clearinghouse had the right to sell or pledge the financial assets that make up the margin account, the assignor must reclassify the financial asset in the consolidated statement of financial position, presenting it as restricted, which will follow the rules of valuation and disclosure in accordance with the corresponding accounting criteria according to their nature, and the presentation rules contained in the Provisions must be observed.

b) In the event that the assigning entity fails to comply with the conditions established in the contract, and therefore could not claim the margin account, it must be removed from the consolidated statement of financial position.

c) With the exception of what is established in subparagraph b) above, the assigning entity must maintain the consolidated margin account in the statement of financial position.

The debtor or creditor counterparty will represent an advance received, or, alternatively, a financing granted by the clearinghouse prior to the settlement of the derivative.

(h) Investments in financial instruments

i. Recognition and initial measurement

Investments in financial instruments comprise equity instruments, obligations, bonds, certificates and other credit instruments and documents that are issued in series or en masse, listed and unlisted, that the entity maintains as its own position. They are initially measured and recognized at fair value plus, in the case of financial assets or liabilities not measured at fair value with changes therein, carried through comprehensive income, the transaction costs directly attributable to acquisition or issue, when measured at amortized cost thereafter.

ii. Classification and subsequent measurement

Upon initial recognition, investments in financial instruments are classified into the following categories, according to the business model and the characteristics of the contractual flows thereof, such as:

- *Financial instruments to collect principal and interest (FICPI),whereby the holder intends recover the contractual flows that the instrument entails. The terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest (yield), usually based on the amount of the outstanding principal. The FICPI must have the characteristics of a financing arrangement and be managed based on contractual performance.*

- *Financial instruments to collect or sell (FICS), measured at fair value with changes in other comprehensive income (FVOCI), whereby the holder intends both to collect contractual cash flows of principal and interest and to obtain a profit on sale when the opportunity arises. Monex, S. A. B. irrevocably recognizes the changes in the fair value of the FICSs through the OCI.*

- *Negotiable financial instruments (NFI), measured at fair value through income (FVI) that represent the investment in debt or equity financial instruments, whereby the holder intends to obtain a profit through purchase and sale.*

The classification of financial assets is based on both the business model and the characteristics of the contractual cash flows therefrom. According to the business model, a financial asset or a class of financial assets (a portfolio), can be managed under:

- A model that seeks to recover contractual cash flows (consisting of principal and interest).

- A business model that seeks, both the recovery of contractual cash flows as in the previous model as well as obtaining profit through the sale of financial assets, necessitating a combined management model for these financial assets.

- A model that seeks maximum return through the purchase and sale of financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Company changes the business model for managing financial assets, in which case all affected financial assets are reclassified to the new category at the time the change in the business model has occurred.

The reclassification of investments in financial instruments between categories is applied prospectively as of the date of change in the business model, without modifying any previously recognized income, such as interest or impairment losses.

When any reclassification is made in accordance with the aforementioned, Monex, S. A. B. must inform the Commission of this fact in writing within 10 business days following the determination, explaining in detail the change in the business model that justifies them. Such change must be authorized by Monex, S. A. B. risk committee.

(Continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified as measured at fair value through profit or loss:

— It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— The contractual terms thereof give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. (Solely Payment of the Principal and Interest, or SPPI per English acronym).

A debt investment is measured at fair value through OCI if it meets both of the following conditions and is not classified as measured at fair value through profit or loss:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All financial instruments not classified as measured at amortized cost or at fair value through other comprehensive income (OCI) as described above, are measured at fair value through profit or loss. This includes all derivative financial instruments (see subparagraph (j) of this note).

Financial instruments: Business model assessment–

Monex, S. A. B. makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

— The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets

— How the performance of the portfolio is evaluated and reported to the Monex, S. A. B. management

— The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

— How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected

— The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(Continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the continuing recognition of the assets by Monex, S. A. B.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest (SPPI) –

For purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI), Monex, S. A. B. considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, Monex, S. A. B. considers:

— contingent events that would change the amount or timing of cash flows

— terms that could generate leverage

— Terms that refer to the time value of money, such as adjusting the coupon rate, including variable rate features

— terms that generate implicit derivative instruments, or changes in the terms and conditions, by indexing to variables unrelated to the nature of the contract

— prepayment and extension features

— terms that limit Monex, S. A. B.'s claim to cash flows from specific instruments (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to the contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(Continued)

Financial Instruments: Subsequent measurement and gains and losses –

Negotiable Financial instruments (NFI)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in income. However, see subsection (j) for derivatives designated as hedging instruments.
Financial instruments to collect principal and interest (FICPI)	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income. Any gain or loss on derecognition is recognized in profit or loss.
Financial instruments to collect or sell (FICS)	These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, gains and losses from translation of foreign currency and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. At the time of derecognition, the gains and losses accumulated in OCI are reclassified to profit or loss.
Investments in shares through ORI	These assets are subsequently measured at fair value. Dividends are recognized as income in results unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income.

iii. Derecognition

Monex, S. A. B. derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in the statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. (See subsections (h) and (i) of this note).

iv. Impairment

From initial recognition, Monex, S. A. B. assesses the expected credit losses (ECL) of the FICSs and FICPIs, which are determined considering the level of expected recoverability that corresponds to the different FICSs and recognizes the effect of the loss, based on the amortized cost of FICS and FICPI. Given that the fair value of the FICS already recognizes impairment due to expected credit losses, Monex, S. A. B. does not proceed to create an allowance that reduces the fair value of the FICS; therefore, the effect is recognized in net profit or loss, affecting the value of the FICS before recognizing the effect in ORI for valuation at fair value. For the FICPI, the ECL determined affecting the fair value of the FICPI is recognized. The foregoing does not affect NFIs, since the question of collectability does not arise in these as there is no collection intention and because their market value generally captures the effects of expected credit losses.

ECLs are the probability-weighted average of credit losses and are measured as the present value of cash shortfalls. When estimating ECLs, Monex, S. A. B. considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on Monex, S. A. B.'s historical experience and an informed credit assessment and including forward-looking information.

Monex, S. A. B. oversees that the ECL for the impairment of securities issued by a counterparty is consistent with the impairment determined for credits granted to the same counterparty.

In the event that there are favorable changes in the credit quality of the FICS that are duly supported based on subsequent observable events, the ECL already recognized is reversed in the period in which such changes occur, against the net profit or loss for the period, as a previously recognized ECL reversal.

Value date transactions-

The acquired securities that are agreed to be settled at a later date up to a maximum period of four business days following the execution of the purchase and sale transaction, are recognized as restricted securities, while the sold securities are recognized as securities to be delivered, reducing the investments in values. The counterparty must be a settlement, creditor or debtor account, as appropriate. When the amount of securities to be delivered exceeds the balance of proprietary securities of the same nature (government, banking, stock and other debt securities), it is presented as a liability under "Assigned securities to be settled".

(i) Securities under repurchase/resale agreements

Repo transactions that do not comply with the terms established in FRS C-14 "Transfer and derecognition of financial assets" are treated as financing with collateral based on the economic substance of said transactions and regardless of whether they are “cash-oriented” or “value-oriented” repo operations. In "cash-oriented" transactions, the reported intention is to obtain cash financing and the intention of the reporter is to invest the excess cash, and in the "value-oriented" transaction, the buyer aims to access certain securities specifically and the intention of the seller is to increase the yields of investments in securities.

Acting as seller-

On the date of contracting the repurchase agreement, Monex, S. A. B. recognizes the inflow of cash or cash equivalents or a debit settlement account, as well as an account payable initially measured at the agreed price that is presented under "Creditors on repurchase/resale agreements”, which represents the obligation to return said cash to the reporter. Throughout the term of the repurchase agreement, the account payable is valued at amortized cost by recognizing the repurchase agreement interest in the results of the year as accrued, in accordance with the effective interest method, under "Interest expense”. The financial assets transferred to the reporting company are reclassified in the consolidated statement of financial position, presenting them as restricted, and they continue to be valued in accordance with the accounting criteria corresponding to the asset.

(Continued)

Acting as buyer-

On the contracting date of the repurchase agreement, the outflow of cash and cash equivalents, or a creditor settlement account is recognized, by recording an account receivable at the agreed price that is presented under "Debtors on repurchase/resale agreements", which represents the right to recover the cash paid. Throughout the term of the repurchase agreement, the account receivable is valued at amortized cost, by recognizing the repurchase agreement interest in profit or loss of the year as accrued, according to the effective interest method, within "Interest income". Financial assets received as collateral are recorded in memorandum accounts and valued at fair value.

If Monex, S. A. B. sells the collateral or grants it as a guarantee, the inflow of resources from the transaction as well as an account payable for the obligation to return the collateral is recognized, and it is valued, in the case of sale at fair value or, if it is given as collateral in another repurchase agreement, at amortized cost. The difference that would result between the price received and the value of the account payable is recognized in profit or loss of the year.

(j) Derivative financial instruments and hedging transactions

Monex, S. A. B. classifies derivative financial instruments (DFI) based on intention into the two categories shown below:

- For trading purposes – Consists of the position assumed by Monex, S. A. B. with the intention of obtaining profits based on changes in fair value.

- For hedging purposes – Consists of the position assumed by Monex, S. A. B. in order to offset or transform the profile of one or several of the risks generated by a hedged item.

The assets and/or liabilities from operations with IFD are recognized in the consolidate financial statements on the date the operation is completed, regardless of the date of settlement or delivery of the asset.

Monex, S. A. B. recognizes all financial assets or liabilities resulting from the rights and obligations established in the DFI contracts, initially at fair value, which, presumably, corresponds to the transaction price, that is, the price of consideration received or paid. Transaction costs that are directly attributable to the acquisition of DFI are recognized directly in profit or loss within the "Financial intermediation income".

Subsequently, all DFI are measure at fair value, without deducting the transaction costs that could be incurred in the sale or other type of disposal, recognizing said valuation effect in profit or loss of the period under " Financial intermediation income”.

Derivatives are presented in the consolidated statement of financial position in a specific asset or liability item, depending on whether the fair value corresponds to a debit balance or a credit balance, respectively. Such debit or credit balances are offset as long as they comply with the rules for offsetting financial assets and liabilities.

Derivatives for trading purposes-

— *Forwards and futures:*

The future contract operates with standardized terms (general contracting conditions), has a secondary market and requires the mandatory establishment of collateral in contribution or daily settlement margin accounts. The forward contract is operated privately (over the counter futures or options markets). The balance of such DFI represents the difference between the fair value of the contract and the stipulated “forward” price thereof. If the difference is positive, it is goodwill and it is presented in assets; if it is negative, it is a loss and it is presented as a liability.

— *Options:*

In purchased options, the debit balance represents the fair value of the future flows to be received, recognizing the effects of valuation in profit or loss of the year.

In options sold, the credit balance represents the fair value of the future flows to be paid, recognizing the effects of valuation in profit or loss of the year.

— *Swaps:*

The balance represents the difference between the fair value of the active part and the passive part.

Hedging operations

Monex, S. A. B. designates certain DFI as hedging instruments to hedge market risk in financial instruments associated with highly probable forecast transactions that arise from changes in exchange rates and interest rates and certain derivative and non-derivative financial liabilities as currency risk hedges foreign investment in a net investment in an operation in the local market.

At the beginning of the designated hedging relationships, Monex, S. A. B. documents the risk management objective and strategy to carry out the hedging. Monex, S. A. B. also documents the economic relationship between the hedged item and the hedging instrument, in accordance with the provisions of the Asset and Liability Management manual. The ALM unit is in charge of managing the investment of Treasury resources as well as managing the interest rate risk associated with the consolidated statement of financial position, which is documented in the established formats that have the reference rates and the characteristics of the instruments, which cover the fair value of the position; including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

Derivatives for hedging purposes, which meet all the conditions, are valued at fair value and the effect is recognized depending on the type of hedge, as shown in the next page.

(Continued)

— Fair value hedges. They cover the exposure to changes in the fair value of a recognized asset or liability or of an unrecognized firm commitment, or a component of any of the above items, or an aggregate exposure. The primary hedged position and the hedging derivative instrument are valued at fair value, recording the net effect in the results of the period under "Financial intermediation income".

A hedging relationship should be prospectively discontinued when it no longer meets the criteria for recognizing a hedging relationship, this includes when the hedging instrument expires, is sold, terminated or exercised, as well as after rebalancing the hedging relationship has been considered or carried out and the hedging relationship turns out to be ineffective or does not meet the risk management objective of Monex, S. A. B.

Embedded derivatives-

When it comes to financial liabilities, Monex, S. A. B. segregates the embedded derivatives of structured notes, where the reference underlying assets are currencies, indices, interest rate options with extendable terms and options on UMS bond prices. When it comes to financial assets, Monex, S. A. B. analyzes the terms that can generate embedded derivatives as part of the analysis that is carried out to verify the recovery of principal and interest in cash flows.

Credit and bond debt contracts issued, where the reference underlying asset is an interest rate with embedded options of “caps”, “floor” and “collars” is considered closely related to the host contract, and these are not segregated. Consequently, the main contract of the credits and bonds issued is recorded with the criteria applicable to each contract, in both cases at amortized cost.

Credit derivative financial instruments-

These are contracts that imply the execution of one or several operations with FDI (mainly options and swaps), in order to assume or reduce the exposure to credit risk (underlying) in financial assets such as credits or securities. The transfer of risk in this type of operations can be total or partial. Payment of initial premiums can be agreed in these contracts for the execution thereof.

There are two types of credit derivative financial instruments:

— Credit default DFI: These are contracts in which only the risk of default in financial assets is transferred to the counterparty, such as in credit operations or in the early amortization of securities.

— Total return DFI: These are contracts in which, in addition to exchanging interest flows or returns inherent to financial assets, such as a credit operation or issue of securities, the market and credit risk of these are transferred.

Collaterals granted and received in over-the-counter DFI operations -

The account receivable generated by giving cash collateral in over-the-counter DFI transactions is presented under "Other accounts receivable, net", while the account payable generated by receiving collateral in cash is presented under “Creditors for collateral received in cash”.

(Continued)

Collaterals delivered in non-realizable assets, such as securities, are recorded as securities restricted by guarantees, and collaterals received in securities for derivative transactions are recorded in memorandum accounts.

(k) Offsetting of clearing accounts

Amounts receivable or payable from investments in securities, repurchase agreements, security loans, virtual assets and/or operations with derivative financial instruments that come to maturity, and that have not been settled to date, are recorded in settlement accounts under "Other accounts receivable, net" or "Creditors for settlement of operations", respectively, as well as amounts receivable or payable resulting from foreign currency purchase and sale operations in which settlement is not agreed immediately or those of the same-day value date. The balances of the debit and credit settlement accounts are offset.

The allowance of expected credit losses corresponding to the aforementioned amounts receivable must be determined in accordance with the provisions of FRS C-16 "Impairment of financial instruments receivable".

Financial assets and liabilities are offset in such a way that the debit or credit balance is presented in the consolidated statement of financial position, as appropriate, as long as there is the contractual right to offset the amounts recognized and the intention is to settle the amount net, or to realize the asset and settle the liability simultaneously.

(l) Loan portfolio

The loan portfolio comprised financing granted to clients by Monex, S. A. B. through credit agreements, financial factoring operations, discount and assignment of credit rights, as well as financial leasing operations, which are recognized when they are originated and, in the case of acquisitions, on the date of the acquisition.

The loan portfolio includes:

1. Loan portfolio valued at amortized cost. The business model of this loan portfolio consists of keeping it to collect the contractual cash flows and the terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount. It is initially recognized at fair value, which corresponds to the transaction price, that is, the net amount financed resulting from adding or subtracting the insurance that has been financed, transaction costs, commissions, interest, and other prepaid items from the original amount of credit. For subsequent recognition, the loan portfolio is valued at amortized cost. The amortized cost corresponds to the present value of the contractual cash flows receivable from the loan portfolio, plus the transaction costs to be amortized, using the effective interest method and subtracting the allowance for loan losses.

2. Loan portfolio valued at fair value. This corresponds to the loan portfolio of which the business model consists of receiving payment of the contractual cash flows or obtaining a profit on sale when convenient. Initial and subsequent recognition is at fair value. Changes in fair value are recognized in profit or loss or in OCI.

(Continued)

3. Financial leases receivable. Recognition based on the provisions of note 3(p).

The referred-to transaction costs include, among others, fees and commissions paid to agents, advisers and intermediaries, appraisals, investigation expenses, as well as the credit evaluation of the debtor, evaluation and recognition of guarantees, negotiations for the terms of credit, preparation and processing of credit documentation and closing or cancellation of the transaction, including the proportion of compensation to employees directly related to the time invested in the development of those activities. Furthermore, transaction costs do not include premiums or discounts, which are part of the fair value of the loan portfolio at the time of the transaction.

Both the commissions received and the transaction costs originating from a line of credit are recognized as a credit or deferred charge, respectively, presented net and affecting the loan portfolio, which are amortized in profit or loss as accrued.

Loan portfolio classification

The loan portfolio is presented in the commercial and home mortgage categories as described below.

Commercial loans include the credits mentioned below:

a) those granted to legal entities or individuals with business activity and intended for a commercial or financial line of business
b) loans granted to financial institutions other than interbank loans with a term of less than 3 business days
c) credits for operations of financial factoring, discount and assignment of credit rights
d) credits for financial leasing operations that are held with legal entities or individuals with business activity
e) loans granted to trustees acting under trusts and credit structures commonly known as "structured" in which there is a patrimonial affectation that allows individual assessment of the risk associated with the structure
f) credits granted to the Federal Government, federal entities, municipalities and the decentralized agencies and credits to state productive companies,
g) those with an express guarantee from the Federal Government registered with the Ministry of Finance and Public Credit (SHCP) and the Central Bank, as well as those expressly guaranteed by the states, municipalities and the decentralized agencies, settled in the Single Public Registry to which the Law on Financial Discipline of the states and municipalities refers.

Mortgage loans. Direct loans granted to individuals and intended for the acquisition or construction of housing with no purpose of commercial speculation, and a mortgage guarantee on the borrower's home, are classified as housing loans. Likewise, housing loans are considered those intended for the construction, remodeling or improvement of housing that are backed by savings from the borrower's housing sub-account, or have a guarantee granted by a development banking institution or by a public trust constituted by the Federal Government for economic development (remodeling or improvement). Additionally, credits granted for such purposes to former employees of the entities and those liquidity credits guaranteed by the borrower's home are included.

(Continued)

The mortgage loan portfolio includes loans originated by the Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT, per Spanish acronym), acquired by Monex, S. A. B. This loan portfolio includes the one named extension portfolio, which is made up of loans that, in terms of the INFONAVIT Law, have some current extension in the payment of amortization of principal and ordinary interest, provided that the entity is contractually bound to abide by said extension under the same terms as the referred-to organizations. At the end of the extension, the portfolio is given the corresponding treatment whether the “Ordinary Amortization Rule” (ROA) or the "Special Amortization Rule" (REA).

ROA is a payment method applicable to borrowers who have an employment relationship, whereby it is agreed that credits will be paid through salary discounts made to the workers by the employer, entity or agency.

REA is a payment method applicable to borrowers who no longer have an employment relationship, to which the "Rules for granting credits to workers entitled to the National Worker Housing Fund Institute", issued by the Board of Directors of INFONAVIT, which indicate the methodology for making payments of such credits, are applicable.

The obligations and rights that INFONAVIT has over the credits acquired are the following:

INFONAVIT

Monex, S. A. B. has participated in the "Mejoravit" program and in similar INFONAVIT programs since 2011. This program is intended for the improvement and remodeling of homes of INFONAVIT beneficiaries through a funded credit product with favorable financial conditions. INFONAVIT participates as administrator and operator of the entire structure, from the origination, contracting and payment of credits by the beneficiaries and Monex, S. A. B. funds the credits assigned by INFONAVIT, together with other participating financial institutions. The credits are settled through the contributions made by the employer of each beneficiary to the housing sub-account, an amount paid by INFONAVIT to Monex, S. A. B. for the amortization of individual credits, in exchange for consideration for the administration of these credits in favor of INFONAVIT. In the event of default due to death or unemployment of more than 6 months, these loans are guaranteed with the AFORE housing sub-account of each beneficiary, resulting in a guaranteed loan with good conditions for all parties.

Lines of credit

In the case of lines of credit and letters of credit that Monex, S. A. B. has granted, in which not all the authorized amount has been exercised, the unused part thereof is recognized in memorandum accounts.

Financial factoring operations, discount and assignment of credit rights

Financial factoring consists of an operation for which Monex, S. A. B. as "factor", agrees to acquire credit rights that the client as ”seller” is entitled to for a determined or determinable price, and it may be agreed that the seller may or may not be liable for the dependable and timely payment of the credit rights transferred to Monex, S. A. B., that is, factoring with recourse or without recourse, respectively.

(Continued)

The discount is an operation whereby Monex, S. A. B., as a "discounter", undertakes to advance to a client as "borrower" the amount of a credit owed to a third party with a future maturity, in exchange for the sale of said credit to Monex, S. A. B. decreased by an interest amount in favor of the latter.

Assignments of credit rights are financing operations whereby ownership of credit rights is transferred to Monex, S. A. B., which is different from loan portfolio acquisitions.

For any of the operations mentioned above, Monex, S. A. B. initially recognizes as a loan portfolio the nominal value of the portfolio received against the cash outflow, the agreed haircut recognized in "Other accounts payable" in the amount of the nominal value of the credit rights, credit transferred that is not financed by Monex, S. A. B., and financial income to be accrued.

The financial income to be accrued from these operations corresponds to the difference between the value of the portfolio received deducted from the haircut and the amount financed. The accrual in comprehensive income is determined and recognized based on the effective interest rate of the operations.

Loan portfolio business model

The determination of the business model for the loan portfolio is based on the history of how Monex S. A. B. manages it. Monex, S. A. B. considers the following:

a) The way in which the performance of the loan portfolio is determined and reported to the Risk Committee, for example, on yields associated with contractual collection, or the sale value in the market.
b) The risks that affect the performance of the business model and the loan portfolio and how those risks are managed.
c) The guidelines on which the remuneration of the credit management is based, whether based on maximizing the value of the loan portfolio or on collecting the contractual flows.

Monex, S. A. B. also considers the frequency, value, and timing of loan portfolio sales in prior periods, the reasons for such sales, as well as expectations regarding future sales activity within the context and conditions in which they occurred, and the influence they have on the way in which the objective of the entity to administer or manage the loan portfolio is achieved and, specifically, on how the cash flows are made.

Monex, S. A. B. annually evaluates the characteristics of the business models to classify the loan portfolio based on the objective thereof, in accordance with the established policies.

Reclassifications of the valuation method

Monex, S. A. B. carries out reclassifications only when the business model of the loan portfolio is modified, exclusively when determined by the Board of Directors as a result of significant external or internal changes that occur, communicating them to the Commission. The reclassifications are recognized prospectively without affecting the comprehensive income of Monex, S. A. B., in accordance with the following:

- Reclassification of loan portfolio valued at fair value with effects on profit or loss, to be valued at its amortized cost. The fair value at the reclassification date must be the initial amortized cost, calculating the effective interest rate.

(Continued)

- Reclassification of loan portfolio valued at fair value with effect on the OCI, to be valued at amortized cost. The effect recognized in the ORI must be offset against the value of the loan portfolio, so that it is valued at amortized cost, as if it had always been recognized on this basis.

Renegotiations

Renegotiations are considered to be the restructuring and renewals of loan portfolio operations, which are described below:

Restructuring. It is a renegotiation from which any modification to the original credit conditions is derived, among which are:

- change of the interest rate established for the remaining term of the credit
- currency or unit of account exchange (for example, VSM, UMA or UDI, for its initials)
- granting a waiting period regarding the fulfillment of the payment obligations according to the original terms of the credit
- credit term extension
- modification to the agreed payment method
- extension of guarantees that cover the credit in question

Renewal. It is a renegotiation in which the balance of a credit is partially or totally settled by the debtor, joint and several obligors or another individual who, due to patrimonial ties, constitutes common risks with the debtor, through an increase in the original amount of the credit, or with the proceeds from another loan contracted with the same entity or with a third party that, due to patrimonial ties with the latter, constitute common risks.

However, Monex, S. A. B. does not consider a credit renewed for the withdrawals made during the term of a pre-established line of credit, as long as the borrower has settled all the payments due in accordance with the original credit conditions.

For restructures and renewals with which the original loan is partially settled, Monex, S. A. B. recognizes a profit or loss for the difference between the cash flows of the new loan discounted at the original effective interest rate and the carrying amount of the original credit on the date of the renegotiation, without considering the allowance for credit risks.

For the purposes of the foregoing, the carrying amount is considered to be the amount actually granted to the borrower, adjusted for accrued interest, other financed items, principal and interest collections, as well as for write-offs and remissions, rebates and discounts that have been granted, and, where appropriate, the financial income or expenses to be accrued.

To determine the effective interest rate of the new loan, as a result of the restructuring or partial renewal, the result of adding the transaction costs incurred and, where appropriate, the commissions charged for the origination to the amount financed is taken as the basis to apply the original effective interest rate. Transaction costs and commissions collected are recognized as a deferred charge or credit, respectively, and are amortized over the remaining life of the credit.

(Continued)

In the case of total renewals, Monex, S. A. B. considers that there is a new loan, therefore the original loan is cancelled.

Credit risk level of the loan portfolio

The loan portfolio is evaluated periodically in order to determine the credit risk, which represents the potential loss due to the default of a borrower or counterparty in the operations carried out by Monex, S. A. B., including the real or personal guarantees granted thereto, as well as any other mitigation mechanism used by the entities. The level of credit risk of the loan portfolio is classified by stages that are, in ascending order of risk level, Stage 1, Stage 2 and Stage 3.

Stage 1

It refers to a loan portfolio whose credit risk has not increased significantly from the initial recognition to the date of the consolidated financial statements, that is, it is not in the assumptions to be considered at stages 2 and 3 that are mentioned later.

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, Monex, S. A. B. considers the following criteria to define when credits are at Stage 1:

- When the commercial loan portfolio is overdue 30 schedule days or less.
- When the mortgage and housing loan portfolio is up to one month overdue or up to three months for a portfolio that has an extension; in the case of a ROA loan portfolio when it is three to six months overdue, provided that each of the payments made during said period represents at least 5% of the agreed amortization.

Stage 2

This includes credits that have shown a significant increase in risk since initial recognition and up to the date of the financial statements according to the calculation models of the allowance for loan losses (see note 3n).

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, Monex, S. A. B. considers the following criteria to define when credits are at Stage 2:

- When a commercial loan portfolio is more than 30 but less than 90 schedule days overdue.
- When the mortgage and housing loan portfolio is more than a month and up to three months overdue, including those classified as REA.

Loans that, while at stage 2, have fully settled the outstanding balances due, or that, having been restructured or renewed, have complied with the sustained payment, are reclassified to stage 1.

(Continued)

Stage 3

This corresponds to the loan portfolio with credit impairment originated by the occurrence of one or more of the events, which have a significant impact on the future cash flows of said credits. Specifically, the following credits are considered to be at this stage:

1. Those for which Monex, S. A. B. is aware that the borrower has been declared bankrupt.

Notwithstanding the prior provisions, credits that continue to receive payment in terms of the provisions of section VIII of Article 43 of the Commercial Bankruptcy Law (LCM, per Spanish acronym), as well as the credits granted under Article 75 in relation to sections II and III of Article 224 of the aforementioned Law, are transferred to the stage 3 credit risk loan portfolio in the cases provided for in numeral 2 below.

2. In the case of mortgage loans, whose amortizations have been fully paid or not in the originally agreed terms, when debt maturities are as follows:

    a. Loans with a single payment of principal and interest at maturity when they are 30 schedule days or more past due in principal and interest.
    b. Loans with a single principal payment at maturity and with periodic interest payments if they are 90 schedule days or more past due in interest or 30 schedule days or more past due in capital.
    c. Partial periodic payments of principal and interest when they are 90 schedule days or more past due in principal or interest.

3. Immediate payment documents referred to in the "Cash and cash equivalents" accounting policy, when they have not been collected.

4. Credits acquired from INFONAVIT, in accordance with the REA or ROA payment modality, and credits intended for remodeling or improving the home, when the amortizations or payments, respectively, have not been fully settled in the originally agreed terms and are 90 schedule days or more past due.

The transfer to a stage 3 credit risk loan portfolio of the credits referred to in numeral 5 of the previous paragraph is subject to the exceptional term of 180 or more days of default from the date on which:

a) the credit resources are disposed of for the purpose for which they were granted
b) the borrower starts a new employment relationship for which he has a new employer, or
c) the entity has received a partial payment on the corresponding amortization. The exception contained in this subparagraph will be applicable as long as they are credits under the ROA structure, and each of the payments made during said period represent at least 5% of the agreed amortization.

The aforementioned exceptions shall not be mutually exclusive.

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, Monex, S. A. B. considers the following criteria to define when the loans are at Stage 3.

(Continued)

- When a commercial loan portfolio is 90 schedule days or more past due.
- When a mortgage and housing loan portfolio is overdue for more than three months, in the case of ROA credits, if they are three to six months overdue, if any of the payments made during said period do not represent at least 5% of the agreed amortization, and for ROA credits when they are more than 6 months overdue.

In the case of loan portfolio acquisitions, defaults that have occurred since origination are considered to determine the schedule maturity days.

Loans that, while at stage 3, have fully settled the outstanding balances, or that, having been restructured or renewed, have complied with the sustained payment, are reclassified to stage 1.

Effect of renegotiations on the level of credit risk.

Loans with stage 2 or stage 3 credit risk that are restructured or renewed are not reclassified to a stage with lower credit risk due to restructuring or renewal, if there is no evidence of sustained payment.

Loans with a single payment of principal at maturity, regardless of whether interest is paid periodically or at maturity, restructured during the term or renewed at any time, are transferred to the immediately following category with greater credit risk, and they remain at that stage until there is evidence of sustained payment.

Lines of credit from which withdrawals have been made and which have been restructured or renewed at any time, are transferred to the immediately following category with greater credit risk, except when there are elements that justify the borrower's ability to pay and the following has been met:

a) All due interest has been paid, and
b) All payments due in terms of the contract on the date of the restructuring or renewal have been covered.

When withdrawals made under a line of credit are restructured or renewed separately from said line, they are evaluated in accordance with the applicable rules for restructuring and renewals described above, considering the characteristics and conditions of the restructured or renewed withdrawal.

If, after the evaluation described in the previous paragraph, it is concluded that one or more withdrawals granted under a line of credit should be transferred to the immediate following category with a greater credit risk as a result of said restructuring or renewal and such withdrawals, individually or as a whole, represent at least 25% of the total balance drawn from the line of credit as of the date of the restructuring or renewal, the total balance withdrawn, as well as subsequent withdrawals, are transferred to the immediately following category with a greater credit risk.

Stage 1 and stage 2 credit risk credits, other than those referring to i) credits with a single payment of principal at maturity, regardless of whether interest is paid periodically, ii) lines of credit used, and iii) credit withdrawals made under lines of credit, which have been restructured or renewed, and of which at least 80% of the original term of the credit has not elapsed, remain in the same category only if they comply with the following:

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

(Continued)

Stage 1 and stage 2 credit risk credits, mentioned in the previous paragraph, that have been restructured or renewed during the course of the final 20% of the original term of the credit, are transferred to the immediately following category with a greater credit risk, except if:

c) All interest accrued on the date of the renewal or restructuring has been settled
d) The principal of the original amount of the loan, which should have been paid on the date of the renewal or restructuring has been paid, and
e) 60% of the original amount of the credit has been paid

If all the conditions described in the two previous paragraphs are not met, as applicable, the credit is transferred to the immediately following category with a greater credit risk from the moment it is restructured or renewed until there is evidence of sustained payment.

The requirement of subparagraphs a) of the two preceding paragraphs is considered fulfilled when, having paid the interest accrued on the last cut-off date, the period elapsed between said date and the restructuring or renewal does not exceed the lesser of half the period of payment in progress and 90 days.

Stage 1 or stage 2 credit risk loans that are restructured or renewed on more than one occasion, are transferred to the portfolio with stage 3 credit risk, except when Monex, S. A. B. has elements that justify the payment capacity of the debtor. In the case of commercial portfolio, such elements are duly documented and integrated into the credit file.

When several credits granted by Monex, S. A. B. to the same borrower are consolidated through a restructuring or renewal, each one of the consolidated credits is analyzed as if they were separately restructured or renewed and, if it is concluded that one or more of said credits would have been transferred to the stage 2 or stage 3 credit risk portfolio due to the restructuring or renewal itself, the total balance of the consolidated credit is transferred to the category that would correspond to the credit subject to consolidation with the highest credit risk.

Loans classified at stage 2 credit risk level due to a restructuring are evaluated periodically in order to determine whether there is an increase in risk that would cause them to be transferred to stage 3 credit risk, as described in the first paragraph of the “Stage 3” subsection of this note.

Credits will not be reclassified to “Stage 3 loan portfolio” , due to restructuring, if on the date of the operation they are compliant with the payment for the total amount of principal and interest due and only modify one or more of the original credit conditions mentioned below.

- Guarantees: only when they imply the extension or replacement of guarantees by others of better quality.

- Interest rate: when the agreed interest rate is improved for the borrower.

- Currency or unit of account: provided that the rate corresponding to the new currency or unit of account is applied.

- Payment date: only in the event that the change does not imply exceeding or modifying the frequency of payments. In no instance is the omission of payment in any period allowed by the change in the payment date .

- Extension of the credit line: only in the case of consumer loans granted through revolving lines of credit lines.

Sustained credit payment.

Sustained payment is considered to exist when the borrower pays the total amount of principal and interest due without delay, in accordance with the following:

a) At least three consecutive amortizations of the credit payment schedule are paid for periods of 60 days or less.
b) Two amortizations are paid for credits with periods between 61 and 90 schedule days,.
c) An amortization is paid for loans with amortizations covering periods greater than 90 schedule days.

When the amortization periods agreed upon in the restructuring or renewal are not the same, the number of periods that represent the longest term is considered, as previously described.

For restructurings in which the payment frequency is modified to shorter periods, to determine if there is sustained payment, the number of amortizations that would correspond to the original credit schedule is considered.

In instances of INFONAVIT credits , Monex, S. A. B. is obliged to observe the terms said organization agreed with the borrower. Credit payment is considered to be sustained when the borrower has paid without delay the total amount due of principal and interest, at least one amortization for credits under the ROA structure and three amortizations for credits under the REA structure.

In the case of consolidated loans, if two or more loans give rise to the transfer to the stage 2 or stage 3 risk portfolio, the original loan payment schedule whose amortizations equal the longer term are considered to determine the amortizations required for the existence of sustained payment.

A sustained payment of loans with a single payment of principal at maturity, regardless of whether the payment of interest is periodic or at maturity is considered to exist if:

a) The borrower has paid at least 20% of the original amount of the loan at the time of the restructuring or renewal, or,
b) The amount of interest accrued in accordance with the payment schedule for restructuring or renewal corresponding to a period of 90 days has been paid and at least said period has elapsed.

Credits that are restructured or renewed on more than one occasion, agreed with a single payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, will have a sustained payment of the credit when:

a) The borrower pays at least 20% of the principal pending payment on the date of the new restructuring or renewal
b) The amount of interest accrued under the new payment schedule for restructuring or renewal corresponding to a period of 90 days has been paid and at least said period has elapsed, and
c) The entity has elements that justify the debtor's ability to pay. In the case of commercial loans, such elements are duly documented and integrated into the credit file.

The early payment of amortizations of restructured or renewed loans, other than those with a single principal payment at maturity, regardless of whether the interest is paid periodically or at maturity, is not considered a sustained payment. Such is the case of amortizations of restructured or renewed credits that are paid before the schedule days equivalent to the periods required according to the first paragraph of this subsection have elapsed.

Credits that, due to restructuring or renewal, are transferred to a category with a greater credit risk, remain in said category for at least three months in all cases until sustained payment is proven and, consequently, they are transferred to the immediately preceding stage with less credit risk, except for credits with payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, to which what is previously described for these cases applies.

In any case, for Monex, S. A. B. to prove that there is a sustained payment, in addition to ensuring that the borrower complies with the guidelines for sustained payment indicated in the preceding paragraphs, it must have evidence available to the Commission that justifies that the borrower has payment capacity at the time the restructuring or renewal takes place to comply with the new credit conditions. The evidence to be obtained is at least the following:

a) intrinsic probability of default of the borrower,
b) the guarantees granted to the restructured or renewed credit,
c) the priority of payment before other creditors and,
d) the liquidity of the borrower for the new financial structure of the financing.

Revenue recognition

The interest generated by the loans granted, including interbank loans agreed upon for a term of less than or equal to three business days, is recognized in profit or loss as accrued. Interest on stage 3 portfolio is recognized in profit or loss until it is effectively received.

Interest and credit-opening commissions received in advance are recorded under "Deferred credits and collections in advance " and are applied to the profit or loss of the year under "Interest income" and "Commissions and fees received” respectively, as accrued or within the term of the credit, as applicable.

Commissions and transaction costs are amortized against profit or loss of the year for the period corresponding to the term of the associated credit line. If the credit line is cancelled, the outstanding balance is fully recognized in profit or loss.

The commissions recognized after the credit is granted, generated as part of maintenance of said credits, as well as those that are charged due to unplaced credits, are recognized in profit or loss of the year as accrued.

The commissions collected for credit card annuities are initially recognized as a deferred credit and are amortized over a 12-month period in profit or loss of the year under "Commissions and fees income".

(m) Deferred costs

Deferred cost include the net amount between transaction costs and credit-granting commissions.

(n) Allowance for loan losses

The allowance for loan losses of each category of the loan portfolio is determined based on the general methodologies established in the Provisions and the internal methodologies authorized by the Commission, which are based on the Expected Loss approach, which it is determined by multiplying the Probability of Default (PD) by the product of the Severity of Loss given Default (LGD) and the Exposure at Default (EAD).

The probability of default is the probability expressed as a rate that either or both of the following circumstances will occur in relation to a specific debtor:

a) The debtor is delinquent for 90 schedule days or more with respect to any credit obligation with Monex, S. A. B., or said credit obligation meets the assumptions to be classified as stage 3 credit risk, described above (see note 3l).

b) It is considered probable that the debtor will not pay all of the credit obligations owed Monex, S. A. B.

The Severity of the Loss in the event of Default corresponds to the intensity of the loss in the event of default expressed as a rate of the Exposure at Default, after taking into account the value of the guarantees and the costs associated with the realization processes (judicial, administrative collection and notarization, and others).

The Exposure at Default is the expected position, gross of reserves, of the credit operation if the debtor defaults. The Exposure at Default cannot be less than the operation amount withdrawn at the time of calculating the principal requirement.

Monex, S. A. B. recognizes additional allowances ordered by the Commission, which are created to cover risks that are not provided for in the different loan portfolio rating methodologies, and about which, prior to constitution, Monex, S. A. B. has to inform the Commission on the following:

a) origin of allowances
b) methodology for determination
c) amount of allowances to be constituted
d) estimated time allowances will be necessary

Regarding stage 3 credit risk loans, the restructuring of which agrees on the capitalization of accrued interest not collected previously recorded in memorandum accounts, Monex, S. A. B. recognizes an allowance for 100% of such interest, which is canceled when there is evidence of sustained payment.

(Continued)

Commercial loan portfolio

The allowance for loan losses of the commercial loan portfolio is calculated in accordance with the general methodology established by the Commission, which initially considers the level of credit risk in which the credits are classified, as well as the previous classification in five different groups, according to whom they were awarded:

I. States and municipalities.

II. Projects with own source of payment,

III. Trustees acting under trusts, not included in the previous section, as well as credit structures commonly known as "structured".

IV. Financial entities.

V. Legal entities not included in the previous sections and individuals with business activity, divided, in turn into the following subgroups:

a) With annual Net Income or Net Sales less than the equivalent in domestic currency to 14 million UDIs.
b) With annual Net Income or Net Sales equal to or greater than the equivalent in domestic currency to 14 million UDIs.

PD of commercial loans is calculated in accordance with the Provisions, according to each of the groups described above, and consists of evaluating quantitative and qualitative factors of the borrower and assigning them a credit score, which is totalized and used to calculate the PD.

If the credits lack real, personal or credit derivative guarantees, the SP is calculated according to the number of months of delinquency, depending on the group to which they belong, and considering whether or not they are subordinated or syndicated credits in which Monex, S. A. B. is subordinate to other creditors. Furthermore, the determination of the SP is considered through a differentiated calculation for credits of borrowers that have declared bankruptcy. In the event that the credits have real guarantees, personal guarantees, credit insurance, and/or credit derivatives, these are considered in the SP determination in order to adjust the allowance for loan losses. Monex, S. A. B. does not consider real guarantees, personal guarantees, credit insurance, and/or credit derivatives of the commercial loan portfolio to determine the SP. For the loan portfolio that has the benefit of a step-and-measure coverage structure, the calculation of the SP considers such coverage.

EAD, in the case of uncommitted lines of credit that are unconditionally cancelable or that allow automatic cancellation at any time and without prior notice from Monex, S. A. B., corresponds to the unpaid balance of the credit. For lines of credit other than those mentioned above, EAD is determined according to the calculation established in the Provisions, which considers the classification of the credits in the previously mentioned groups.

(Continued)

(Millions of Mexican pesos)

Mortgage and housing portfolio

The allowance for loan losses of the mortgage loan portfolio is determined in accordance with the general methodology established by the Commission, which initially considers the level of credit risk in which the credits are classified.

The calculation is made using the figures corresponding to the last day of each month, constituting the reserve qualification in credit by credit. Likewise, factors such as: i) due amount, ii) payment made, iii) value of the home, iv) credit balance, v) arrears, vi) original credit amount, vii) ROA, viii) REA, and ix) extension. The total amount of the reserve to be established for each loan is the result of multiplying the probability of default by the severity of the loss and the exposure at default.

Degree of risk of the allowance for loan losses

The allowance for loan losses constituted by Monex, S. A. B. is classified according to the degree of risk, according to the following:

	Ranges of allowance rates			
Risk level	**Mortgage and housing**		**Commercial**	
	From	**To**	**From**	**To**
A-1	0%	0.50%	0%	0.90%
A-2	0.501%	0.75%	0.91	1.5%
B-1	0.751	1.0%	1.51	2.0%
B-2	1.001	1.5%	2.01	2.5%
B-3	1.501	2.0%	2.51	5.0%
C-1	2.001	5.0%	5.01	10.0%
C-2	5.001	10.0%	10.01	15.5%
D	10.001	40.0%	15.51	45.0%
E	40.001	100%	45.01	100%

Write-offs, eliminations and recoveries of loan portfolio

Monex, S. A. B. periodically assesses whether a loan with stage 3 credit risk should remain in the consolidated statement of financial position or be written off. The write-off is recognized by canceling the credit balance determined by Management, to the allowance for loan losses. When the credit to be written off exceeds the amount of the allowance, before making the write-off, Monex, S. A. B. recognizes an allowance up to the amount of the difference.

In any case, Monex, S. A. B. has evidence of the formal collection procedures that have been carried out with respect to these credits, as well as the elements that prove the practical impossibility of recovering the credit in accordance with the internal policies established in the credit manual.

Additionally, Monex, S. A. B. writes off stage 3 risk credits with an allowance for loan losses of 100%, even when they do not meet the conditions described above. The elimination is recognized by canceling the unpaid balance of the credit against the allowance for loan losses.

Any recovery derived from credits is previously recognized in the consolidated profit or loss of the year under "Allowance for loan losses", unless the recoveries come from payments in kind, whose treatment is carried out in accordance with the policies established for Foreclosed Assets in note 3r.

The costs and expenses incurred for the recovery of the loan portfolio must be recognized as an expense within other operating income (expenses).

Reductions, remissions, rebates and discounts on the portfolio

The reductions on the partially or totally condoned amount of the payment of the credit Monex, S. A. B. gives to the borrowers will be carried out by canceling the unpaid balance of the credit to the allowance for loan losses associated with the credit and, if this is less than the condoned amount, Monex, S. A. B. previously creates an allowance up to the amount of the difference.

The cancellation of the allowance for loan losses on the reductions, remissions, rebates and discounts on the portfolio, is applicable to the condoned amounts derived from increases in credit risk, otherwise they must be deducted from the income that gave rise thereto.

Cancellation of surpluses in the allowance for loan losses:

The surplus of the allowance for loan losses must be canceled from the consolidated statement of financial position to profit or loss of the year, affecting the "Allowance for loan losses ".

(o) Other accounts receivable, net

It comprises settlement accounts receivable for foreign currency sales operations, investments in securities, repurchase agreements, securities loans, derivatives and issue of securities, as well as margin account debtors, debtors for collateral granted in cash for operations with securities, credit and derivatives conducted in Over-the-Counter markets (OTC). Likewise, it includes sundry debtors for awards, commissions and rights receivable on current non-credit operations, items associated with credit operations, recoverable tax balances, loans and other debts from personnel, amortizations of unpaid operating leases and other debtors.

(Continued)

Allowance for irrecoverability or doubtful receivables-

Monex, S. A. B. creates an allowance for irrecoverability or doubtful accounts receivable as described below:

Origin of the account receivable	Criteria for recognition of the allowance for irrecoverability or doubtful receivables
Settlement accounts with 90 or more days of recognition	They are classified as overdue debts and an allowance is simultaneously created for the total amount.
Other accounts receivable directly related to the loan portfolio, such as trial expenses.	The same risk rate assigned to the associated credit is applied for the creation of the allowance.
Immediate payment documents not paid after 15 or more schedule days of being recorded as "other accounts receivable".	They are classified as overdue debts and an allowance is simultaneously created for the total amount.
Overdrafts from checking accounts of customers who do not have overdraft lines of credit.	They are classified, at the time of recognition, as overdue debts and an allowance is simultaneously created for the total amount.
Origin of the account receivable	**Criteria for recognition of the allowance for irrecoverability or doubtful receivables**
Loans to officials and employees, collection rights and other miscellaneous accounts receivable agreed from origination to 90 schedule days.	Monex S.A.B. determines a degree of irrecoverability that consists of determining when and how expected impairment losses of Financial Instruments Receivable (FIR) should be recognized, which is when after the credit risk increased, it is concluded that a portion of FIR's future cash flows will not be recovered and proposes that the expected loss be recognized based on historical credit loss experience, current conditions, and reasonable and supportable forecasts of various quantifiable future events that could affect the amount of the future cash flows to be recovered from the FIRs, for which the allowances must be periodically adjusted based on the experience obtained.
Amortizations of operating leases not settled within 30 schedule days of expiration.	An allowance is created for the total amount.
Other accounts receivable other than the previous ones from unidentified debtors within 60 days or more of having been recorded.	An allowance is created for the total amount.
Other accounts receivable other than the previous ones from unidentified debtors within 60 days or more of having been recorded.	An allowance is created for the total amount.

No allowance for irrecoverability or doubtful receivables is recognized on tax balances in favor or for creditable Value Added Tax (VAT).

(Continued)

(p) Collection rights

It consists of credits acquired by the entities for which it is determined that, based on current information and facts, as well as on the credit review process, there is a considerable probability that the amounts due cannot be fully recovered contractually (principal and interest), in accordance with the terms and conditions originally agreed, and that at the time of acquisition and during the lifetime thereof, they are considered a stage 3 credit risk portfolio, the price paid for each credit cannot be identified, or the elements and information that allow the purchaser to apply the regulation issued by the Commission regarding the credit are not available.

It is considered credit-impaired from initial recognition since the credit risk is high or because it was acquired at a very high discount. In this case, for initial recognition, Monex, S. A. B. will comply with FRS C-16 "Impairment of financial instruments receivable", as established for financial instruments at stage 3 of credit risk.

For purposes of recognition of effective interest, the effective interest rate of the collection rights may be adjusted periodically in order to recognize variations in the estimated cash flows to be received.

In calculating the effective interest rate, the entity must estimate the expected cash flows considering all the contractual terms of the financial instrument (such as prepayment, extension, early repayment and other similar options), but must not consider the expected credit losses when estimating the cash flows. In those cases in which it is not possible to reliably estimate the cash flows or the estimated life of the financial instruments, the entity must use the contractual cash flows.

(q) Leases

Acting as lessee

At the beginning of a contract, Monex, S. A. B. evaluates whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Monex, S. A. B. uses the definition of a lease from FRS D-5.

At the beginning or in the modification of a contract that contains a lease component, Monex, S. A. B. assigns the consideration in the contract to each lease or service component based on the related independent prices. However, for property leases, Monex, S. A. B. has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

Monex, S. A. B. recognizes a right-of-use asset and a lease liability on the start date of the lease. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability adjusted for any lease payments made on or before the inception date, plus initial direct costs incurred and an estimate of the costs to dismantle or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset from Monex, S. A. B. at the end of the lease term or the cost of the right-of-use asset reflects that Monex, S. A. B. will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain revaluations of the lease liability such as changes in the amount of rent for inflation adjustment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental financing rate from Monex, S. A. B. or the risk-free rate determined with reference to the lease term. Monex, S. A. B. generally uses the risk-free rate.

The lease payments included in the valuation of the lease liability comprise the following:

- fixed payments, including fixed in-substance payments
- Variable lease payments that depend on an index or rate, initially valued using the index or rate at the commencement date
- amounts expected to be paid under a residual value guarantee
- the exercise price under a purchase option that Monex, S. A. B. is reasonably certain to exercise, the lease payments in an optional renewal period if Monex, S. A. B. is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Monex, S. A. B. is reasonably certain that it will not terminate prematurely.

The lease liability is valued at amortized cost using the effective interest method. It is revalued when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Monex, S. A. B.'s estimate of the amount expected to be paid under a residual value guarantee, if Monex, S. A. B. changes the assessment of whether it will exercise a purchase, extension or termination option or if there is a fixed modified lease payment-in-substance. When the lease liability is revalued in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Monex, S. A. B. presents right-of-use assets that do not meet the definition of investment property under "Assets for the right of use of properties", and the lease liabilities under "Lease liabilities", both in the statement of financial position.

Short-term leases and leases of low-value assets

Monex, S. A. B. has decided not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. Monex, S. A. B. recognizes the lease payments associated with these leases as a straight-line expense over the lease term.

(r) Foreclosed assets

Foreclosed assets or received by dation in payment that are not intended to be used by Monex, S. A. B., are recognized on the date that the order of approval of the auction by which the award is decreed is enforceable, or in the case of assets received by dation in payment, on the date the dation in payment deed is signed, or the transfer of ownership of the property has been formalized.

(Continued)

(Millions of Mexican pesos)

Foreclosed assets are recognized as follows as follows:

a) at the lower of the gross carrying amount of the asset that gave rise to the foreclosure, that is, without deducting the allowance for losses that has been recognized up to that date, and the net realizable value of the assets received, when the intention of the entity is to sell said assets to recover the amount receivable; or
b) at the lower of the gross carrying amount of the asset that gave rise to the foreclosure and the fair value of the asset received when the entity's intention is to use the foreclosed asset for its activities.

On the date the foreclosed asset or received through dation in payment is recorded, the value of the asset that gave rise to the foreclosure, as well as the respective allowance for loan losses that has been created are derecognized from the consolidated statement of financial position for the total of the net asset of the allowance, deducted from partial payments in kind in the case of loan portfolios, or from payments received or recoveries in the case of collection rights.

The difference between the value of the asset that gave rise to the foreclosure, net of allowances, and the value of the foreclosed asset determined as described in the second paragraph of this note, is recognized in the consolidated profit or loss of the year under "Other operating income”.

Valuation of foreclosed assets

Foreclosed assets are valued according to the type of asset in question, recording the valuation in profit or loss of the year as “Other operating income”.

Monex, S. A. B. recognizes an impairment allowance due to the decline in value due to the passage of time in accordance with the provisions, and is recorded in profit or loss as "Other operating income".

Allowances for possession of property or real estate, foreclosed or received in dation in payment over time, are determined according to what is shown as follows:

	Allowance rate	
Months after foreclosure or dation in lieu of payment	**Real estate**	**Properties, collection rights and investment in securities**
Up to 6 months	0%	0%
More than 6 and up to 12	0%	10%
More than 12 and up to 18	10%	20%
More than 18 and up to 24	10%	45%
More than 24 and up to 30	15%	60%
More than 30 and up to 36	25%	100%
More than 36 and up to 42	30%	100%
More than 42 and up to 48	35%	100%
More than 48 and up to 54	40%	100%
More than 54 and up to 60	50%	100%
More than 60	100%	100%

(Continued)

(Millions of Mexican pesos)

At the time of the sale of the foreclosed assets, the difference between the sales price and the carrying amount of the foreclosed asset, net of allowances, is recognized directly in profit or loss of the year under "Other operating income ".

Transfer of foreclosed assets for Monex, S. A. B.'s own use

When Monex, S. A. B. chooses to transfer the foreclosed assets for its own use, the asset is transferred to the item of the consolidated statement of financial position that corresponds to it according to the asset in question, complying with the fact that the assets are used for the fulfillment of the purpose and is carried out in accordance with the investment strategies and purposes that are previously established in the manuals, and there is no possibility that said assets will be considered as foreclosed again.

(s) Furniture and equipment, net

Net furniture and equipment and leases are recorded at acquisition cost and present value of payments to be made, respectively, and through December 31, 2007 they were restated using UDI factors using the inflation indices of the country of origin and changes in exchange rates in relation to the peso. As of January 1, 2007, the acquisition of assets in construction or installation period includes the corresponding comprehensive financing result as part of the value of the assets (see note 14).

The depreciation of furniture and equipment is calculated by the straight-line method, based on the useful lives, estimated by the Management of Monex, S. A. B. The total useful lives and annual depreciation rates of the main groups of assets are mentioned below:

	Years	Depreciation rate
Transportation equipment	4	25%
Furniture and office equipment	10	10%
Leasehold improvements	10	10%
Computer equipment	3	30%
Others (telecommunications)	10	10%

Leasehold improvements are amortized over the lower of the useful period of the improvement and the term of the contract.

Maintenance expenses and minor repairs are recorded in profit or loss when incurred.

(t) Permanent investments in shares-

Investments in subsidiary companies, in which Monex, S. A. B. owns between 50% and 99% of capital stock, are valued by the equity method based on the financial statements as of December 31, 2022, including the share in the deficit of the investment in subsidiary companies, since that Monex, S. A. B. has incurred in legal obligations assumed on behalf of the former.

Other permanent investments in which Monex, S. A. B. owns 50% of capital stock, are recorded at cost and through December 31, 2007, were restated by applying UDI factors.

(Continued)

(u) Income taxes (IT) and Employee Profit Sharing Plan (EPSP)

Current IT and EPSP are calculated according to legal and tax regulations in force.

Deferred IT or EPSP are recognized according to the asset and liability method, which compares the accounting and tax values. Deferred tax assets and liabilities (assets and liabilities) are recognized for future tax consequences attributable to temporary differences between the values reflected in the financial statements of existing assets and liabilities and the related tax bases, and in the case of income taxes, due to tax losses carryforward and other tax credits to be recovered. Deferred income tax and EPSP assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on income taxes and deferred EPSP is recognized in the results of the period in which said changes are approved.

Current and deferred income taxes are presented and classified in profit or loss of the period, except those that originate from a transaction that is recognized in "Other Comprehensive Income" (OCI) or directly in an item of stockholders' equity. Current and deferred EPSP will be included under "Administrative and promotional expenses" in the consolidated statement of comprehensive income.

(v) Prepayments and other assets

This includes expenses for issuing securities, the spread charged for loan portfolio acquisitions and insurance to be amortized, and other deferred charges. Likewise, it includes advance payments for interest, commissions, rents and others, as well as estimated tax payments and the net assets from the defined benefit plan of Monex, S. A. B.

(w) Intangible assets

Intangible assets with finite useful lives include mainly software, prepayments, operating deposits, and intangible assets generated from the Monex USA and Monex Europe acquisitions.

The amortization of software and defined-life assets is calculated in a straight line by applying the corresponding rates to the updated expense, based on the expected useful life in which economic benefits will be obtained.

(x) Goodwill

Goodwill represents future economic benefits that are not individually identifiable or separately recognized; and is subject to impairment tests at the end of the reporting period.

(y) Deposit funding

This caption comprises demand and time deposits from the general public and those raised through operations in the money market, issued credit instruments and the global deposit account without movements in domestic or foreign currency or UDIS, which include the following.

(Continued)

a) Demand deposits. They include checking accounts, savings accounts, checking account deposits, and others.

Overdrafts in the checking accounts of Monex, S. A. B. customers, who do not have a line of credit for such purposes, are classified as overdue debts under "Accounts receivable" and Monex, S. A. B. simultaneously creates an irrecoverability allowance for such classification for the total amount of said overdraft, at the time such event occurs.

b) Term deposits. They include, among others, certificates of deposit that can be withdrawn on pre-established days, bank acceptances and promissory notes with yield payable at maturity obtained from the general public and through operations in the money market, the latter referring to term deposits made with other financial intermediaries, as well as with treasuries of companies and government entities.

c) Credit titles. They include bank bonds and stock certificates, among others.

d) Global account of deposits without movements. It includes the principal and interest of the deposit instruments with no expiration date, or if they do they are automatically renewed, as well as transfers or investments expired and not claimed.

If, in the course of three years from the time the resources are deposited in the global deposit account without movements, the amount of which does not exceed, per account, the equivalent of three hundred measurement and update units (UMAS), they will prescribe in favor of the assets of public welfare, and Monex, S. A. B. will be compelled to pay the resources corresponding to public welfare no later than fifteen days from December 31 of the year in which the previously described event occurs.

Securities placed at a discount that do not accrue interest (zero coupon) are recorded when issued based on the amount of cash received.

In case of having assets given as guarantee or collateral, indicate the amount, terms and conditions thereof.

Monex, S. A. B. must determine the effective interest rate based on the provisions of FRS C-19 "Financial Instruments Payable" (FIP) and evaluate whether the determined rate is within the market, by comparing it to an interest rate that considers the time value of money and the inherent payment risks for similar financing to which it has access. Only if the market interest rate is substantially different from the effective rate, should the market rate be used as the effective interest rate in the valuation of the instrument, recognizing the effects that occur in the value of the IFP due to the change in interest rate in net profit or loss.

Traditional deposit interest is recognized in profit or loss as accrued under “Interest expense”.

The issue expenses, as well as the discount or premium in the placement, are recognized as a deferred charge or credit, as appropriate, which is amortized in profit or loss as accrued as interest expenses or income, as appropriate, considering the term of the title that gave rise thereto in proportion to the maturity of the securities.

(Continued)

(z) Bank and other borrowings

This item records direct loans from domestic and foreign banks, loans obtained through credit auctions with the Central Bank and financing from development funds. Likewise, it includes loans for discounted portfolio that comes from the resources provided by banks specialized in financing economic, productive or development activities. Interest is recognized in profit or loss as accrued under “Interest expense”.

Borrowings must be initially recognized at the transaction price; transaction costs must be added or subtracted, as well as other items paid in advance, such as commissions and interest, and Monex, S. A. B. must determine the future value of the estimated cash flows that will be paid for contractual principal and interest, during the remaining term of the loan or in a shorter term, if there is a probability of prepayment or another circumstance that requires using a shorter term.

Monex, S. A. B. must determine the effective interest rate, and for the calculation Monex, S. A. B. must estimate the expected cash flows considering all the contractual terms of the IFP (such as prepayment, extension, early repayment and other similar options). Additionally, it must evaluate whether the effective interest rate determined is within the market, by comparing it with an interest rate that considers the time value of money and the inherent risks of payment for similar financing, to which the entity has access.

If Monex, S. A. B. receives a loan with a contractual interest rate that is substantially out of market, but a commission is paid in advance at the beginning of the loan when determining the effective interest rate based on the previous paragraphs, such commission must be taken into account.

(aa) Sundry creditors and other accounts payable

Sundry creditors and other accounts payable include the liability for short- and long-term employee benefits, provisions and other accounts payable for the provision of banking services, commissions payable, capital lease liabilities, asset acquisition creditors, dividends payable, VAT transferred and other taxes and duties payable.

The liabilities of Monex, S. A. B. are valued and recognized in the consolidated statement of financial position, and for this purpose they must comply with the characteristic of being a current obligation, where the transfer of assets or provision of services is virtually unavoidable, arises as a consequence of a past event and the amount and maturity are clearly established.

Monex, S. A. B. recognizes a provision when the amount or maturities are uncertain and the following conditions are met: a) there is a current obligation resulting from a past event payable by the entity, b) it is probable that the outflow of economic resources will occur as a means to settle said obligation and c) the obligation can be reasonably estimated.

No provision is recognized if the aforementioned conditions are not met.

(Continued)

(bb) Employee Benefits

Short-term direct benefits

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

Long-term direct benefits

The net obligation of Monex, S. A. B. in relation to long-term direct benefits (except for deferred EPSP - see subparagraph (o) of that note) and which Monex, S. A. B. is expected to pay after twelve months from the date of the most recent consolidated statement of financial position presented, is the amount of future benefits that employees have obtained in exchange for their services in the current and previous years. This benefit is discounted to determine the present value. Remeasurements are recognized in profit or loss in the period in which they are accrued.

Termination benefits

A liability and a cost or expense for termination benefits are recognized when Monex, S. A. B. has no realistic alternative other than to make the payments, cannot withdraw the offer of those benefits, or when the conditions to recognize the costs of a restructuring are met, whichever occurs first. If they are not expected to be settled within 12 months after the end of the fiscal year, then they are discounted.

Post-Employment Benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized in results as the related services are rendered by the employees. Contributions paid in advance are recognized as an asset to the extent that the advance payment results in a reduction in future payments or a cash refund.

Defined benefit plans

The net obligation of Monex, S. A. B. corresponding to the defined benefit plans for pension plans and seniority premium is calculated separately for each plan, estimating the future benefit amount employees have earned in the current and prior years, discounting said amount and deducting the fair value of plan assets from it.

The obligations for the defined benefit plans is calculated annually by actuaries, using the projected unit credit method. When the calculation results in a possible asset for Monex, S. A. B., the recognized asset is limited to the present value of the economic benefits available in the form of future reimbursements from the plan or reductions in future contributions to the plan. To calculate the present value of the economic benefits, any minimum financing requirements must be considered.

Current service labor cost, which represents the employee benefit cost of the period after having completed one more year of labor life based on the benefit plans, is recognized in operating expenses.

Monex, S. A. B. determines the net interest expense (income) over the net liability (asset) for defined benefits for the period, multiplying the discount rate used to measure the defined benefit obligation by the net liability (asset) defined at the beginning of the period reported, considering the changes in the net defined benefit liability (asset) during the period as a result of estimates of contributions and benefit payments.

Modifications to the plans that affect the cost of past services are immediately recognized in profit or loss in the year in which the modification occurs, with no possibility of deferral in subsequent years. Likewise, the effects of liquidation events or reduction of obligations in the period, which significantly reduce the cost of future services and/or significantly reduce the population subject to benefits, respectively, are recognized in profit or loss of the period.

Remeasurements (before actuarial gains and losses), resulting from differences between the projected and actual actuarial hypotheses at the end of the period, are recognized in the period in which they are incurred as part of comprehensive income within stockholders' equity.

(cc) Revenue recognition

The interest earned by the loans granted, including interbank loans agreed upon for a term no greater than three business days, is recognized in profit or loss as accrued.

Interest accrued on overdue portfolio is recognized in profit or loss until it is collected.

Interest and commissions collected in advance are recorded under "Deferred credits and payments received in advance " and are applied to profit or loss as accrued.

The origination fees for a loan are recorded as a deferred loan, which is amortized to profit or loss of the year as interest income during the life of the loan. The commissions for annuity and renewal of commercial, consumer and housing portfolio products are deferred in a period of 12 to 360 months, as appropriate. Likewise, the costs or expenses related to processing credits are recognized as a deferred charge and are deferred during the same period in which the income from the commissions charged for the initial processing of the credit is recognized. Financed insurance is part of the loan portfolio.

The commissions charged for processing a credit are presented net of the associated costs and expenses, appearing in other assets, or deferred credits and payments received in advance, depending on the debit or credit nature.

The commissions charged for restructuring or renewing loans are added to the origination fees for the loan and are recorded as a deferred loan, which is amortized as interest income under the straight-line method during the new term of the loan. Other commissions are recognized at the time they are generated under commissions and fees collected.

Interest from investments in fixed-income securities is recognized in profit or loss as accrued using the effective interest method. The interest earned from repurchase agreements is recognized in profit or loss according to the effective interest method, throughout the term of the operation.

(Continued)

Commissions earned from fiduciary operations are recognized in results as they are earned.

The commissions from asset custody or management services are recognized in profit or loss as accrued.

(dd) Business and credit concentration

Interest income from the markets area represents 95% of Monex, S. A. B.'s total interest income in 2022. Monex, S. A. B. products are marketed to a large number of customers, without no significant concentration on any specific customer.

Funding available to Monex, S. A. B. is through a funding line with Nacional Financiera (NAFIN) for $2,000, and a line of $1,700 with with FIRA (Fideicomiso Instituido en Relación a la Agricultura) used for guarantees. Approximately 5% of the funding in 2022 comes from these funders.

Monex, S. A. B. has 6 main suppliers, from whom approximately 81% of the total purchases were made during 2022.

(ee) Contributions to the Institute for the Protection of Bank Savings (IPAB, per Spanish acronym)

Protection of Bank Savings law, among other precepts, establishes the creation of the IPAB, which seeks a system of protection for bank savings of individuals who make any of the guaranteed deposits, and regulates the financial support granted to multiple banking institutions to fulfill this objective. In accordance with said Law, the IPAB guarantees bank deposits of savers up to 400,000 UDIS per individual or legal entity. Monex, S. A. B. recognizes the mandatory contributions to the IPAB in profit or loss of the year.

Mandatory contributions to the IPAB must be paid monthly and will be for an amount equivalent to one twelfth of four per thousand, over the monthly average of the daily balances of liability operations for the month in question.

(ff) Memorandum accounts

Assets or commitments that are not part of the consolidated statement of financial position of Monex, S. A. B. are recorded in memorandum accounts, since the rights thereto are not acquired, or said commitments are not recognized as liabilities of the entities until said contingencies materialize.

– *Contingent assets and liabilities:*

Formal claims. that may entail a liability received by Monex, S. A. B are recorded.

– *Credit commitments:*

The balance represents the amount in letters of credit granted by Monex, S. A. B. that are considered irrevocable commercial loans not drawn down by the borrowers and authorized credit lines not exercised.

Items recorded in this account are subject to scoring.

(Continued)

– *Assets in trust or mandate:*

Monex, S. A. B. records the operations of Assets or Trusts in memorandum accounts according to the following:

- Those that are limited to the recognition of the trust assets (contract assets), that is, the value of the goods received in trust net of the liabilities, keeping in separate records the data related to the administration of each trust.

- Those that result from operations due to their assets and liabilities, and that are recognized and valued in accordance with the provisions of the specific accounting criteria applicable to Monex, S. A. B.

The losses incurred by Monex, S. A. B. due to the responsibilities incurred as trustee, are recognized in profit or loss in the period in which they are known, regardless of the moment in which any legal promotion is carried out for that purpose.

The fiduciary unit maintains special accounts for each contract in the fiduciary system, and records the money and other goods, values or rights that are entrusted to them therein and in their own books, as well as the increases or decreases, for the respective products or expenses. Invariably, the balances of the special accounts of each trust agreement match the balances of the memorandum accounts in which Monex, S. A. B. recognizes the trust assets.

In no instance will these assets be affected by other responsibilities other than those from the trust itself, or obligations to third parties against the assets in accordance with the Law.

When, due to the nature of the trusts established in Monex, S. A. B., there are assets or liabilities for or against it, they are recognized in the consolidated statement of financial position, as appropriate.

The mandate records the declared value of the assets subject to the mandate contracts entered into by Monex, S. A. B.

The recognition of income from trust management is recognized on an accrued basis.

Accrual of such income is suspended when the debt related thereto are in default for 90 or more schedule days. Accrual will resume when the outstanding debt is paid in full.

As long as the income accrued from trust management is suspended from accrual and not received, the control of these items is kept in memorandum accounts. In the event that such accrued income is received, it is recognized directly in profit or loss of the year.

– *Assets in custody or under management:*

Cash and securities owned by clients that are held in custody, guarantee and administration are reflected in the respective memorandum accounts and are valued based on the price provided by the price provider. With the exception of cash or virtual assets received for the payment of services on behalf of third parties, it must be presented in the cash and cash equivalents item or in the virtual assets item, as appropriate, and the liability generated, in the item of other accounts payable.

(Continued)

Securities in custody and administration are deposited at S.D. Indeval, Institution para el Depósito de Valores, S. A. de C. V.

Revenues from custody or management services recognized in profit or loss of the year will be presented under commissions and fees income.

– *Collateral received by the entity:*

This balance represents the total collateral amounts received in repurchase agreements and securities loans, with Monex, S. A. B. acting as buyer or borrower.

– *Collateral received and sold or given as guarantee by the entity:*

This balance represents the total collateral received and sold or given as a guarantee, when Monex, S. A. B. acts as a buyer or borrower.

– *Accrued interest not received from a stage 3 credit risk loan portfolio:*

Unpaid accrued interest from a stage 3 credit risk loan portfolio is recorded, the amount of unpaid accrued interest from credits that remain in the stage 3 credit risk portfolio .

– *Other memorandum accounts:*

As of December 31, 2022, other memorandum accounts amount of $257, which comprised mainly stage 3 loan portfolio.

– *Cash from customers and securities received in custody, guarantee and management:*

The cash and securities owned by clients that are held in custody, guarantee and management at Monex, S. A. B. are reflected in the respective memorandum accounts and valued at fair value based on the price provided by the price provider, thus representing the highest expected amount for which Monex, S. A. B. would be liable to the clients for any future contingency.

a. Cash is deposited in credit institutions in checking accounts other than those of Monex, S. A. B.

b. The securities in custody and management are deposited in S.D. Indeval.

Monex, S. A. B. records operations on behalf of clients on the date the operations are arranged, regardless of the settlement date.

– *Guarantees given:*

The balance represents the total commitment amounts as of a certain date. As the third party with whom the commitment is made settles the obligations that have been guaranteed, the entity must cancel such amounts from the records.

(gg) Contingencies

Obligations or significant losses related to contingencies are recognized when it is probable that the effects thereof will materialize and there are reasonable elements for quantification. If there are no reasonable elements, the qualitative disclosure is included in the notes to the consolidated financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

(Continued)

(Millions of Mexican pesos)

(hh) Earnings per share

This represents the result of dividing profit or loss for the year by the weighted average number of outstanding shares at the end of the period. For the year ended December 31, 2022, earnings per share is $4.67 pesos.

(4) Accounting changes

Accounting criteria issued by the Commission

Modification to the accounting criteria

Amendments to the General Provisions applicable to holding companies of financial groups, including those related to the determination of credit reserves and accounting.

On December 4, 2020, the Federal Gazette published the amending resolution to the General Provisions applicable to Holding Companies of Financial Groups, which show the changes presented below.

The accounting criteria are modified as follows:

Series A. Criteria related to the general structure of accounting for credit institutions

A-1 Basic outline of the set of accounting criteria applicable to credit institutions	A-1 Basic outline of the set of accounting criteria applicable to credit institutions	No changes.
A-2 Application of particular rules	A-2 Application of particular rules	The following FRS issued by the CINIF are added as applicable, establishing distinctive features in some of them: FRS B-5 "Financial information by segments". The impact is not material. FRS B-11 "Disposal of long-lived assets and discontinued operations" The impact is not material. FRS B-12 "Offsetting financial assets and financial liabilities" The impact is not material. FRS B-17 "Determination of fair value". Impact on the valuation of instruments that are not valued by a price provider. The impact is not material. FRS C-2 "Investment in financial instruments". Impact on presentation given the classification of investments in financial instruments according to the business model and the valuation based on said model. FRS C-9 "Provisions, contingencies and commitments". Impact is not material. FRS C-10 "Derivative financial instruments and hedging relationships". The impact is not material. FRS C-12 "Financial instruments with liability and equity characteristics" The impact is not material. FRS C-13 "Related parties". The impact is not material. FRS C-14 "Transfer and derecognition of financial assets". The impact is not material. FRS C-16 "Impairment of financial instruments receivable". It has an impact on the determination of impairment of financial instruments receivable, principal and interest, according to risk stages 1 to 3. FRS C-19 "Financial instruments payable". Application to deposits, interbank loans and other organizations is considered. FRS C-20 "Financial instruments to collect principal and interest". Impact on the valuation of the instruments that are considered under this business model and that previously applied a different valuation at amortized cost. FRS D-1 Income from contracts with customers. The impact is not material. FRS D-2 Costs for contracts with customers. The impact is not material.

(Continued)

		FRS D-5 Leases. Impact on leases where Monex, S. A. B. is the lessee since it recognizes the right-of-use asset for the leased assets and recognizes the liability. In profit or loss, the right-of-use asset is depreciated based on the useful life, while the liability generates interest at the effective interest rate of the lease or the market and is settled as paid.
A-3 Application of general rules	A-3 Application of general rules	No changes
A-4 Supplementary application to the accounting criteria	A-4 Supplementary application to the accounting criteria	No changes
	Series B. Criteria related to the items that make up the financial statements	
B-1 Availabilities	B-1 Cash and cash equivalents	The name of the item and the accounting criteria are changed. The definition of Investments available on demand is added, considering a maturity period of 48 hours from acquisition.
B-2 Investments in securities	B-2 Repealed	It is repealed, but the new accounting criteria A-2 establishes the application of FRS C-2 "Investment in financial instruments", FRS C-20 "Financial instruments to collect principal and interest" and FRS C-16 "Impairment of instruments Financial instruments receivable. The classification of financial instruments based on the intention of management is eliminated and a new classification of financial instruments is established according to the business model applied by Monex, S. A. B., which can be for trading purposes, to collect principal and interest, or to collect and sell.
B-3 Repurchase/ resale agreements	B-3 Repurchase/ resale agreements	The obligation to offset the collateral given in cash recorded as a liability against repo debtors is eliminated when the instruments have been given as collateral in another repo transaction.
B-4 Securities lending	B-4 Securities lending	The definition of amortized cost is modified.
B-5 Derivatives and hedging transactions	B-5 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-10 "Derivative financial instruments and hedging relationships"
B-6 Loan portfolio	B-6 Loan portfolio	The accounting criterion is substantially modified: It is established that the loan portfolio is evaluated according to the business model. Established as business models: to collect principal and interest, to collect and sell, for trading purposes. The classification of the current portfolio is eliminated and a classification by risk stage is established as stage 1, stage 2 and stage 3. The manner in which the credit-related commissions received and transaction costs are amortized is modified. The methodology for determining the effective interest rate for the valuation of the loan portfolio based on the applicable business model is incorporated.
B-7 Foreclosed assets	B-7 Foreclosed assets	The value of the initial recognition of the foreclosed assets is modified, which will depend on Monex, S. A. B.'s intended use for these assets. The impact is immaterial.
management	B-9 Custody and management of assets	Virtual assets are added as goods that are subject to custody and management. The impact is immaterial.
B-10 Trusts	B-10 Trusts	No changes
	Series C. Criteria applicable to specific items	
C-1 Recognition and derecognition of financial assets	C-1 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-14 "Transfer and derecognition of financial assets". The impact is immaterial.
C-2 Securitization operations	C-2 Securitization operations	No changes.
C-3 Related Parties	C-3 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-13 "Related parties". The impact is immaterial.
C-4 Information by segments	C-4 Repealed	It is repealed, but new accounting criterion A-2 establishes the application of FRS B-5 "Financial information by segments", establishing at least the operating segments that were already defined in previous accounting criterion C-4. The impact is immaterial.

(Millions of Mexican pesos)

Series D. Criteria related to the basic financial statements

D-1 Balance sheet	D-1 Statement of financial position	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-2 Income statement	D-2 Statement of Comprehensive Income	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-3 Statement of changes in stockholders' equity	D-3 Statement of changes in stockholders' equity	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-4 Statement of cash flows	D-4 Statement of cash flows	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.

Effective FRS issued by the CINIF in the year 2022

On December 27, 2017, the Commission announced, through the Federal Gazette (DOF), in the Fourth Transitory article of the 105th amending resolution, the incorporation of the new FRS issued by the CINIF within accounting criterion A-2 "Application of Specific Standards" contained in Appendix 33 of the Provisions, which established January 1, 2019 as the application and effective date of the FRS mentioned for credit institutions. However, on November 4, 2019, the Commission announced, through the DOF, the reform to the aforementioned transitory article that established January 1, 2021 as application and effective date. However, through a subsequent amendment to said article published in the DOF on December 4, 2020 and the publication of December 30, 2021, January 1, 2022 was established as application and effective date of said FRS. The FRS that are incorporated into accounting criteria A-2 of the aforementioned amending resolution are the following:

- ***FRS B-17 "Fair value determination" –*** This FRS defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is mentioned that the fair value is a determination based on the market and not on a specific value of an asset or a liability for Monex, S. A. B. and that, when determining the fair value, the entity must use assumptions that market participants would use when set the price of an asset or a liability under current market conditions at a given date, including assumptions about risk. As a result, the entity's intention to hold an asset or settle, or otherwise satisfy a liability, is not relevant in determining fair value.

- ***FRS C-3 "Accounts receivable" - The main characteristics issued for this FRS are shown below:***

    - Renders Bulletin C-3 "Accounts Receivable" ineffective.

    - Specifies that contract-based accounts receivable represent a financial instrument, while some of the other accounts receivable generated by a legal or tax provision, may have certain characteristics of a financial instrument, such as earning interest, but they are not themselves financial instruments.

    - It establishes that the allowance for irrecoverability for commercial accounts receivable is recognized from the moment the income is accrued, based on the expected credit losses.

- It establishes that, from initial recognition, the time value of money must be considered, therefore, if the effect of the present value of the account receivable is important based on the term, it must be adjusted based on such present value. The effect of the present value is material when payment of the account receivable is agreed, totally or partially, for a term greater than one year, since this gives rise to a financing operation.

- ***FRS C-9 "Provisions, contingencies and commitments" –*** FRS C-9 renders Bulletin C-9 "Liabilities, provisions, assets and contingent liabilities and commitments" not effective, the scope is reduced by relocating the topic related to the accounting treatment of financial liabilities in FRS C-19 "Financial instruments payable" and the definition of liability is modified by eliminating the term "virtually unavoidable" and including the term "probable".

- ***FRS C-16 "Impairment of financial instruments receivable" –*** FRS C-16 indicates that, to determine the recognition of the expected loss, the historical experience of the entity with credit losses, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows to be recovered from the FIR should be considered.

It also indicates that the expected loss should be recognized when, after the credit risk increased, it is concluded that a portion of the future cash flows of the FIR will not be recovered.

- **FRS C-19 "Financial instruments payable" - The main characteristics issued for this FRS are shown below:**

  - The possibility of valuing, certain financial liabilities at fair value after initial recognition is established, when certain conditions are met.

  - Value long-term liabilities at present value upon initial recognition.

  - When restructuring a liability, without substantially modifying the future cash flows to settle it, the costs and commissions incurred in this process will affect the amount of the liability and will be amortized at a modified effective interest rate, instead of directly affecting the net profit or loss.

  - It incorporates the provisions of IFRIC 19 "Extinction of Financial Liabilities with Equity Instruments", a topic that was not included in the existing regulations.

  - The effect of extinguishing a financial liability must be presented as a financial profit or loss in the consolidated statement of comprehensive income.

  - It introduces the concepts of amortized cost to value financial liabilities and the effective interest method, based on the effective interest rate.

- ***FRS C-20 "Financial instruments to collect principal and interest"- The main characteristics issued for this FRS are shown below:***

- The way of classifying financial instruments in assets is modified, since the concept of intention to acquire and hold them to determine classification is discarded, instead the concept of management business model is adopted.

- In this classification, financial instruments whose objective is to collect the contractual cash flows and obtain a profit for the contractual interest that they generate, having a loan characteristic, are grouped.

- They include both financial instruments generated by sales of goods or services, financial leases or loans, as well as those acquired in the market.

- ***FRS D-1 "Revenue from contracts with customers"- The main characteristics issued for this FRS are shown below:***

  - The transfer of control, basis for the timing of revenue recognition.
  - The identification of the obligations to be fulfilled in a contract.
  - The allocation of the transaction price among the obligations to be fulfilled based on the independent sales prices.
  - The introduction of conditional account receivable.
  - Recognition of collection rights.
  - Income valuation.

- ***FRS D-2 "Costs for contracts with customers"-*** The main change in this standard is the separation of the regulations relating to the recognition of income from contracts with clients from the regulations corresponding to the recognition of costs for contracts with clients.

- ***FRS D-5 "Leases"-*** FRS D-5 renders Bulletin D-5 "Leases" not effective and the main aspects covered by this FRS are the following:

- A single lease recognition model is introduced by the lessee and requires the lessee to recognize the assets and liabilities of all leases with a term of more than 12 months unless the underlying asset is of low value.

- The classification of leases as operating or financial (capital) for a lessee is eliminated, and the lessee recognizes a lease liability at present value that represents an obligation to make the lease payments and an asset for the right of use for the same amount, which represents the right to use the underlying leased asset.

- The operating straight-line lease expense is replaced with an expense for depreciation or amortization of the right-of-use assets (in operating expenses) and an interest expense on lease liabilities (in the comprehensive financing result).

(Continued)

- The recognition of gain or loss when a seller-lessee transfers an asset to another entity and leases that asset back, is modified.

- The presentation of cash flows related to previous operating leases is modified. Cash outflows from operating activities are reduced, with an increase in cash outflows from financing activities.

- The recognition of leases by the lessee changes significantly, however, the accounting recognition by the lessor is unchanged from the previous Bulletin D-5.

Financial reporting standards issued by the CINIF

New FRS 2022-

Improvements to FRS 2022-

In December 2021, the CINIF issued a document named "Improvements to FRS 2022", which contains specific modifications to some existing FRS. The main improvements that generate accounting changes with retrospective effects are the following:

FRS D-3 "Employee Benefits"- FRS D-3 establishes the bases for recognizing uncertain tax treatments in current and deferred EPSP, as well as disclosure requirements in this regard. This improvement is effective for the period starting January 1, 2022, although early application for the year 2021 is allowed. Accounting changes that arise must be recognized retrospectively or partially retrospectively. The changes derived from this adoption in the financial statements as of December 31, 2021 and in the statement of financial position as of January 1, 2022 did not generate any significant accounting effect.

FRS D-4 “Income Taxes”- FRS D-4 establishes the bases for recognizing uncertain tax treatments in current and deferred income taxes, , as well as the disclosure requirements in this regard. Likewise, it includes rules for the recognition of income taxes generated by dividends paid. These improvements are effective for periods starting Januar 1, 2022, although early application for the year 2021 is allowed. Accounting changes that arise must be recognized retrospectively or partially retrospectively. The changes derived from this adoption in the financial statements as of December 31, 2021 and in the statement of financial position as of January 1, 2022 did not generate any significant accounting effect.

ii. Initial application of the cumulative effect of accounting changes

Derived from the initial adoption of the Accounting Criteria that came into effect on January 1, 2022 referred to in the previous paragraph, the effects recognized (net of deferred taxes) in the consolidated statement of comprehensive income of Monex, S. A. B., are shown below:

(Continued)

Consolidated statement of financial position		Initial balance as of January 1, 2022	Adjustment for adoption of new criteria	Adjusted balance as of January 1, 2022
Assets				
Derivative financial instruments – Credit Value Adjustment	$	-	(9)	(9)
Expected Credit Loss – Loan Portfolio		486	28	514
Total assets	$	**486**	**19**	**505**

(5) Foreign currency position-

The regulations of the Central Bank establish rules and limits for banks and brokerage firms to maintain positions in foreign currencies on a level basis. The position (short or long) allowed by the Central Bank is equivalent to no more than 15% of the basic capital of the Bank and 15% of the net capital of the Brokerage Firm, both as a whole and in each currency. As of December 31, 2022, the Bank and the Brokerage Firm maintain an exchange risk position within the aforementioned limits.

The foreign currency position of the most important subsidiaries as of December 31, 2022, expressed in millions of dollars and the valuation in pesos is analyzed as follows:

Bank

Dollar position	Long	Short	Net
USD	8,238	8,248	(10)
EUR	586	577	9
JPY	4	4	-
CNY	-	-	-
AUD	-	-	-
CAD	5	5	-
CHF	3	3	-
GBP	227	227	-
GTQ	-	-	-
KRW	-	-	-
SEK	2	2	-
	9,065	**9,066**	**(1)**

(Continued)

(Millions of Mexican pesos)

Position valued in pesos		**Long**	**Short**	**Net**
USD	$	160,704	160,902	(198)
EUR		11,438	11,265	173
JPY		77	77	-
CNY		5	1	4
AUD		3	2	1
CAD		96	94	2
CHF		65	62	3
GBP		4,420	4,424	(4)
GTQ		1	-	1
KRW		10	5	5
SEK		38	42	(4)
	$	**176,857**	**176,874**	**(17)**

Brokerage Firm

Dollar position	**Initial position**	**Long**	**Short**	**Final position**
USD	3	148	148	3
Position valued in pesos				
USD	50	$2,894	2,894	50
EUR	-	14	14	(2)
	50	**$2,908**	**2,908**	**48**

The exchange rate in relation to the dollar, as of December 31, 2022, was $19.5089 pesos per dollar and as of April 3, 2023, the date of approval of the consolidated financial statements, it was $18.0539 pesos per dollar.

(6) Cash and cash equivalents-

The balance of cash and cash equivalents as of December 31, 2022 is as follows:

Cash on hand	$	34
Deposits in domestic banks		9,126
Deposits in foreign banks		11,223
Foreign currency sales		(9,511)
Restricted cash and cash equivalents:		
Foreign currency purchase		9,511
Monetary regulation deposits in the Central Bank		4,257
Cash and cash equivalents by auction		5,093
Immediate payment documents		10
Collateral in USD in repo transactions		28
	$	**29,771**

(Continued)

(Millions of Mexican pesos)

The restriction on the purchase of foreign currency consists of the fact that such foreign currency has not yet been received by Monex, S. A. B. and, therefore, it cannot make use of them as of the date of the consolidated statement of financial position.

The currency restriction will be on the agreed settlement date of such transactions, which, as of December 31, 2022, is between 1 and 4 days.

The restriction associated with monetary regulation deposits in the Central Bank consists of the fact that, by provision, Monex, S. A. B. is obliged to maintain a specific level of monetary resources with the Central Bank in order to provide liquidity to the financial system. The resources held in this type of instrument are freely available to Monex, S. A. B. and do not have a defined date for withdrawal, so they are permanently restricted.

Deposits in domestic and foreign banks as of December 31, 2022 are as follows:

		Pesos	Valuated currencies	Total
Central Bank	$	554	1,673	2,227
Domestics Banks		5,436	1,462	6,898
Foreign Banks		2	11,221	11,223
	$	**5,992**	**14,356**	**20,348**

Monetary regulation deposits (DRM, per Spanish acronym) with the Central Bank accrue interest at the average rate of bank deposits for an indefinite term. The amount of these deposits is established by the Central Bank based on a pro rata with reference to the share of each one of the banks in the total traditional deposits of the banking system.

Pursuant to the monetary policy established by the Central Bank for the purpose of regulating liquidity in the money market, Monex, S. A. B. is obliged to maintain monetary regulation deposits for indefinite terms, such deposits amount to $39, which accrue interest at the bank deposit average rate . Deposit interest is payable every 28 days applying the rate established in the regulation issued by the Central Bank.

As of December 31, 2022, the currencies to be received and given for purchases and sales to be settled, respectively, are shown below:

<u>Balance in source currency</u>

Currency		**Currencies to be received**	**Currencies to be given**
USD	$	357	400
EUR		71	41
GBP		23	18
CAD		27	23
CHF		-	1
Other currencies		321	10
	$	**799**	**493**

(Continued)

(Millions of Mexican pesos)

Balance valued in pesos

Currency		Currencies to be received	Currencies to be given
USD	$	6,960	7,804
EUR		1,485	861
GBP		539	412
CAD		394	333
CHF		8	24
Other currencies		125	77
	$	**9,511**	**9,511**

The concentration by counterparty of the cleared balance of foreign currencies is shown below.

Counterparty		**Currencies to be received**	**Currencies to be delivered**
CLS Bank	$	5,245	-
Barclays		1,605	1,402
Goldman Sachs International		1,094	1,951
Macquarie		382	-
UBS Ag		-	975
De Acero, S. A. P. I. de C. V.		-	527
Other counterparties		1,185	7,892
	$	**9,511**	**12,747**

(7) Investments in financial instruments-

a) Accounting value

The analysis of investments in financial instruments for each category and type of instrument as of December 31, 2022; based on the business models determined by Monex, S. A. B., including levels in the fair value hierarchy is shown in the next page.

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

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For the year ended December 31, 2022

(Millions of Mexican pesos)

		Domestic	Foreign
Negotiable financial instruments (NFI):			
Debt instruments:			
Government Securities-			
Treasury Bills (CETES)	$	23,151	-
Federal Government Development Bonds (BONDS)		17,232	-
Bonds M, M0 and M7		3,632	-
Federal Government Development Bonds in UDIS (UDIBONDS)		350	-
Savings Protection Bonds (BPAT's)		48,478	-
United Mexican States (UMS) Bonds		-	4,523
Debt bonds		-	774
Private securities-			
Stock Certificates (others)		15,738	490
Private bank securities-			
Bank stock certificates		5,785	90
Certificates of deposit (CEDES)		2,776	-
Capital market instruments:			
Publicly traded shares		272	-
Investments in investment companies		131	-
Value date operations:			
Government Securities-			
Bonds M, M0 and M7		(2,080)	-
Investments in investment companies		11	-
Securities lending restricted			
Treasury Bills (CETES)		17	-
Total negotiable financial instruments	$	**115,493**	**5,877**

		Domestic	Foreign
Fair value:			
Level 1	$	115,493	5,877

Debt securities classified as NFI have interest rates ranging between 3.83% and 13.1% and maturities fluctuate between 2 months and more than 5 years.

As of December 31, 2022, NFI include restricted securities, mainly in repurchase agreements, for $112,422.

		Domestic
Financial instruments to collect or sell (FICS):		
Debt instruments:		
Private securities-		
Stock Certificates (others)	$	451

(Continued)

(Millions of Mexican pesos)

Total financial instruments to collect or sell	$	**451**
Fair value:		
Level 1	$	451
Total	$	**451**

Debt securities classified as FICS have interest rates that reach up to 11.73% and maturities fluctuate on average between 1 and 5 years.

As of December 31, 2022, the FICS include restricted securities.

		Domestic
Financial instruments to collect principal and interest (FICPI):		
Debt instruments:		
Government Securities-		
Federal Government Development Bonds in UDIS (UDIBONDS)	$	393
United Mexican States Bonds (UMS)		666
Private securities-		
Stock Certificates (others)		2,056
Total Financial instruments to collect principal and interest	$	**3,115**

Debt securities classified as FICPI have interest rates ranging between 2.17% and 7.34% and maturities fluctuate on average from 1 year to more than 5 years.

The FICPI are denominated mainly in Mexican pesos, they include restricted securities of $778 of collateral in repurchase agreements.

b) Category reclassifications

During 2022, Monex, S. A. B. did not carry out any transfers between categories.

c) Effects recognized in profit or loss and OCI

The net gains and losses generated by investments in financial instruments for the year ended December 31, 2022 are shown below:

Gain and loss for purchase/sale		
NFI	$	1,086
Income/loss valuation Recognized in results		
NFI	$	(206)

(Continued)

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

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The interest income and expenses accrued by the investments in financial instruments recognized in profit or loss of fiscal year 2022 are presented below:

Interest income		
NFI	$	5,524
FICPI		129
	$	**5,653**

d) Impairment

The effects of impairment and impairment reversals recognized by Monex, S. A. B. in 2022 are presented below:

Impairment:		
FICPI	$	(2)

The effects of impairment recognized in 2022 were caused by migration to a lower rating level.

(8) Repurchase/resale agreements-

a) Debtors under repurchase agreements

As of December 31, 2022, debtors under repurchase agreements include the following:

Securities		**Debtors under repurchase agreements**	**Collateral sold or pledged as guarantee**
Debt securities			
Government debt			
Federal Government Development Bonds (BONDS)	$	600	600
Bonds M, M0 and M7		-	(3)
Savings Protection Bonds		-	(5)
United Mexican States Bonds (UMS)		-	13
Debt bonds		-	(1)
		600	604
Banking debt			
Bank Stock Certificates		-	(9)
Development Certificates (CEDES)		-	(4)
		-	(13)
Other debt securities			
Stock Certificates (others)		-	(29)
Equity securities			
Securities lending - NAFTRAC		-	15
	$	**600**	**577**

(Continued)

(Millions of Mexican pesos)

The average terms of repurchase agreements in which Monex, S. A. B. acted as repurchase that are current as of December 31, 2022 are from 5 days to 91 days.

Interest and yields in favor of repurchase agreements entered into by Monex, S. A. B. recognized under "Interest income" amounted to $3,733 for the year ended December 31, 2022.

b) Creditors under repurchase/resale agreements

As of December 31, 2022, creditors under resale agreements include the following:

Securities		
Debt securities		
Treasury Bills (CETES)	$	23,027
Federal Government Development Bonds (BONDS)		16,528
Bonds M, M0 and M7		3,591
Federal Government Development Bonds in UDIS (UDIBONDS)		349
Savings Protection Bonds (BPAT's)		47,942
United Mexican States Bonds (UMS)		3,973
Debt bonds		678
		96,088
Banking debt		
Bank Stock Certificates		5,372
Development Certificates (CEDES)		2,709
		8,081
Other debt Securities		
Stock Certificates (others)		8,382
	$	**112,551**

The average terms of the repurchase agreements in which Monex, S. A. B. acted as reseller that are current as of December 31, 2022 range from 4 days to 91 days.

The interest and returns payable in repurchase agreements entered into by Monex, S. A. B. recognized under "Interest expense" amounted to $9,558 for the year ended December 31, 2022.

(Continued)

(Millions of Mexican pesos)

c) Collateral in Creditors under repurchase/resale agreement

The integration of the collaterals received for repurchase agreements, as well as the collaterals received and sold or given in guarantee as of December 31, 2022, is analyzed as follows:

Security		Collateral received
Debt security		
Government debt		
Federal Government Development Bonds (BONDS)	$	600
Bonds M, M0 and M7		(3)
Savings Protection Bonds (BPAT's)		(5)
United Mexican States Bonds (UMS)		13
Debt bonds		(1)
		604
Banking debt		
Bank Stock Certificates		(9)
Development Certificates (CEDES)		(4)
		(13)
Other debt Securities		
Stock Certificates (others)		(29)
	$	(29)
Equity securities		
Securities lending – NAFTRAC	$	15
	$	**577**

(9) Derivative financial instruments-

a) Derivatives for trading purposes

The breakdown of financial operations derived from FDI for trading purposes in force as of December 31, 2022 is presented in the following page.

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(Millions of Mexican pesos)

Instrument	Transaction		Fair value Asset	Liability	Net balance Debtor	Creditor
Futures	Purchase	$	4,458	4,571	5	117
Futures	Sale		570	580	-	11
Options	Purchase		1,614	-	1,475	-
Options	Sale		-	746	-	607
Forwards	Purchase		75,718	75,332	814	550
Forwards	Sale		73,883	73,236	1,110	343
SWAP	Purchase		54,554	-	5,280	-
SWAP	Sale		-	55,042	-	5,768
Impairment			-	-	(15)	-
		$	**210,797**	**209,507**	**8,669**	**7,396**

The FDI by hierarchy level as of December 31, 2022 are shown below:

Fair value:		Asset	Liability
Level 1	$	3,216	3,526
Level 2		5,468	3,870
Total	$	**8,684**	**7,396**

Notional amounts

Notional amounts represent the number of units specified in the FDI contracts and not the gain or loss associated with the market risk or credit risk of the instruments. Notional amounts represent the amount to which a rate or price is applied to determine the amount of cash flow to be exchanged. The notional amounts of derivative financial instruments by type of instrument and underlying as of December 31, 2022 are shown below:

Instrument	Transaction	Market		Notional amount		Fair value Asset	Liability	Net balance Debit*	Credit
Futures									
Foreign exchange									
USD	Purchase	Recognized	$	3,566	$	3,630	246	-	-
USD	Sale	Recognized		-		457	-	-	7
EUR	Purchase	Recognized		73		74	-	2	-
MXN	Purchase	Recognized		253		249	3,820	3	118
MXN	Sale	Recognized		470		-	464	-	-
						4,410	4,530	5	125
Rates									
TIEF	Purchase	Recognized	$	504	$	504	504	-	-
TIEF	Sale	Recognized		13		13	14	-	-
						517	518	-	-
Values									
Securities	Sale	Recognized	$	101	$	101	104	-	3
					$	**5,028**	**5,152**	**5**	**128**

(Continued)

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(Millions of Mexican pesos)

Instrument	Transaction	Market	Notional amount	Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Forwards <u>foreign exchange</u>							
USD	Purchase	OTC	$ 94,143	$ 69,452	37,134	351	42
USD	Sale	OTC	108,084	4,419	67,188	722	87
EUR	Purchase	OTC	46,179	4,267	75	344	75
EUR	Sale	OTC	32,234	150	4,125	176	38
MXN	Purchase	OTC	492	-	31,269	(3)	419
MXN	Sale	OTC	482	62,251	-	1	161
GBP	Purchase	OTC	16,383	1,951	865	90	17
GBP	Sale	OTC	18,703	980	1,851	151	37
CAD	Purchase	OTC	947	7	5,940	7	2
CAD	Sale	OTC	2,009	5,963	4	27	7
CHF	Purchase	OTC	1,244	24	8	24	1
CHF	Sale	OTC	123	9	-	1	-
JPY	Purchase	OTC	1,984	-	2	1	2
JPY	Sale	OTC	617	17	-	17	-
SEK	Purchase	OTC	45	17	-	-	-
SEK	Sale	OTC	80	-	17	6	-
INR	Purchase	OTC	-	-	7	-	-
INR	Sale	OTC	-	7	-	-	-
AUD	Purchase	OTC	3	-	-	-	-
AUD	Sale	OTC	3	-	-	-	-
CNY	Purchase	OTC	14	-	-	-	-
CNY	Sale	OTC	70	-	-	-	-
CZK	Purchase	OTC	123	-	-	-	-
CZK	Sale	OTC	305	-	-	-	-
HUF	Purchase	OTC	4	-	-	-	-
HUF	Sale	OTC	23	1	1	1	1
NOK	Sale	OTC	14	1	-	1	-
PLN	Purchase	OTC	59	-	-	-	-
PLN	Sale	OTC	91	-	-	-	-
SGD	Purchase	OTC	233	-	-	-	-
SGD	Sale	OTC	331	-	-	-	-
CZR	Purchase	OTC	85	-	4	-	4
CZR	Sale	OTC	86	5	-	5	-
NZD	Purchase	OTC	300	-	-	-	-
NZD	Sale	OTC	303	-	-	-	-
				149,521	148,490	1,922	893
<u>Values</u>							
Securities	Purchase	OTC	1	1	1	-	-
Securities	Sale	OTC	15	79	77	2	-
				80	78	2	-
				$ 149,601	**148,568**	**1,924**	**893**

(Continued)

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(Millions of Mexican pesos)

Instrument	Transaction	Market	Notional amount		Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Options								
Foreign exchange								
USD	Purchase	OTC	$ 10,914	$	167	-	4	-
USD	Sale	OTC	15,807		-	141	-	4
EUR	Purchase	OTC	378		7	-	-	-
EUR	Sale	OTC	378		-	7	-	-
MXN	Purchase	OTC	-		-	-	95	-
MXN	Sale	OTC	-		-	-	-	69
					174	148	99	73
Rates								
TIIE	Purchase	OTC	$ 37,108		987	-	1,074	-
TIIE	Sale	OTC	30,121		-	505	-	478
LIBOR	Purchase	OTC	487		20	-	74	-
LIBOR	Sale	OTC	680		-	42	-	33
SOFR	Purchase	OTC	12,152		433	-	228	-
SOFR	Sale	OTC	820		-	46	-	18
					1,440	593	1,376	529
Values								
Securities	Sale	Recognized	$ 144		-	5	-	5
					-	5	-	5
Index								
IPC	Sale	Recognized	$ 1		-	-	-	-
				$	**1,614**	**746**	**1,475**	**607**

(Continued)

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(Millions of Mexican pesos)

Instrument	Transaction	Market	Notional amount	Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Swaps							
Foreign exchange							
USD	Purchase	OTC	$6,990	$ 6,950	-	283	-
USD	Sale	OTC	7,197	-	7,324	-	303
EUR	Purchase	OTC	1,500	1,531	-	7	-
EUR	Sale	OTC	1,499	-	1,527	-	6
MXN	Purchase	OTC	5,820	5,724	-	142	-
MXN	Sale	OTC	5,547	-	5,295	-	149
UDI	Purchase	OTC	-	-	-	-	-
UDI	Sale	OTC	136	-	139	-	54
				14,205	14,285	432	512
Rates							
TIIE	Purchase	Recognized	207,229	31,213	-	3,141	-
TIIE	Sale	Recognized	-	-	31,288	-	3,215
SOFR	Purchase	Recognized	15,219	1,283	-	70	-
SOFR	Sale	Recognized	-	-	1,391	-	178
TIIE	Purchase	OTC	35,919	4,647	-	170	-
TIIE	Sale	OTC	-	-	4,972	-	547
LIBOR	Purchase	OTC	23,640	2,825	-	1,465	-
LIBOR	Sale	OTC	-	-	2,691	-	1,262
SOFR	Purchase	OTC	2,250	381	-	2	-
SOFR	Sale	OTC	-	-	415	-	54
				40,349	40,757	4,848	5,256
				54,554	55,042	5,280	5,768
				$ 210,797	**209,509**	**8,684**	**7,396**

* The account balance is shown without the $(15) impairment effect .

b) Derivatives for hedging purposes-

The breakdown of derivative financial operations for hedging purposes in effect as of December 31, 2022 is presented below:

Instrument	Operation	Fair value Asset	Fair value Liability	Net balance Debit	Net balance Credit
Fair value hedge					
Swaps	Purchase	$ 170	120	50	-

(Continued)

(Millions of pesos)

Fair value hedge

The characteristics of the fair value hedge derivative financial instruments and the hedged position are listed below:

Description	Nature of risks hedged	Instruments designated as hedges		Fair value 2022	Gains and losses of the hedging instrument 2022	Gains and losses on the hedged item 2022	Hedged item
Fixed rate hedge of MXN corporate bonds to switch to floating	MXN bond fixed rate risk	IRS		30	30	(17)	Investments in financial instruments 95PEMEX13-2
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS		15	15	-	Current Loan portfolio AUDI
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS		5	5	-	Current Loan portfolio AUDI
			$	50	50	(17)	

c) Impairment

The effects of impairment and impairment reversals recognized by Monex, S. A. B. in the year 2022 are presented below:

Derivative financial instruments for trading purposes	$	(15)

The effects of impairment recognized in 2022 were originated by CVA. This reflects the following components: a) Expected Exposure (EE), b) Probability of default, c) Loss severity and d) collateral agreement (maximum loss) and guarantees held with clients. All these components are associated with credit risk.

During fiscal year 2022, impaired financial assets related to derivatives did not earn interest income.

(Continued)

(Millions of pesos)

d) Collateral in derivative operations

As of December 31, 2022, Monex, S. A. B. has granted cash collateral for derivative financial operations carried out in recognized markets, which are presented in the consolidated statement of financial position, under "Margin accounts", as well as cash collateral, debt instruments, equity instruments for derivative financial operations carried out in unrecognized markets, which are presented under “Other accounts receivable, net”.

As of December 31, 2022, the margin accounts include guarantees given in cash for financial operations carried out in recognized and unrecognized markets for $4,724.

The breakdown of collateral given and received by Monex, S. A. B. as of December 31, 2022 is presented below:

Market		**Collateral given**	**Collateral received**
Recognized	$	1,157	-
OTC		776	4,724
	$	**1,933**	**4,724**

Monex, S. A. B. does not have the right to sell or give as guarantee the collateral received in debt instruments and equity instruments for the derivative financial operations carried out.

(10) Loan portfolio-

Credit policies and procedures

Monex, S. A. B. has the following types of loans:

Commercial loans. - The following direct or contingent loans denominated in local or foreign currency, UDIS, UMA or VSM (per initials) as well as the interest they generate are considered commercial loans:

a) those granted to legal entities or individuals with business activity and intended for commercial or financial line of business
b) loans granted to financial institutions other than interbank loans with a term of less than 3 business days
c) credits for operations of financial factoring, discount and assignment of credit rights
d) credits for financial leasing operations that are held with legal entities or individuals with business activity
e) loans granted to trustees acting under trusts and credit structures commonly known as "structured" in which there is a patrimonial affectation that allows individual assessment of the risk associated with the structure
f) credits granted to the Federal Government, states, municipalities and decentralized agencies and credits to state productive companies, and
g) those with an express guarantee from the Federation registered with the Ministry of Finance and Public Credit and the Central Bank, as well as those expressly guaranteed by the states, municipalities and decentralized agencies, settled in the Single Public Registry referred to in the Law on Financial Discipline of the states and municipalities and,

Mortgage loans. - Direct loans denominated in domestic or foreign currency, in investment units (UDIS), unit of measurement and updating (UMA) or minimum wage factor (VSM), as well as the interest they generate, granted to individuals and intended for the acquisition or construction of a home without commercial speculation purpose, which have a mortgage guarantee on the borrower's home. Likewise, housing loans are considered those intended for the construction, remodeling or improvement of housing that are backed by savings from the borrower's housing sub-account, or have a guarantee given by a development banking institution or by a public trust constituted by the Federal Government for economic development. Additionally, credits granted for such purposes to former employees of the entities and those liquidity credits guaranteed by the borrower's home are included.

1) Classification of credit risk stages: Commercial and Mortgage.

Monex, S. A. B. classifies the credits into the following stages of credit risk for the commercial portfolio from initial recognition, depending on a significant increase in credit risk shown, according to the following:

Stage 1	For loans no more than 30 days past due.
Stage 2	For loans more than 30 but less than 90 days past due, or that fail to meet any of the criteria described in stage 1 or 3.
Stage 3	For loans 90 or more days past due or when the credit is at stage 3 in accordance with the terms established in Accounting Criterion B-6 "Loan Portfolio" and this chapter.
	*To count the number of days past due, the institution may use monthly periods, regardless of the number of days in each schedule month, in accordance with the following, provided that it is so required by the provisions. 30 days: One schedule month 90 days: Three schedule months

I. The presumption of stage 2 impairment may be refuted in the following instances:

a. The amount of the past due loan is less than 5 percent of the total amount of all the loans that the borrower has from Monex, S. A. B. at the time of rating.
b. For obligations that are not recognized by the client and for which, on the date of the risk level rating, there is a claim or clarification procedure with Monex, S. A. B.
c. Monex, S. A. B. carries out a qualitative and quantitative evaluation that allows determining that the delinquency regarding the credit derives from operational issues, and that they do not represent a significant increase in the credit risk of the borrower, for which the credit should not be more than 60 days past due.
d. Monex, S. A. B. will consider at least the following elements in the qualitative and quantitative evaluation:

    i. Actual or expected significant changes in the external rating of the borrower or credit, granted by a Rating Institution recognized by the Commission, when said rating exists.
    ii. Existing or anticipated adverse changes in the borrower's business, economic or financial conditions that impact the ability to meet debt obligations.
    iii. An actual or expected significant change in the borrower's operating profit or loss.
    iv. Significant increases in the credit risk of other financial instruments of the same borrower.

(Continued)

v. Significant changes in financial support from a parent entity or other affiliate or an expected or actual significant change in the quality of credit enhancement that is expected to reduce the borrower's economic incentive to make scheduled contractual payments.

vi. Expected or actual significant adverse changes in the borrower's regulatory, economic, or technology environment that result in a significant change in the ability to meet debt obligations.

The Credit Committee is responsible for approving and verifying the results of the qualitative and quantitative evaluation that gives rise to the refutation of the presumption of stage 2 impairment of the credit, as well as informing the Commission of the use thereof in the set of credits to which the aforementioned refutation is applicable.

The procedures and policies to refute the presumption of impairment are formalized in the Monex, S. A. B. manuals, including those for carrying out the qualitative and quantitative evaluation mentioned in subparagraph c) above.

Additionally, Monex, S. A. B. determines if a credit should migrate from stage 1 to stage 2, or from stage 1 to stage 3, or from stage 2 to stage 3, depending on the qualification of each loan.

Furthermore, Monex, S. A. B. classifies the credits into the following stages of credit risk for the mortgage portfolio from initial recognition, depending on the significant increase in credit risk shown, in accordance with the following:

Stage 1	For credits that meet: • Loans with ATRi≤1$ATR_i \leq 1$ • Loans classified as ROA with ATRi≤3 and PRO$ATR_i \leq 3$ • Loans classified as ROA with ATRi>3 and ATRi≤6, provided that each of the payments made during said period represents at least 5% of the amortization paid.
Stage 2	For credits that meet: • Loans with ATRi>1 and ATRi≤3, including those classified as REA.$ATR_i > 1 ATR_i \leq 3$
Stage 3	• Loans with ATRi>3.$ATR_i > 3$. • Loans classified as ROA with ATRi>3 and ATRi≤6, if any of the payments made during said period does not represent at least 5% of the agreed amortization.$ATR_i > 3 ATR_i \leq 6,$ • Loans classified as ROA with ATRi>6.$ATR_i > 6$ • When the credit is in stage 3 in accordance with the terms established in Accounting Criterion B-6 "Loan Portfolio" of the accounting criteria.

2) Commercial and Mortgage Portfolio Rating.

On a quarterly basis, Monex, S. A. B. will classify, constitute and record in the books, the allowance for loan losses for each of the loans of the Commercial Loan portfolio, using for this purpose the balance of the debt corresponding to the last day of the months of March, June, September and December, adjusting to the methodology and information requirements established in this section mentioned in the next page.

I. For those loans classified in stage 1 and 3 in accordance with Article 110 Bis of these provisions, the rate used to determine the allowances to be established for each credit, will be the result of multiplying the Probability of Default by the Severity of the Loss and by the Exposure at Default:

Allowance for loan losses Stage 1 o 3i = $PIi \times SPi \times EIi$

II. For those loans classified in stage 2 in accordance with Article 110 Bis of these provisions:

a. The allowance for loan losses the entire life of loans with payment of principal and periodic interest and revolving loans according to the following formula:

$$\text{Allowance life time}_i = \frac{PI_i \times SP_i \times EI_i}{(1+r_i)} * \left[\frac{1-(1-PI_i)^n}{PI_i}\right] - \frac{PI_i \times SP_i \times PAGO_i}{r_i(1+r_i)} * \left[\frac{1-(1-PI_i)^n}{PI_i}\right] + \frac{PI_i \times SP_i \times \text{Payment}}{r_i(r_i+PI_i)} * \left[1-\left(\frac{1-PI_i}{1+r_i}\right)^n\right]$$

b. The allowance for loan losses for the entire life of loans with a single amortization at maturity of principal and interest or a single amortization of principal at maturity and periodic payment of interest according to the following formula:

$$\text{Allowance life time}_i = \frac{PI_i \times SP_i \times EI_i}{(r_i+PI_i)} * \left[1-\left(\frac{1-PI_i}{1+r_i}\right)^n\right]$$

The calculations required to obtain the allowance for the entire life of the loans must be carried out considering four decimal places.

The amount of allowance for loan losses in stage 2 will be the result of applying the following formula:

$Allowances\ Stage\ 2i = Max\ Entire\ Life\ Allowancesi,\ PIi \times SPi \times EIi$

A. Probability of default

The probability of default of each loan (PD) is calculated using the following formula:

$$PI_i = \frac{1}{1+e^{-(500-\textit{Total score loan})\times\frac{\ln(2)}{40}}}$$

For purposes of the above:

The total loan score of each borrower is obtained by applying the following expression:

$$Total\ score\ loan_i = \alpha \times (Qualitative\ Loan\ score) + (1-\alpha) \times (Qualitative\ Loan\ Score)$$

(Millions of Mexican pesos)

Where:

Quantitative Loan Scorei = It is the score obtained for the ith borrower when evaluating the established risk factors.

Qualitative Loan Scorei = It is the score obtained for the ith borrower when evaluating the established risk factors.

α = It is the relative weight of the Quantitative Credit Score.

B. Severity of Loss

The Severity of Loss (LGD) of commercial loans that lack coverage of real, personal or credit derivative guarantees will be as shown as follows:

Months after Stage 3 credit rating (loans over 90 days past due)	For the loans classified as states and municipalities; trusts; financial entities and legal entities and individuals with business activity with income greater than or equal to 14 million UDIs, the LGDi will be:	For the loans classified with income less than 14 million UDIs, the LGDi will be:	For Subordinate loans, as well as syndicated loans that for purposes of priority in payment are subordinated with respect to others creditors, the LGDi will be:
≤0	45%	55%	75%
(0.3)	45%	55%	75%
(3.6)	55%	62%	79%
(6.9)	62%	69%	83%
(9.12)	66%	72%	84%
(12.15)	72%	77%	87%
(15.18)	75%	79%	88%
(18.21)	78%	82%	90%
(21.24)	81%	84%	91%
(24.27)	88%	90%	94%
(27.30)	91%	93%	96%
(30.33)	94%	95%	97%
(33.36)	96%	97%	98%
>36	100%	100%	100%

Monex, S. A. B. may recognize real guarantees, personal guarantees and credit derivative financial instruments in the estimation of the Severity of Credit Loss, in order to reduce the credit allowances created by the portfolio rating. In any case, the guarantees may be chosen not to be recognized if this results in greater credit allowances. The Provisions established by the Commission are used for this purpose.

C. Exposure at default

The Exposure at Default of each credit (EAD) will be determined considering the following:

For balances withdrawn from uncommitted lines of credit that are unconditionally cancelable or, in practice, that allow automatic cancellation at any time and without prior notice from the Institutions provided that said Institutions demonstrate that they constantly monitor the financial position of the borrower and that the Internal Control Systems allow the cancellation of the line in the event of signs of impairment of the borrower's credit quality.

EAD i = Yes

3) Categorization of the loan portfolio by level of credit risk

Stage 1 credit risk loan portfolio

They are all those loans whose credit risk has not increased significantly from initial recognition as of the date of the consolidated financial statements and that do not fall under the assumptions to be considered stage 2 or 3.

Stage 2 credit risk loan portfolio

This includes those loans that have shown a significant increase in credit risk from initial recognition to the date of the consolidated financial statements in accordance with the provisions of the calculation models of the allowance for loan losses established or permitted in the Provisions, as well as the provisions of this criterion.

Stage 3 credit risk loan portfolio

They are those loans with credit impairment originated by the occurrence of one or more events that have a negative impact on the future cash flows of said loans in accordance with the provisions of this criterion.

Transfer to stage 3 credit risk loan portfolio

The unpaid balance in accordance with the payment conditions established in the credit agreement must be recognized as a *stage 3 credit risk* loan portfolio when:

1. The borrower is known to have declared bankruptcy, in accordance with the Bankruptcy Law.

   Notwithstanding the provisions of this numeral, the credits that continue to receive payment in terms of the provisions of section VIII of Article 43 of the Commercial Bankruptcy Law, as well as the credits granted under Article 75 in relation to the sections II and III of article 224 of the aforementioned Law, will be transferred to a stage 3 credit risk loan portfolio when they incur in the cases provided for in numeral 2.

(Continued)

(Millions of Mexican pesos)

2. Amortizations of non-revolving consumer loans, microcredits and housing loans, referred to in Appendix 16-A contained in the Provisions, were partially paid, provided that the debts correspond as shown below.

Loans	Schedule days overdue
One payment interest and principal	30 or more days principal and interest
One maturity payment and periodical payments of interest	90 or more days interest, or 30 or more days in principal
Parcial periodical payment of principal and interest	90 or more days in principal or interest

For purposes of the provisions of this section, the payment made in each billing period will be used to settle first the oldest overdue invoice and then the one after it, if any, and so on until the most recent invoice.

3. The amortizations of credits that are not considered in the previous numeral, whose amortizations have not been paid in full under the originally agreed terms, provided that the debts correspond to:

Loans	Schedule days overdue
One payment interest and principal	30 or more days principal and interest
One maturity payment and periodical payments of interest	90 or more days interest, or 30 or more days in principal
Parcial periodical payment of principal and interest	90 or more days in principal or interest

4. The immediate payment documents referred to in criterion B-1 "Cash and cash equivalents" will be reported as a stage 3 credit risk portfolio when no payment is received according to the term established in the aforementioned Criterion B-1.

5. The amortizations of loans that the entity has acquired from INFONAVIT or FOVISSSTE, according to the REA or ROA payment methods, as well as the payments to loans granted to individuals intended for remodeling or improving the home without commercial speculation purpose that are backed by savings from the borrower's housing sub-account, were not paid in full under the originally agreed terms and are 90 days or more past due.

The transfer to the stage 3 credit risk loan portfolio of the loans referred to in the previous paragraph will be subject to the exceptional term of 180 or more days of default from the date on which:

a) the credit resources are used for the purpose for which they were granted
b) the borrower starts a new employment relationship under which he has a new employer, or
c) the entity has received the partial payment of the corresponding amortization. The exception contained in this subparagraph will be applicable provided that they are credits under the ROA structure, and each of the payments made during said period represents at least 5% of the agreed amortization.

The exceptions contained in this paragraph shall not be mutually exclusive.

Those credits with respect to which the entities have some element to determine that they must migrate from stage 1 or 2 to stage 3, in accordance with the provisions of the corresponding section, must be recognized as a stage 3 credit risk loan portfolio.

Regarding the terms referred to in numerals 2, 3 and 5 of this section "Transfer to stage 3 credit risk loan portfolio", monthly periods may be used, regardless of the number of days each schedule month has, in accordance with the following:

One month	30 days
Three months	90 days

Likewise, only in the case of consumer credit in which the payment conditions established in the credit agreement stipulate payments with a periodicity of less than one schedule month, for purposes of the aforementioned terms, the entities must consider the following:

Contractual payments	Equivalence	
	30 days	90 days
Biweekly	2 Biweekly	More than 6 biweekly
Biweekly	2 Biweekly	More than 6 biweekly
Decennial	3 decennial	More than 9 decennials
Weekly	4 weeks	More than 13 weeks

Contractual payments	Equivalence	
	30 days	90 days
Biweekly	2 Biweekly	More than 6 biweekly
Biweekly	2 Biweekly	More than 6 biweekly
Decennial	3 decennial	More than 9 decennials
Weekly	4 weeks	More than 13 weeks

Furthermore, in the event that the established term expires on a non-business day, said term shall be understood to have expired on the immediately following business day.

(Continued)

In the case of loan portfolio acquisitions, to determine the days past due and the corresponding transfer to a stage 3 credit risk loan portfolio as indicated in the paragraphs of the *"Transfer to stage 3 credit risk loan portfolio"* section, the defaults by the borrower from origination must be taken into account.

Stage 3 or stage 2 credit risk loans will be returned to a stage credit risk 1 loan portfolio , in which the outstanding balances (principal and interest, among others) are paid in full or if restructured or renewed, comply with the sustained payment of the loan.

4) Renegotiations

Restructuring. - It is a renegotiation which leads to any modification to the original loan conditions, among which are:

- change in the interest rate established for the remaining term of the loan
- currency or unit of account exchange (for example, VSM, UMA or UDI)
- granting a waiting period regarding the fulfillment of the payment obligations according to the original terms of the loan
- loan term extension
- modification to the agreed payment method, or
- extension of guarantees that cover the loan in question.

Renewal. - It is a renegotiation in which the balance of a credit is partially or totally liquidated by the debtor, the joint and several obligors or another person who, due to patrimonial ties, constitutes common risks with the debtor, through the increase in the original amount of the loan, or either with the proceeds from another loan contracted with the same entity or with a third party that, due to patrimonial ties with the latter, constitute common risks.

Loan Portfolio Renegotiations

If the entity restructures a stage 1 and 2 credit risk loan, or partially liquidates it through a renewal, the profit or loss on the renegotiation must be determined as follows:

a) determine the carrying amount of the loan without considering the allowance for credit risks
b) determine the new future cash flows on the partially restructured or renewed amount, discounted at the original effective interest rate, and
c) recognize the difference between the carrying amount and the cash flows determined in subparagraph b) above as a deferred charge or loan against the profit or loss from loan portfolio renegotiation in the statement of comprehensive income.

The amount of the partially restructured or renewed loan will be the basis for applying the original effective interest rate, which should only be adjusted, if applicable, to include transaction costs, commissions and other items collected in advance generated in the renegotiation. Deferred items pending amortization, as well as those originating from the renegotiation, will be amortized during the new credit term based on the effective interest rate.

The carrying amount of the credit is considered to be the amount actually granted to the borrower, adjusted for accrued interest, other financed concepts, principal and interest collections, as well as for the reductions, remissions, rebates and discounts that have been granted, and if applicable transaction costs and items collected in advance.

If the entity renews a credit, it will be considered that there is a new loan, so the previous loan must be canceled in the case of a total renewal.

Renegotiations

Stage 2 or stage 3 credit risk loans with that are restructured or renewed may not be classified in a stage with lower credit risk as a result of said restructuring or renewal, as long as there is no evidence of sustained payment.

Loans with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity, that are restructured during the term or renewed at any time, must be transferred to the immediately following category with the highest credit risk, and remain at said stage until there is evidence of sustained payment, in accordance with the provisions of this criterion.

The lines of credits arranged, which are restructured or renewed at any time, must be transferred to the immediately following category with the highest credit risk, except when there are elements that justify the debtor's ability to pay and:

a) has paid all the interest due in full, and
b) has made all the payments to which it is obligated in terms of the contract on the date of the restructuring or renewal.

In the case of commercial loans, the elements that justify the ability to pay must be duly documented and integrated into the loan file.

When withdrawals made under a line of credit are restructured or renewed separately from the line of credit that covers them, they must be evaluated in accordance with this section taking into account the characteristics and conditions applicable to the restructured or renewed withdrawals.

If from the evaluation referred to in the previous paragraph, it is concluded that one or more of the withdrawals made from a line of credit should be transferred to the immediately following category with a greater credit risk, because of the restructure or renewal and such drawdowns, individually or as a whole, represent at least 25% of the total drawn balance of the line of credit on the date of the restructuring or renewal, the total drawn balance, as well as any subsequent withdrawals must be transferred to the next category with the highest credit risk.

The total balance drawn from the line of credit may be transferred to a classification with lower credit risk, when there is evidence of sustained payment of the drawdowns that originated said transfer, and all the obligations of the total line of credit have been met on the evaluation date.

Stage 1 and 2 credit risk lStage 1 and 2 credit risk loans, with characteristics other than those indicated in the preceding paragraphs that are restructured or renewed, without at least 80% of the original loan term having elapsed, may remain in the same category, only when.

a) the borrower would have covered all the interest accrued on the date of the renewal or restructuring, and
b) the borrower would have covered the principal of the original amount of the loan, which should have been covered on the date of the renewal or restructuring.

Stage 1 and 2 credit risk loans, with characteristics other than those indicated in the preceding paragraphs that are restructured or renewed during the course of the final 20% of the original loan term, must be transferred to the immediately following category with higher credit risk, unless the borrower has:

a) paid all the interest accrued on the date of the renewal or restructuring
b) covered the principal of the original amount of the loan, which at the date of the renewal or restructuring should have been covered, and
c) covered 60% of the original amount of the loan.

If the conditions described in paragraphs 2 above are not met, as appropriate, the credit must be transferred to the immediately following category with higher credit risk from the moment it is restructured or renewed and until there is evidence of sustained payment.

The requirement referred to in the 2 preceding paragraphs in the corresponding subparagraphs a) will be considered fulfilled when, having covered the interest accrued as of the last cut-off date, the period elapsed between said date and the restructuring or renewal does not exceed the lesser of half of the current payment period and 90 days.

Stage 1 and 2 credit risk loans, which are restructured or renewed on more than one occasion, must be transferred to a stage 3 credit risk portfolio except when, in addition to the conditions established in the 2 preceding paragraphs, as appropriate, the entity has elements that justify the debtor's ability to pay. In the case of commercial loans, such elements must be duly documented and integrated into the credit file.

When there is a balance pending amortization corresponding to the profit or loss due to the renegotiation effect and the loan must be transferred to a stage 3 credit risk loan portfolio in accordance with the previous paragraph, the entity must recognize said balance in profit or loss of the period.

In the event that various loans granted by the same entity to the same borrower are consolidated through a restructuring or renewal, each of the consolidated loans must be analyzed as if they were being restructured or renewed separately and, if such analysis concludes that one or more of such loans would have been transferred to a stage 2 or stage 3 credit risk portfolio as a result of such restructuring or renewal, then the total balance of the consolidated loan must be transferred to the category that would correspond to the loan subject to consolidation with the highest risk of credit.

Loans classified in stage 2 credit risk due to a restructuring or renewal must be periodically evaluated in order to determine if there is an increase in risk that causes them to be transferred to stage 3credit risk in terms of the "Transfer to stage 3 credit risk loan portfolio " Section.

Those restructurings that on the date of the operation are payment compliant for the total amount of principal and interest payable and only modify one or more of the following original credit conditions will not be subject to be transferred to a higher credit risk category:

- Guarantees: only when they imply the extension or replacement of guarantees by others of better quality.

- Interest rate: when the agreed interest rate is improved for the borrower.
- Currency or unit of account: as long as the rate corresponding to the new currency or unit of account is applied.
- Payment date: only in the event that the change does not imply exceeding or modifying the frequency of payments. In no case should the change in the payment date allow the omission of payment in any period.
- Extension of the credit line: only in the case of consumer loans granted through revolving credit lines.

Sustained Payment

Payment compliance of the borrower without delay for the total amount of principal and interest payable, in accordance with the provisions of the sustained payment section of the loan, contained in this criterion.

Sustained loan payment is fulfilled when the borrower covers the total amount of principal and interest payable without delay, with at least three consecutive amortizations of the credit payment structure in the case of amortizations no greater than 60 days, or the payment of two amortizations in the case of loans with periods between 61 and 90 schedule days, and in the case of loans with amortizations that cover periods longer than 90 schedule days, one amortization payment.

When the amortization periods agreed upon in the restructuring or renewal are not equal, the number of periods that represent the longest term must be considered, for purposes of compliance with sustained payment.

For restructurings in which the frequency of payment is modified to shorter periods, the number of amortizations of the original credit structure must be considered.

In the case of credits that the entity has acquired from INFONAVIT or FOVISSSTE, in which it is obliged to observe the terms that the reference organizations contracted with the borrower, it is considered that there is sustained payment of the credit, when the borrower has paid without delay, the total required amount of principal and interest, at least one amortization for loans under the Ordinary Amortization Rule (ROA) structure and three amortizations for loans under the Special Amortization Rule (REA) structure.

In the case of consolidated loans, if two or more loans had originated the transfer to the stage 2 or stage 3 credit risk portfolio, to determine the required amortizations, the original payment structure of the loan whose amortizations are equivalent to the longer term must be followed.

In any case, to prove that there is sustained payment, the entity must make available to the Commission evidence that justifies that the borrower has the capacity to pay under the new credit conditions at the time the restructuring or renewal is carried out.

The elements that must be taken into account for purposes of the preceding paragraph are at least the following: the probability of default intrinsic to the borrower, the guarantees granted to the restructured or renewed credit, the priority of payment before other creditors and the liquidity of the borrower before the new financial structure of the financing.

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, it is considered that there is a sustained payment of the loan when any of the following events occurs.

(Continued)

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 interest accrued in accordance with the payment structure for restructuring or renewal corresponding to a period of 90 days has been covered and at least said period has elapsed.

Loans that are restructured or renewed on more than one occasion, that have been agreed with a single payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, will prove sustained payment of the credit when:

a) the borrower covers at least 20% of the outstanding principal on the date of the new restructuring or renewal
b) the amount of interest accrued under the new payment structure for restructuring or renewal corresponding to a term of 90 days has been covered and at least said term has elapsed, and
c) the entity has elements that justify the debtor's ability to pay. In the case of commercial loans, such elements must be duly documented and integrated into the credit file.

Early payment of amortizations of restructured or renewed loans, other than those with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity, is not considered a sustained payment. Such is the case of amortizations of restructured or renewed loans that are paid when the schedule days equivalent to the required periods have not elapsed.

In any case, the credits that, due to a restructuring or renewal, are transferred to a category with greater credit risk, must remain in said stage for at least three months in order to prove sustained payment and consequently be transferred to the immediately preceding stage with lower credit risk, except in the case of restructured or renewed loans that have been granted for a term no greater than 6 months and that are not consecutively restructured or renewed for the same term. The foregoing will not be applicable to credits with payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity.

Loan portfolio business model

The business model refers to how the entity manages the loan portfolio to generate cash flows. That means, the entity's business model determines whether the cash flows will come from obtaining contractual cash flows from the sale of the loan portfolio or from both.

Monex, S. A. B.'s business model is to preserve the loan portfolio to collect the contractual cash flows, and the terms of the contracts provide for cash flows on pre-established dates.

Furthermore, the commissions recedived and transaction costs originating from the lines of credit will be recognized as a deferred credit or charge, which will be amortized against profit or loss of the year for the period corresponding to the term granted in the lines of credit.

(Continued)

(Millions of Mexican pesos)

a) Breakdown and analysis of the loan portfolio

The classification of the loan portfolio in the different stages of risk as of December 31, 2022 valued at amortized cost, analyzed by type of credit and monetary unit, is presented below:

		Pesos	Valued foreign currency	Total
Commercial loan portfolio				
Stage 1				
Commercial activity	$	14,359	9,428	23,787
Financial entities		1,105	1,440	2,545
Government entities		1,002	1,908	2,910
		16,466	12,776	29,242
Stage 2				
Commercial activity		91	204	295
Stage 3				
Commercial activity		211	179	390
Financial entities		6	40	46
		217	219	436
Total commercial loan portfolio				
Commercial activity		14,661	9,811	24,472
Financial entities		1,111	1,480	2,591
Government entities		1,002	1,908	2,910
	$	**16,774**	**13,199**	**29,973**
Mortgage loan portfolio				
Improvements	$	184	-	184

Regime	Stage	Total
REA	Stage 3	3
ROA	Stage 1	147
ROA	Stage 3	34
	Total ROA	181
	Total REA/ROA	**184**

(Continued)

(Millions of Mexican pesos)

Monex, S. A. B., grants loans guaranteed by the Ex-Im Bank from the USA in accordance with the following:

Definition Ex-Im Bank - Per English acronym "The Export-Import Bank of the United States", is the loan agency for exports from the United States. The mission is to support exports of US products and services to international markets with financing.

For long-term loans, it receives a 100% guarantee from Ex-Im Bank, which is documented by a framework contract.

For short-term loans, with revolving lines of credit which are guaranteed with credit insurance policies issued by Ex-Im Bank in favor of Monex, S. A. B., the coverage of the policies is between 90% and 98% of the loan amount.

In the event of default for a loan guaranteed or insured by Ex-Im Bank, Monex, S. A. B. will claim compensation and will subrogate the corresponding rights to such bank so that it continues with collection efforts.

In order to mitigate the risk of the loan portfolio, the corresponding credit committee may choose to request the borrower to grant guarantees in accordance with the provisions of the procedures policy manuals.

Among the guarantees admissible by Monex, S. A. B., are those granted by government entities and that correspond to incentives or programs to promote different sectors or economic actors.

The balance associated with the FIRA Program amounts to $10.

As of December 31, 2022, the amount of loans to related parties amounted to $1,259 respectively. The detail of such amounts is disclosed in the related parties note.

Undrawn lines of credit

Undrawn revocable lines of credit as of December 31, 2022, amounted to $14,996 respectively.

Additional information on mortgage loans

As of December 31, 2022, the number of loans acquired from INFONAVIT that are subject to an exceptional term of 180 days or more to be considered as stage 3 credit risk, is $2. The amount of the loans that were not transferred to stage 3, as well as the reason for not having done so, is analyzed below:

Reason		**INFONAVIT**
Monex, S. A. B. received the partial payment of the amortization	$	2

The total amount of mortgage loans backed by the borrowers' mortgage sub-account and the representation over the entire mortgage loan portfolio are presented below:

Risk level			
Stage 1	$	147	80%
Stage 3		37	20%
	$	**184**	**100%**

(Millions of Mexican pesos)

Loan portfolio concentration

The breakdown of the loan portfolio by economic activity and the concentration rate as of December 31, 2022, is presented below:

Economic activity		Amount	Concentration
Commercial loans			
Real estate	$	4,942	16.88%
Services		3,034	9.53%
Financial		2,386	8.15%
Government		2,648	9.05%
Trade		2,857	8.93%
Manufacture		2,107	6.68%
Automotive		1,694	5.79%
Others		1,788	5.32%
Hotels / Restaurants (Tourism)		1,464	5.00%
Energy		1,210	4.13%
Transport and Telecommunications		1,155	3.95%
Food		1,098	3.68%
Specialized construction		923	3.15%
Housing construction		752	2.57%
Pharmaceutical		420	1.44%
Agricultural		359	1.23%
Individuals		283	0.97%
Chemical industry		261	0.89%
Manufacturing - manufacturing items for construction		199	0.68%
Manufacturing - manufacturing plastic items		166	0.57%
Mining and Metals		160	0.55%
Manufacturing - manufacturing electrical and electronic items		38	0.13%
PEMEX Suppliers		29	0.10%
		29,973	99.37%
Mortgage loans			
Improvement		184	0.63%
	$	**30,157**	**100%**

(Millions of Mexican pesos)

The breakdown of the state portfolio as of December 31, 2022, is presented below:

Federal entity		
Aguascalientes	$	325
Baja California Norte		783
Baja California Sur		81
Campeche		52
Chiapas		167
Chihuahua		219
Ciudad de México		14,993
Coahuila		392
Colima		1
Durango		29
Estado de México		1,090
Guanajuato		1,048
Guerrero		3
Hidalgo		341
Jalisco		1,637
Michoacán		152
Morelos		23
Nayarit		2
Nuevo León		4,811
Oaxaca		5
Puebla		887
Querétaro		426
Quintana Roo		301
San Luis Potosi		176
Sinaloa		583
Sonora		636
Tabasco		67
Tamaulipas		193
Tlaxcala		21
Veracruz		148
Yucatan		77
Zacatecas		26
Foreign		462
	$	**30,157**

Portfolio subject to support programs

The balance as of December 31, 2022 of the portfolio subject to support programs is presented below:

Program		
Monex Support Program	$	595

(Millions of Mexican pesos)

Income, costs and expenses on loan portfolio

Income from interest and commissions recorded in the financial margin for the year ended December 31, 2022, segmented by type of credit, includes the following.

		Interest	Commissions	Total
Commercial loan portfolio				
Commercial activity	$	1,774	109	1,883
Financial entities		157	4	161
Government entities		153	3	156
		2,084	116	2,200
Mortgage loans portfolio				
Improvements		75	-	75
	$	**2,159**	**116**	**2,275**

The balance as of December 31, 2022 of the loan-processing commissions, as well as the costs and expenses associated with granting the loan, and the weighted average repayment term, are analyzed below:

		Commissions	Costs and expenses	Term
Commercial loans				
Commercial activity	$	59	31	3 years
Financial entities		3	-	1 year
	$	**62**	**31**	

Transaction costs and expenses include those incurred in favor of commission agents for the placement of said loans, as well as the payroll of the personnel involved in the loan process, as well as those related to credit evaluation systems. The costs and expenses for the granting loans accrued in the year ended December 31, 2022 amounted to $31.

Loan portfolio recoveries previously written off or eliminated, recognized in profit or loss, amounted to $2.

(Millions of Mexican pesos)

Breakdown and analysis of the stage 3 credit risk portfolio

The stage 3 credit risk portfolio as of December 31, 2022 is shown as follows:

		1 to 180 days	181 to 365 days	366 days to 2 years	More than 2 years	Total
December 31, 2022						
Commercial activity	$	118	167	15	90	390
Financial entities		40	6	-	-	46
		158	173	15	90	436
Mortgage loans portfolio						
Improvement		29	3	3	2	37
	$	**187**	**176**	**18**	**92**	**473**

Below is an analysis of the movements of the stage 3 risk portfolio for the year ended December 31, 2022:

Balance at the beginning of the year	$	300
Restructuring		99
Renewals		2
Dations		(1)
Write offs		(109)
Transfers from the stage 1 risk portfolio		41
Transfers to the stage 1 risk portfolio		(1)
Transfers from stage 2 risk portfolio		298
Transfers to the stage 2 risk portfolio		(1)
Settlements and/or payments		(149)
Exchange differential		(6)
Balance at the end of the year	$	**473**

Restructures and renewals

The restructured and renewed loans as of December 31, 2022 include the following.

(Millions of Mexican pesos)

December 31, 2022

Balance at the end of 2022 of restructured loans from previous years	$	1,692
Balance at the end of 2022 of loans renewed from previous years		1,761
Total balance of restructured and renewed loans from previous years		3,453
Closing balance of loans restructured in the year:		1,027
Balance of loans renewed in the year:		1,788
Total balance of restructured and renewed loans for the year 2022		2,815
Total cumulative restructured and renewed loans	$	**6,268**

Risk diversification

As of December 31, 2022, Monex, S. A. B. maintains the following credit risk operations, in compliance with the general rules for risk diversification in carrying out asset and liability operations of the Provisions, as follows:

– Monex, S. A. B. has granted 2 loans to debtors or groups of people with common risk, amounting to $1,194 and representing 12% of the basic capital of the previous quarter.
– The sum of the amounts of the loans granted to the three largest debtors amounts to $2,351 and represents 24% of the basic capital of the previous quarter of Monex, S. A. B.

In accordance with the Provisions, the limits regarding the diversification of the credit operations of an Institution are determined according to the compliance by said Institution with the capitalization requirements, considering the exceptions established therein. These are shown on the next page.

When granting financing to the same person or group of people with Common Risk, they must be subject to the highest Financing limit that results of applying what is shown below:

Capitalization level	Highest Financing limit calculated on the basic capital of Monex S. A. B.
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 the 3 largest debtors may not exceed 100% of the basic capital of Monex, S. A. B.

– The financing granted exclusively to multiple banking institutions will not be subject to the highest Financing limits, but in any case, they will be subject to the highest limit of 100% of the basic lending capital of Monex, S. A. B.. In the case of foreign Institutions in whose capital foreign financial entities have a share, the aforementioned limit will be applicable, as a whole, to the controlling entity and the Subsidiary Institutions.

(Continued)

(Millions of Mexican pesos)

– The financing granted to entities and organizations that are members of the Federal Public Administration, including public trusts, as well as State productive companies, must be subject to the highest limit of 100% of the basic lending capital of Monex, S. A. B..

These credit limits must be measured quarterly, when calculating the applicable limit, the figure that corresponds to the amount of the basic capital and capitalization indices of the last quarter immediately prior to the date on which said calculation is made that the Commission has announced for each Institution in the worldwide web called Internet on the site "http://www.cnbv.gob.mx" will be used.

The Commission has the discretion to reduce the aforementioned limits when, in its opinion, there is inadequate Comprehensive Risk Management or the Internal Control System shows deficiencies.

The additional guarantees received for the renewal and restructuring of loans in fiscal year 2022 processed in the Credit recovery area amounted to $23, which consist of real estate, machinery and guarantee trusts. The concessions granted by Monex, S. A. B. consisted mainly of the establishment of a grace period at the beginning of the loan, as well as the extension of the borrower's term.

From restructuring overdue loans, Monex, S. A. B. recognized the capitalization of interest in the amount of $64 in year 2022, and an allowance for 100% was created until the borrowers showed sustained payment.

Allowance for loan losses

As explained in note 3n, Monex, S. A. B. establishes allowance for loan losses to cover the risks associated with the recovery of the loan portfolio and other credit commitments, such as the amounts for opening irrevocable credits and letters of credit that are recorded in memorandum accounts.

The allowance for loan losses for credit risks as of December 31, 2022, which includes the origin of determination, is presented below:

From the commercial loan portfolio rating	$	666
Stage 1		376
Stage 2		30
Stage 3		260
For risk coverage on mortgage loan portfolio:		
Stage 3		9
Additional allowances		500
	$	**1,175**

(Millions of Mexican pesos)

As a result of applying the rating methodologies, the probability of default (PI, per Spanish acronym) and severity of loss (SP, per Spanish acronym), obtained as a weighted average (unaudited), and the exposure to default (EI, per Spanish acronym) of each category as of December 31, 2022, are as shown below:

Category	PI	SP		EI
Commercial loan portfolio	7%	57%	$	29,973
Mortgage loan portfolio	22%	13%		184

The parameters are weighted on the portfolio of each one of the portfolios. Exposure to default shown for credit risk includes credit commitments.

The breakdown of the evaluated portfolio and the allowance loan losses for credit risks derived from the rating, classified by degree of risk as of December 31, 2022, is presented below:

December 31, 2022

		Commercial loans		Financial entities		Government entities		Mortgages		Total	
Risk level		Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
A-1	$	16,528	90	1,537	6	2,910	15	147	-	21,122	111
A-2		5,644	64	234	2	-	-	-	-	5,878	66
B-1		684	11	-	-	-	-	-	-	684	11
B-2		512	12	-	-	-	-	-	-	512	12
B-3		260	8	773	36	-	-	-	-	1,033	44
C-1		85	6	-	-	-	-	31	3	116	9
C-2		22	3	-	-	-	-	-	-	22	3
D		354	112	40	18	-	-	-	-	394	130
E		383	279	7	4	-	-	6	6	396	289
Additional allowance		-	-	-	-	-	-	-	-	-	500
	$	**24,472**	**585**	**2,591**	**66**	**2,910**	**15**	**184**	**9**	**30,157**	**1,175**

The portfolio excepted from rating amounted to $1,699 as of December 31, 2022, which corresponds to letters of credit.
During 2022, Monex, S. A. B. generated a charge to profit or loss of $289 for loan allowances. Loan allowances are calculated in accordance with the methodologies approved by the Commission, described in note 10.

Additional allowances

Additionally, at the end of December 2020 additional generic allowances for $500 were established with a folio assigned by the Commission, 2020/59810, to cover the risks of the loan portfolio, and they have remained unchanged until December 31, 2022.

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

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For the year ended December 31, 2022

(Millions of Mexican pesos)

Movements of the allowance for loan losses

An analysis of the movements of the allowance for loan losses of the year ended December 31, 2022 is presented below:

December 31, 2022

		Commercial activities	Financial entities	Government entities	Mortgages	Total
Stage 1						
Balance at the beginning of the year	$	271	42	11	3	327
Creation of allowances		36	2	4	(3)	39
		307	44	15	-	366
Stage 2						
Balance at the beginning of the year		55	-	-	-	55
Creation of allowances		29	-	-	-	29
Write-offs		(44)	-	-	-	(44)
		40	-	-	-	40
Stage 3						
Balance at the beginning of the year		117	-	-	5	122
Creation of allowances		224	22	-	4	250
Write-offs		(103)	-	-	-	(103)
		238	22	-	9	269
	$	**585**	**66**	**15**	**9**	**675**

The amount of cancellations made by Monex, S. A. B. for the year ended December 31, 2022 amounted to $125, which are associated with (loans that management considers non-recoverable and whose benefit exceeds the cost of recovery efforts).

The total amount of penalties for the year 2022 amounted to $120. In said year, no loans to related parties were written off.

(11) Other accounts receivable, net-

Other accounts receivable include the following:

Collateral given from derivative financial instruments	$	727
Debtors for settlement of exchange operations		12,313
Receivables from settlement of derivative market operations		20
Debtors for settlement of money market operations		2,709
Debtors by operation		1,701
Other debtors		168
Personal loans and other debts		42
Allowance for doubtful accounts		(200)
	$	**17,480**

(Millions of Mexican pesos)

Debtors for settlement of operations

Foreign currency	$	12,313
Investments in securities		2,709
Derivatives		20
	$	**15,042**

Debtors for collateral granted in cash

Credit operations	$	29

Allowance for doubtful accounts

Balance at the beginning of the year	$	(282)
Trust fees		1
Overdue debts from customers		81
Balance at the final of the year	$	**(200)**

(12) Other accounts payable-

As of December 31, 2022, other accounts payable include the following:

Suppliers	$	87
Creditors for operations		2,114
Contingent liability		131
Overdraft of availabilities		3,237
Creditors for collateral received in cash		4,724
Creditors for settlement of exchange operations		9,118
Creditors for settlement of money market transactions		630
Contributions payable		350
Creditors for settlement of derivative market transactions		16
Others		426
	$	**20,833**

(Millions of Mexican pesos)

(13) Foreclosed assets, net-

The balance of foreclosed assets as of December 31, 2022, is as follows:

Foreclosed		Value	Allowance for loss of value	Net
Real estate	$	163	13	150
Equipment		1	-	1
	$	**164**	**13**	**151**

(14) Furniture and equipment net-

The analysis and breakdown of furniture and equipment are shown below:

		Others/ Fixed assets of financial lessor under lease	Transport equipment	Furniture and office equipment	Computer equipment	Total
Acquisition cost						
December 31, 2021	$	11	4	154	172	341
Additions		-	-	16	20	36
Disposals		-	-	(4)	(14)	(18)
December 31, 2022	$	11	4	166	178	359
Depreciation						
December 31, 2021		(11)	(4)	(112)	(146)	(273)
Depreciation		-	-	(11)	(4)	(15)
Disposals		-	-	1	-	1
December 31, 2022	$	(11)	(4)	(122)	(150)	(287)
Carrying amount						
As of December 31, 2021	$	-	-	42	26	68
As of December 31, 2022	$	-	-	44	28	72

For the year 2022, Monex, S. A. B. presented additions for $36, as well as write-offs for $(18).

(15) Assets for rights of use of furniture and equipment, net

Monex, S. A. B. on a consolidated basis discloses the office and warehouse leases of subsidiaries. Leases generally run for a term of 10 years, with an option to renew the lease after that date. Lease payments increase each year to reflect the rental market.

Information on Monex, S. A. B. leases is presented below.

(Continued)

(Millions of Mexican pesos)

Assets under leases (right-of-use assets)

Right-of-use assets related to leased properties that meet the definition of investment property include the following:

		Buildings
Balance as of January 1, 2022	$	629
Depreciation of the year		(95)
Exchange rate fluctuations		(17)
Balance as of December 31, 2022	**$**	**517**

Amounts recognized in profit or loss:

Interest on lease liabilities	$	(29)

Total lease cash outflows during 2022 were $128.

The balance of the liability for property leases at present value as of December 31, 2022 is $541.

(16) Assets for rights of use of intangible assets, net-

Right-of-use assets related to intangible assets include the following:

		Hardware
Balance as of December 31, 2021	$	453
Depreciation of the year		(103)
Exchange rate fluctuations		5
Balance as of December 31, 2022	**$**	**355**

Amounts recognized in profit or loss:

Interest on lease liabilities	$	(22)

Total intangible asset lease cash outflows during 2022 were $136.

The balance of the liability for leases of intangible assets at present value as of December 31, 2022 is $364.

(Millions of Mexican pesos)

(17) Advance payments and other assets, net-

Deferred ESPS	$	175
Advance payments		243
Investment projects		659
Accumulated amortization		(500)
		577
Operating deposits		145
Others		15
Prepayments and other assets, net	$	**737**

(18) Intangible assets, net-

Modifications and improvements	$	405
Software, perpetual licensing, licenses		685
Other deferred charges		38
Other intangible assets		825
Amortization		(538)
Intangible Assets, net	$	**1,415**

(19) Goodwill-

As of December 31, 2022, goodwill includes the following:

Monex USA (formerly Tempus)	$	407
Monex Europe, LTD.		326
Arrendadora Monex		33
Exchange rate fluctuations		376
	$	**1,142**

(Millions of Mexican pesos)

(20) Deposit funding-

The following table presents the analysis and breakdown of the deposit funding:

		Domestic currency	Foreign currency	Total
Demand deposits				
With interests	$	10,870	23,358	34,228
No interest		420	1,435	1,855
		11,290	24,793	36,083
Time deposits				
General public				
Certificates of deposit (CEDES, per Spanish acronym)		5,681	4,847	10,528
Money market				
CEDES				
Maturity date		681	2,025	2,706
Coupons		828	-	828
		1,509	2,025	3,534
		7,190	6,872	14,062
Debt securities issued				
Bank bonds		224	1,150	1,374
Global deposit funding account without movement		-	3	3
	$	**18,704**	**32,818**	**51,522**

The effective weighted average deposit rates as of December 31, 2022 are presented below:

	Domestic currency	Foreign currency
Demand deposits		
With interests	0.04%	0.05%
Time deposits		
General public		
CEDES	4.58%	1.43%
Money market		
CEDES		
Maturity date	13.03%	3.36%
Coupons	13.01%	-
Debt securities issued		
Bank bonds	13.90%	9.51%

The weighted average terms of term deposits are presented below:

	Domestic currency	Foreign currency
Term deposits		
General public		
CEDES	23 days	17 days
Money market		
CEDES		
Maturity date	13 days	22 days
Coupons	84 days	-

Debt securities issued

The following page presents the detail of the debt securities issued by Monex, S. A. B. as of December 31, 2022.

Monex, S. A. B. de CV and Subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Issuance index	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment		Principal balance	Interest balance	Interest expense for the year
JBMONEXC23731	73,000	99.83	MXN	Nov 22, 22	Jan 23, 23	62	14%	0 days	0 days	$	7	-	-
JBMONEXC23743	183,000	99.83	MXN	Nov 29, 22	Jan 30, 23	62	14%	0 days	0 days	$	18	-	-
JBMONEXC23754	500,000	99.89	MXN	Dec 6, 22	Jan 10, 23	35	16%	0 days	0 days	$	50	1	1
JBMONEXC23761	919,130	99.87	MXN	Dec 7, 22	Jan 23, 23	47	14%	0 days	0 days	$	92	1	1
JBMONEXC23771	50,000	99.82	MXN	Dec 13, 22	Jan 4, 23	22	13%	0 days	0 days	$	5	-	-
JBMONEXC23781	75,000	99.83	MXN	Dec 15, 22	Feb 15, 23	62	14%	0 days	0 days	$	7	-	-
JBMONEXC23782	121,800	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days	$	12	-	-
JBMONEXC23784	100,000	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days	$	10	-	-
JBMONEXC23789	80,000	99.88	MXN	Dec 16, 22	Jan 6, 23	21	13%	0 days	0 days	$	8	-	-
JBMONEXC23791	120,000	99.60	MXN	Dec 16, 22	Jan 13, 23	28	13%	0 days	0 days	$	12	-	-
JBMONEXC8941D	26,372	99.75	USD	Nov 16, 22	Feb 15, 23	91	10.6%	0 days	0 days	$	51	1	1
JBMONEXC8972D	7,970	99.79	USD	Nov 23, 22	Jan 24, 23	62	5.0%	0 days	0 days	$	16	-	-
JBMONEXC8970D	27,080	99.94	USD	Nov 25, 22	Jan 6, 23	42	6.6%	0 days	0 days	$	53	-	-
JBMONEXC8984D	20,412	99.75	USD	Nov 25, 22	Feb 23, 23	90	10.6%	0 days	0 days	$	40	-	-
JBMONEXC8976D	25,640	99.92	USD	Nov 28, 22	Jan 9, 23	42	6.8%	0 days	0 days	$	50	-	-
JBMONEXC8977D	25,560	99.92	USD	Nov 28, 22	Jan 9, 23	42	5.8%	0 days	0 days	$	50	-	-
JBMONEXC8979D	29,090	99.92	USD	Nov 29, 22	Jan 10, 23	42	7.8%	0 days	0 days	$	57	-	-
JBMONEXC8994D	25,590	99.95	USD	Nov 29, 22	Jan 10, 23	42	5.8%	0 days	0 days	$	50	-	-
JBMONEXC9013D	25,970	99.99	USD	Dec 1, 22	Jan 12, 23	42	6.0%	0 days	0 days	$	51	-	-
JBMONEXC9015D	29,360	99.93	USD	Dec 2, 22	Jan 13, 23	42	8.2%	0 days	0 days	$	57	-	-
JBMONEXC9036D	4,000	99.92	USD	Dec 6, 22	Jan 10, 23	35	8.4%	0 days	0 days	$	8	-	-
JBMONEXC9039D	4,220	99.96	USD	Dec 6, 22	Jan 4, 23	29	9.0%	0 days	0 days	$	8	-	-
Subtotal to the next page										$	712	3	3

(Continued)

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

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(Millions of Mexican pesos)

Issuance index	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
Subtotal from the previous page										$ 712	3	3
JBMONEXC9045D	6,630	99.84	USD	Dec 6, 22	Jan 3, 23	28	8.0%	0 days	0 days	$ 13	-	-
JBMONEXC9049D	23,083	99.75	USD	Dec 6, 22	Mar 6, 23	90	11.5%	0 days	0 days	$ 45	-	-
JBMONEXC9061D	5,000	99.87	USD	Dec 7, 22	Jan 5, 23	29	10.2%	0 days	0 days	$ 10	-	-
JBMONEXC9077D	29,202	99.92	USD	Dec 7, 22	Jan 5, 23	29	15.8%	0 days	0 days	$ 57	1	1
JBMONEXC9081D	25,940	99.90	USD	Dec 9, 22	Jan 13, 23	35	9.0%	0 days	0 days	$ 51	-	-
JBMONEXC9092D	5,347	99.92	USD	Dec 9, 22	Jan 6, 23	28	17.2%	0 days	0 days	$ 10	-	-
JBMONEXC9098D	50,550	99.93	USD	Dec 13, 22	Jan 24, 23	42	11.3%	0 days	0 days	$ 99	1	1
JBMONEXC9099D	15,220	99.88	USD	Dec 13, 22	Jan 4, 23	22	9.0%	0 days	0 days	$ 30	-	-
JBMONEXC9105D	5,000	99.53	USD	Dec 14, 22	Jan 4, 23	21	8.7%	0 days	0 days	$ 10	-	-
JBMONEXC9106D	4,420	99.83	USD	Dec 14, 22	Jan 18, 23	35	10.0%	0 days	0 days	$ 9	-	-
JBMONEXC9103D	22,930	99.91	USD	Dec 15, 22	Jan 26, 23	42	11.7%	0 days	0 days	$ 45	-	-
JBMONEXC9116D	5,000	99.70	USD	Dec 15, 22	Jan 5, 23	21	6.5%	0 days	0 days	$ 10	-	-
JBMONEXC9111D	6,790	99.79	USD	Dec 15, 22	Jan 12, 23	28	8.0%	0 days	0 days	$ 13	-	-
JBMONEXC9115D	7,100	99.69	USD	Dec 15, 22	Jan 5, 23	21	12.5%	0 days	0 days	$ 14	-	-
JBMONEXC9112D	25,560	99.93	USD	Dec 16, 22	Jan 27, 23	42	6.1%	0 days	0 days	$ 50	-	-
JBMONEXC9114D	25,710	99.94	USD	Dec 16, 22	Jan 27, 23	42	7.0%	0 days	0 days	$ 50	-	-
JBMONEXC9120D	8,030	99.77	USD	Dec 16, 22	Jan 13, 23	28	6.0%	0 days	0 days	$ 16	-	-
JBMONEXC9121D	5,180	99.69	USD	Dec 16, 22	Jan 13, 23	28	8.4%	0 days	0 days	$ 10	-	-
JBMONEXC9123D	20,300	99.81	USD	Dec 16, 22	Jan 5, 23	20	10.0%	0 days	0 days	$ 40	-	-
JBMONEXC9124D	12,840	99.85	USD	Dec 16, 22	Jan 6, 23	21	14.0%	0 days	0 days	$ 25	-	-
JBMONEXC9126D	4,070	99.82	USD	Dec 16, 22	Jan 6, 23	21	14.0%	0 days	0 days	$ 8	-	-
JBMONEXC9130D	5,530	99.88	USD	Dec 16, 22	Jan 6, 23	21	13.0%	0 days	0 days	$ 11	-	-
JBMONEXC9131D	10,760	99.83	USD	Dec 16, 22	Jan 5, 23	20	12.8%	0 days	0 days	$ 21	-	-
JBMONEXC9134D	5,020	99.86	USD	Dec 16, 22	Jan 5, 23	20	11.1%	0 days	0 days	$ 10	-	-
										$ 1,369	**5**	**5**

(Continued)

(Millions of Mexican pesos)

The financial instruments payable associated with the credit titles issued with stock indexes JBMONEX C22 1 framework act, were traded in the stock market under the trading program registered with the Commission, for a total amount of up to $60,000 of which to date $11,491 have been traded. The remainder that Monex, S. A. B. could issue under said program amounts to $48,509. Said titles have the following guarantees:

Product	Warranty Type		Guaranteed amount [1]
j mxp bonds	Unsecured	$	222
j usd bonds	Unsecured		59
CEDES mxp	Unsecured		1,503
CEDES usd	Unsecured		104

[1] See note 7

(21) Stock certificates

Stock index	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year	Issue ratio
MONEX 21	15,000,000	1,500	MXN	04-Jun-21	30-May-25	1,456	TIIE28 + 150 bp	To the expiration	28 days	$1,500	$7	$136	39.49%

(Millions of Mexican pesos)

Financial restrictions

Derived from deposit operations, Monex, S. A. B. has financial restrictions regarding the following:

The capitalization index may not be less than 10.5%
Liquidity level requires a minimum of 100% (according to the CCL)
Leverage may not exceed the limit of 3%

(22) Bank and other borrowings-

Bank loans received include the following:

		Pesos	Foreign currency	Total
Short term				
Central Bank	$	3,862	-	3,862
Commercial banking institutions		106	-	106
Government banking institutions		510	193	703
		4,478	193	4,671
Long term				
Commercial banking institutions		36	-	36
			-	
Total				
Central Bank		3,862	-	3,862
Commercial banking institutions		142	-	142
Government banking institutions		510	193	703
	$	**4,514**	**193**	**4,707**

			Pesos	Valued foreign currency	Total
	Short term				
(1)	Central Bank	$	3,862	-	3,862
	Commercial banking institutions:				
	INVEX, S. A.		5	-	5
	BANCOPEL, S. A.		13	-	13
	MULTIVA BANK, S. A.		10	-	10
	BANCO VE POR MÁS, S. A.		27	-	27
	BBVA BANCOMER, S. A.		51	-	51
	Government banking institutions				
(2)	NAFIN		510	193	703
		$	**4,478**	**193**	**4,671**

(Continued)

(Millions of Mexican pesos)

		Pesos	Valued foreign currency	Total
Long term				
Commercial banking institutions:				
INVEX, S. A.	$	2	-	2
BANCOPEL, S. A.		2	-	2
MULTIVA BANK, S. A.		21	-	21
BANCO VE POR MÁS, S. A.		11	-	11
	$	**36**	**-**	**36**

(1) Credit agreement with the Central Bank signed on September 10, 2009 at a rate of TIIE 10.7605 as of December 31, 2022.

(2) Credit agreement with NAFIN signed on September 14, 2009 at a rate as of December 31, 2022 in productive chains of 11.48% in pesos and 5.74% in dollars.

Interest expense on interbank loans and loans from other entities, during the year ended December 31, 2022, was $351.

(23) Income taxes and Employee's Statutory Profit Sharing (ESPS))-

The current Income Tax Law establishes an IT rate of 30% for 2022 and subsequent years.

a) Income taxes

The income tax expense (benefit) includes the following:

In profit or loss of the period:		
On tax basis	$	1,008
Deferred Income Tax		(16)
	$	**992**

The tax expense (benefit) attributable to profit (loss) from continuing operations before income taxes and OCI, was different from that which would result of applying a 30% IT rate to profit (loss) before taxes to profit from discontinued operations and OCI as a result of the items mentioned on the next page.

(Continued)

(Millions of Mexican pesos)

Profit or loss before income taxes	$	3,901
Expense (benefit) expected		1,170
Increase (decrease) resulting from:	$	
Fiscal effect of inflation, net		(216)
Non-deductible expenses		7
Others, net		31
Income tax expense (benefit)	$	**992**

Deferred income tax

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2022, are listed below:

		Deferred income tax
Deferred income tax assets		
Valuation of investments in financial instruments	$	37
Valuation of derivative financial instruments payable		(137)
Allowance for irrecoverability or doubtful payment on collection rights		41
Allowance for irrecoverability or doubtful payment on other accounts receivable		220
EPSP payable		62
Deferred EPSP liability		(14)
Accruals for employee benefits		96
Accruals		552
Other deferred credits and advance payments received		56
Tax losses carryforward		135
		1,048
Valuation allowance		(4)
		1,044
Deferred income tax liabilities		
Valuation of investments in financial instruments		(1)
Valuation of investment in derivative financial instruments		(5)
Other deferred charges and prepayments		(33)
		(39)
Deferred income tax asset, net	$	**1,005**

(Continued)

(Millions of Mexican pesos)

As of December 31, 2022, carryforward tax losses expire as shown below:

Year		Updated amount as of December 31, 2022
2023	$	3
2024		1
2025		3
2026		53
2027		61
2028		112
2029		161
2030		99
2031		17
	$	**510**

b) EPSP

The EPSP expense (benefit) includes the following:

In profit or loss of the period:		
Current EPSP	$	(209)
Deferred EPSP		175
	$	**(34)**

Deferred ESPS

The temporary differences that give rise significant portions of deferred EPSP assets and liabilities as of December 31, 2022, are listed below:

		Deferred EPSP
Deferred EPSP assets		
Valuation of investments in financial instruments	$	(75)
Valuation of derivative financial instruments payable		(48)
Allowance for irrecoverability or doubtful payment on collection rights		14
Allowance for irrecoverability or doubtful payment on other accounts receivable		73
Accruals for employee benefits		32
Accruals		184
Other deferred credits and advance payments received		8
		188
Valuation allowance		(1)
		187
Deferred EPSP liabilities		
Other deferred charges and prepayments		(12)
Deferred EPSP asset, net	$	**175**

(Continued)

(Millions of Mexican pesos)

(24) Employee benefits-

a) Post-employment benefits

Monex, S. A. B. has a defined benefit plan for seniority premiums, legal compensation for unjustified dismissals, and a pension plan, which covers the full-time staff and, in general, all of the staff. Benefits are based on years of service and the amount of employee compensation at the end of the employment relationship and date of termination. Monex, S. A. B.'s policy to fund the pension plan is to contribute the highest deductible amount for income tax according to the projected unit credit method.

Cash flows-

Contributions and benefits paid from the funds were $11.

The components of the cost of defined benefits for the year ended December 31, 2022 are shown below:

		Seniority premium 2022	Legal compensation 2022	Pension plan 2022
Current Service Cost	$	6	18	41
Net interest on DBNL		2	10	28
Prior Service Labor Cost provided in the year		-	2	-
Remeasurements of DBNL in OCI* DBNL remeasurements recognized in profit or loss of the period		2	20	(1)
Net cost for the period		10	50	68
Beginning balance of DBNL* in OCI remeasurements		17	117	(35)
Remeasurements generated		19	162	(189)
Reclassification of Remeasurements		(2)	(19)	1
Ending balance of DBNL* remeasurements in OCI		34	260	(223)
Ending balance of DBNL* remeasurements in OCI		17	143	(188)
Defined benefit cost	$	27	193	(120)
Beginning balance of DBNL*	$	31	138	320
Defined Benefit Cost (income)		27	193	(120)
Payments charged to DBNL*		(2)	(42)	-
Ending balance of DBNL*	$	**56**	**289**	**200**

* Defined Benefits Net Liability (DBNL)

(Continued)

(Millions of Mexican pesos)

The financing position of the Defined Benefit Obligation as of December 31, 2022 is listed below:

		Seniority premium	Legal compensation	Pension plan
		2022	**2022**	**2022**
Defined benefit obligations (DBO)	$	65	289	325
Plan assets		(9)	-	(125)
Financial Position of the Obligation	$	**56**	**289**	**200**

Discount rate	10.30%
Expected return on plan assets	10.30%
Rate of compensation increase	10.50%
Average remaining employee labor life	15 years

The account balance includes $549 from the pension plan, employee bonuses for $679 and EPSP for the year for $209.

(25) Stockholders´ equity-

The principal characteristics of Stockholders' equity are described below:

a) Structure of capital stock-

The capital stock as of December 31, 2022 includes 50,000 , common, registered Series "A"shares with no par value and 645,758,505 common, registered Series "B" shares with no par value that will represent variable capital .

On April 19, 2022, at the Meeting the stockholders agreed to increase the variable portion of capital stock, in the amount of $1,000, represented by 100,000,000 Series "B" shares.

b) Other comprehensive income (OCI)-

OCI includes:

Cash flow hedging valuation	$	18
Equity in OCI of other entities		403
Income tax and EPSP		(5)
Total	$	**416**

(Millions of Mexican pesos)

The movements registered in the components of the OCI during the year 2022 are presented below:

Cash flow hedging valuation

		OCI before income tax and ESPS	Tax Income and ESPS	OCI net	Controlling interest
Balances as of December 31, 2021	$	11	(3)	8	8
Effective portion of changes in fair value					
Exchange rate		7	(2)	5	5
Interest rate					
Recycled effect to Net income					
Balances as of December 31, 2022	$	**18**	**(5)**	**13**	**13**

Equity in OCI of other entities

		OCI	Controlling interest
Balances as of December 31, 2021	$	745	745
Equity in OCI of other entities		(342)	(342)
Balances as of December 31, 2022	$	**403**	**403**

c) Dividends-

On April 8 and April 19, 2022, at the General Stockholders' Meeting to the stockholders agreed to declare dividends from the "Accumulated Results" account in the amount of $300 and $1,050, respectively. Additionally, Servicios Complementarios Monex agreed to declare dividends of $15.

d) Restrictions on stockholders' equity-

Monex, S. A. B. and Subsidiaries, except the Bank, are subject to the legal provision that requires that at least 5% of the net profits of each year be separated and transferred to a capital reserve fund, until it is equivalent to 20% of paid-in share capital. In the case of the Bank, the legal provision establishes the constitution of a capital reserve of 10% of net profits up to 100% of the paid-up capital stock. Capital reserves amount to $496 as of December 31, 2022.

At no time may foreign legal entities that exercise authority functions participate in any way in the equity of Monex, S. A. B. Neither can financial entities in the country, including those that are part of Monex, S. A. B., except when they act as institutional investors under the terms of Article 19 of the Law to regulate Financial Groups.

(Continued)

(Millions of Mexican pesos)

If profits that did not generate the tax applicable to Monex, S. A. B. were shared, the tax will have to be paid when distributing the dividends. Therefore, Monex, S. A. B. must keep an account of the profits subject to each rate.
Equity reductions will incur tax on the excess of the distributed amount against the fiscal value, determined in accordance with the provisions of the Income Tax Law.

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

e) Capitalization (unaudited)

In accordance with Article 50 of the Banking Law (LIC, per Spanish acronym), the Bank (the most representative subsidiary of Monex, S. A. B.) must maintain a net equity greater than the sum of the equity requirements for credit, market and operational risks incurred in the operation. The net equity is determined in accordance with the Provisions.

The Provisions establish at least a Fundamental Capital Coefficient of 8%, and floor levels for the different elements that make up the basic part of Net Capital, the components that make up the Fundamental and Non-Fundamental Capital, the Complementary Capital. It also incorporates a capital conservation supplement of 2.5% of the Basic Capital itself over total weighted assets subject to risk. Additionally, it includes Capital supplements for institutions of local systemic importance.

Pursuant to the Provisions, the Commission designates Commercial Banking Institutions of Local Systemic Importance, for which a Capital Conservation Supplement coupled with this status must be maintained, in accordance with the following:

Degree of Systemic Importance	Capital Conservation Supplement
I	0.60
II	0.90
II	1.20
IV	1.5
V	2.25

The Bank has not been assigned a degree of systemic importance by the Commission therefore it does not require a capital supplement.

As of December 31, 2022, the Bank's capitalization index was 19.66%, hence it is classified as category I in accordance with Article 220 of the Provisions in both years, which is calculated by applying certain rates in accordance with the risk assigned according to the rules established by the Central Bank. The information corresponding to the Bank's capitalization is presented below (capitalization index reported to the Central Bank and subject to approval).

(Millions of Mexican pesos)

Capitalization Index-

The Capitalization Index is equal to the result of the ratio of the Bank's net capital to the sum of the weighted assets subject to credit risk, the equivalent weighted positions subject to market risk and the assets subject to operational risk.

The information corresponding to the Bank's capitalization index as of December 31, 2022 is presented below:

Basic capital		
Common shares	$	3,241
Retained earnings		4,738
Other comprehensive income (and other reserves)		3,402
Basic capital before regulatory adjustments		11,381
Local regulatory adjustments:		
Deferred charges and prepayments		461
Deferred taxes, items in favor from temporary differences		916
Investments in other instruments		238
Capital Regulatory Adjustments		1,615
Basic capital 1		10,622
Total basic capital		10,622
Complementary capital		341
Admissible reserves that compute as Complementary		341
Net capital		10,963
Total Risk Weighted Assets	$	**27,290**
Capital ratios and supplements		
Capital Index 1		19.05%
Basic Capital Index		19.05%
Complementary Capital Index		0.61%
Net Capital Index		19.66%
Limits applicable to the inclusion of reserves in the complementary capital:		
Limit on the inclusion of provisions in the complementary capital under standardized methodology	$	341

(Continued)

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

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Weighted assets subject to total risk as of December 31, 2022

		Equivalent assets at risk	Capital requirement
Positions exposed to market risks by risk factors:			
Transactions in local currency with nominal rates	$	4,391	351
Transactions with debt security in local currency with surcharge and a revisable rate		3,284	263
Transactions in local currency with real rate of denomination in UDI's		685	55
Positions in UDI's or with yield referred to the INPC		31	2
Transactions in foreign currency with nominal rate		1,690	135
Positions in currencies or with returns indexed to the exchange rate		223	18
Positions in shares or with performance indexed to the price of a share or group of shares		652	52
Impact capital requirement		1	-
		10,957	876
Weighted assets subject to credit risk by risk group:			
Of unrelated counterparties, for transactions with debt securities		687	55
Of unrelated counterparties, for derivative operations		779	62
Of related counterparties, for derivative operations		148	12
Of the issuers of debt securities in position		2,455	196
Of borrowers in portfolio credit transactions		19,761	1,581
Of borrowers in restructured credit transactions program		2,089	167
Of borrowers in credit transactions of Article 2 Bis 17 (reform)		2,380	190
For guarantees and lines of credit granted		321	26
By securitizations		1,275	102
Permanent investments and other assets		2,380	191
From transactions with individuals related to issuer risk, borrower and lines of credit (except Art. 2 Bis 17)		1,402	112
From credit risk of the counterparty in defaults of free submission mechanisms		38	3
Adjustment for Credit Valuation in derivative transactions		394	32
		34,109	2,729
Weighted assets subject to risk and capital requirements for operational risk		10,697	856
Total market, credit and operational risk	$	**55,763**	**4,461**

(Continued)

(Millions of Mexican pesos)

III.3 Weighted Assets Subject to Operational Risk

	Method	Risk Weighted Assets	Capital requirement	Average requirement for market and credit risk of the last 36 months	Average positive annual net income for the last 36 months
December	Business indicator	10,697	856	Not applicable	Not applicable

V. Capital Management

	Base Supervisor Scenario											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,279	10,017	10,440	10,876	11,298	11,143	11,453	11,741	12,011
Basic Capital	8,859	9,274	9,858	10,279	10,017	10,440	10,876	11,298	11,143	11,453	11,741	12,011
Net Capital	9,163	9,588	10,176	10,591	10,332	10,755	11,190	11,612	11,458	11,767	12,055	12,325
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	57,769	61,402	63,249	65,606	68,381	70,531	72,854	75,218	77,327
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	33,973	35,573	37,021	38,574	40,203	41,799	43,547	45,427	47,397
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	13,142	14,860	15,557	16,259	16,950	17,570	18,079	18,767	19,428
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,654	10,969	10,671	10,773	11,228	11,162	11,228	11,024	10,502
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.79%	16.31%	16.51%	16.58%	16.52%	15.80%	15.72%	15.61%	15.53%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.79%	16.31%	16.51%	16.58%	16.52%	15.80%	15.72%	15.61%	15.53%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.33%	16.83%	17.00%	17.06%	16.98%	16.24%	16.15%	16.03%	15.94%

	Adverse Supervisory Scenario											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,243	10,185	10,963	11,452	11,955	11,729	12,304	12,868	13,432
Basic Capital	8,859	9,274	9,858	10,243	10,185	10,963	11,452	11,955	11,729	12,304	12,868	13,432
Net Capital	9,163	9,588	10,176	10,555	10,500	11,278	11,766	12,270	12,044	12,619	13,182	13,746
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	56,800	59,793	63,834	68,412	72,183	74,376	78,499	83,541	87,518
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	34,323	36,167	38,074	39,835	41,391	43,127	45,397	48,392	50,849
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	11,842	12,282	14,301	16,746	18,394	18,535	20,025	21,874	23,698
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,635	11,344	11,459	11,831	12,398	12,714	13,077	13,275	12,971
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	18.03%	17.03%	17.17%	16.74%	16.56%	15.77%	15.67%	15.40%	15.35%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	18.03%	17.03%	17.17%	16.74%	16.56%	15.77%	15.67%	15.40%	15.35%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.58%	17.56%	17.67%	17.20%	17.00%	16.19%	16.07%	15.78%	15.71%

(Continued)

(Millions of Mexican pesos)

	Internal Scenario 1											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,317	10,212	10,865	11,497	12,188	11,915	12,357	12,759	13,181
Basic Capital	8,859	9,274	9,858	10,317	10,212	10,865	11,497	12,188	11,915	12,357	12,759	13,181
Net Capital	9,163	9,588	10,176	10,629	10,526	11,179	11,811	12,502	12,229	12,672	13,073	13,496
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	57,654	61,920	63,977	67,343	70,343	72,272	76,499	80,866	85,695
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	37,589	41,072	42,652	44,652	46,567	47,780	49,774	52,230	54,830
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	9,419	9,682	10,245	11,345	11,817	12,507	14,590	16,650	19,033
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,646	11,166	11,080	11,346	11,959	11,985	12,135	11,986	11,832
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.44%	17.00%	17.47%	17.54%	17.77%	16.92%	16.56%	16.17%	15.75%

	Internal Scenario 2											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,257	10,141	10,829	11,613	12,099	12,042	12,585	12,981	13,490
Basic Capital	8,859	9,274	9,858	10,257	10,141	10,829	11,613	12,099	12,042	12,585	12,981	13,490
Net Capital	9,163	9,588	10,176	10,569	10,455	11,143	11,927	12,414	12,356	12,900	13,295	13,805
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	56,841	60,564	64,169	70,342	76,373	78,688	80,917	88,469	91,815
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	33,959	36,159	37,727	39,022	40,940	41,274	42,653	44,603	46,435
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	12,215	13,192	15,199	19,588	23,118	24,823	25,329	30,968	32,773
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,667	11,213	11,243	11,732	12,315	12,591	12,935	12,898	12,607
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.44%	17.00%	17.47%	17.54%	17.77%	16.92%	16.56%	16.17%	15.75%

	Internal Scenario 3											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,341	10,154	10,784	11,526	11,368	11,568	12,295	13,100	13,803
Basic Capital	8,859	9,274	9,858	10,341	10,154	10,784	11,526	11,368	11,568	12,295	13,100	13,803
Net Capital	9,163	9,588	10,176	10,653	10,469	11,099	11,840	11,682	11,882	12,609	13,414	14,117
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	57,498	61,519	66,319	73,154	76,219	77,787	82,486	87,005	94,082
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	34,788	37,681	41,056	42,384	44,434	45,516	46,902	48,840	51,100
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	12,001	12,558	13,924	18,897	19,756	19,876	22,652	24,898	29,803
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,709	11,280	11,339	11,873	12,029	12,395	12,932	13,267	13,179
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.98%	16.51%	16.26%	15.76%	14.91%	14.87%	14.91%	15.06%	14.67%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.98%	16.51%	16.26%	15.76%	14.91%	14.87%	14.91%	15.06%	14.67%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.53%	17.02%	16.74%	16.18%	15.33%	15.28%	15.29%	15.42%	15.01%

(Continued)

(Millions of Mexican pesos)

(26) Comparative table of maturities of the main assets and liabilities-

The maturity terms of the main asset and liability items as of December 31, 2022 are shown below:

		Up to 6 months	From 6 months to 1 year	From 1 to 5 years	More than 5 years	Total
Assets:						
Cash and cash equivalents	$	29,771	-	-	-	29,771
Margin accounts		1,157	-	-	-	1,157
Investments in financial instruments		15,882	26,429	72,793	9,832	124,936
Repo debtors		600				600
Derivative financial instruments		1,693	864	4,516	1,646	8,719
Stage 1 credit risk loan portfolio		6,442	1,069	13,952	7,926	29,389
Stage 2 credit risk loan portfolio		1	-	93	201	295
Stage 3 credit risk loan portfolio		148	15	278	32	473
Other accounts receivable (net)		17,480	-	-	-	17,480
Total assets		73,174	28,377	91,632	19,637	212,820
Liabilities:						
Deposits funding		51,510	12	-	-	51,522
Stock certificates		-	-	1,507	-	1,507
Bank and other borrowings		4,619	-	88	-	4,707
Repo creditor		112,551	-	-	-	112,551
Collateral sold or pledged		577	-	-	-	577
Derivative financial instruments		1,249	484	4,186	1,477	7,396
Creditors for settlement of operations		9,764	-	-	-	9,764
Creditors for collateral received in cash		4,724	-	-	-	4,724
Contributions payable		350	-	-	-	350
Sundry creditors and other accounts payable		5,995	-	-	-	5,995
Total liabilities		191,339	496	5,781	1,477	199,093
Assets less liabilities	$	**(118,165)**	**27,881**	**85,851**	**18,160**	**13,727**

(27) Memorandum accounts-

a) Credit commitments

Lines for letters of credit not exercised	$	1,126
Lines of credit not exercised:		
Commercial loan portfolio		13,871
Other loan commitments		3,205
	$	**18,202**

(Continued)

(Millions of Mexican pesos)

b) Assets in trust or mandate

Trust activity as of December 31, 2022 recorded in memorandum accounts is analyzed below:

Trusts		
Guarantee, investment or administration	$	245,755

The income accrued for the year ended December 31, 2022, corresponding to the fiduciary activity, amounts to $200 and is recorded under "Commissions and fees income".

c) Assets in custody or under management

Assets in custody		
Securities	$	103,343
Assets under management		632,130
	$	**735,473**

Commissions accrued for the year ended December 31, 2022, corresponding to assets in custody and under management, amount to $44.

d) Collateral received by the entity

Collateral received by Monex, S. A. B. as of December 31, 2022 is analyzed below:

Government debt	$	41,016
Banking debt		8,032
Other debt securities		3,355
	$	**52,403**

e) Collateral received and sold or submitted as guarantee by the entity

The collateral received and sold or delivered as guarantee by the entity by Monex, S. A. B. as of December 31, 2022, is analyzed below:

Government debt	$	41,012
Banking debt		8,032
Other debt securities		3,355
	$	**52,399**

(Millions of Mexican pesos)

(28) Additional information on profit or loss and financial indicators-

a) Financial margin

		Pesos	Dollars valued to pesos	Total
Interest income				
Interest on cash and cash equivalents	$	803	-	803
Interest and returns in favor from margin accounts		6	-	6
Interest and returns in favor from investments in financial instruments		5,653	-	5,653
Interest and returns in favor from repurchase agreements		3,733	-	3,733
Commercial loan portfolio		2,171	31	2,202
Profit from valuation		191	-	191
		12,557	31	12,588
Interest expenses				
Deposit funding interest				
For demand deposits		793	-	793
For time deposits		120	-	120
Interest on bank and other borrowings		358	-	358
Interest and returns payablefrom repurchase agreements		9,558	-	9,558
Interest on leases		29	-	29
interest in Axtel Data Center		22	-	22
Loss on valuation		96	-	96
		10,976	-	10,976
	$	**1,581**	**31**	**1,612**

b) Commissions and fees received

As of December 31, 2022, the commissions income broken down by the main products are made up as follows:

Purchase and sale of securities	$	168
Custody or management of assets		241
Financial intermediation		260
Transactions with investment funds		201
Other commissions and fees received		296
Total commissions and fees received	$	**1,166**

(Continued)

(Millions of Mexican pesos)

c) Financial intermediation result

Result for valuation at fair value		
Result for valuation of securities and derivatives:		
Investments in financial instruments	$	(206)
Derivative financial instruments for trading purposes		554
Derivative financial instruments for hedging purposes		3
Impairment loss or effect of reversal of impairment of securities and derivatives:		
Securities held to maturity		(2)
Derivative financial instruments		(15)
Result from currency valuation		(52)
		282
Result from sale		
Result from purchase and sale of securities and derivatives:		
Negotiable financial instruments		1,087
Derivative financial instruments for trading purposes		2,617
Derivative financial instruments for hedging purposes		9
Result for foreign currency trading		5,515
		9,228
	$	**9,510**

d) Financial indicators

Delinquency rate	1.57%
Overdue loan portfolio hedging ratio	2.48
Operating efficiency (administrative and promotional expenses/average total assets)	3.88%
ROE (net income/average equity)	22.52%
ROA (net income/average total assets)	1.43%
Liquidity (liquid assets/liquid liabilities)	3.72
Financial margin for the year adjusted for credit risks/Average Earning Assets	3.98%

(Continued)

(Millions of Mexican pesos)

(29) Ratings-

	Monex, S. A. B. Fitch Ratings	Bank Fitch Ratings	Brokerage Firm Fitch Ratings
Local scale-			
Short term	F1+(mex)	F1+(mx)	F1+(mx)
Long term	AA-(mex)	AA-(mex)	AA-(mex)
Perspective	Stable	Stable	Stable
Publication date	September 21, 2022	September 21, 2022	September 21, 2022

	Bank Fitch Ratings Global
Foreign scale-	
Short term	B
Long term	BB+
Perspective	Stable
Publication date	September 21, 2022

	Monex, S. A. B. HR Ratings	Bank HR Ratings	Brokerage Firm HR Ratings
Local scale-			
Short term	HR1	HR1	HR1
Long term	HR AA-	HR AA	HR AA
Perspective	Stable	Stable	Stable
Publication date	November 4, 2022	November 4, 2022	November 04, 2022

(30) Information by segments-

a) Factors used in identifying operating segments

Monex, S. A. B. has established different lines of business identified as reportable segments. The divisions offer different products and are managed separately based on the internal information structure presented to the management of Monex, S. A. B.

The Board of Directors reviews the internal financial information of each division every quarter.

(Continued)

The most important reportable operating segments and the bases for segmentation are presented below:

Reportable segment	**Operations**
Credit operations	Corresponds to loans given directly to individuals and companies in the public and private sectors.
Treasury and investment banking operations	Corresponds to investment operations carried out by Monex, S. A. B. on its own, such as currency purchases, investments in securities, repos, securities, loans and derivatives.
Operations on behalf of third parties	Operations whereby Monex, S. A. B. participates as an intermediary in the stock market.
Tier one credit operations	Loans given directly to the public and private sectors, differentiating those granted with or without a subsidy.
Tier two Credit Operations	Channeling resources through bank and non-bank financial intermediaries, differentiating granted with or without a subsidy, both to the private and public sectors.
Federal government financial agent	It is the one through which resources obtained from international organizations are channeled directly to the Federal Government.
Treasury and investment banking operations	Operations whereby part can be taken in the risk capital of public and private companies aimed at consolidating the financial structure thereof, including investment operations carried out by Monex, S. A. B. on its own behalf, such as investments in securities, repos, securities loans and derivatives.
Technical assistance	Assistance whereby support is given to entrepreneurs through training programs, advice, technology assistance, information services and organization of conferences, among others.
Operations on behalf of third parties	Operations whereby Monex, S. A. B. participates as an intermediary in the stock market.

(Millions of Mexican pesos)

b) Information on reportable operating segments

December 31, 2022

		Foreign currencies	International	Derivatives	Stock products	Credit and deposit	Trust services	Others	Total
Interest income	$	-	15	1	8,391	2,594	-	1,587	12,588
Interest expenses		(24)	(68)	(432)	(9,420)	(238)		(794)	(10,976)
							-		
Financial margin		(24)	(53)	(431)	(1,029)	2,356	-	793	1,612
Allowance for loan losses for credit risks		-	-	-	-	(287)		(40)	(327)
Financial margin adjusted for credit risks		(24)	(53)	(431)	(1,029)	2,069	-	753	1,285
Commissions and fees		118	286	-	277	56	390	39	1,166
Commissions and fees paid		(19)	(105)	(15)	(51)	(68)	-	(115)	(373)
Financial intermediation income		4,660	2,577	1,406	889	-	-	(22)	9,510
Other operating income (expenses)		-	116	-	2	4	(31)	129	220
Administration and promotion expenses		(2,894)	(2,329)	(587)	(54)	(1,261)	(220)	(562)	(7,907)
		1,865	545	804	1,063	(1,269)	139	(531)	2,616
Operating income		1,841	492	373	34	800	139	222	3,901
Profit or loss before income taxes		1,841	492	373	34	800	139	222	3,901
Income taxes		(423)	(141)	(86)	(8)	(184)	(32)	(118)	(992)
Net income		1,418	351	287	26	616	107	104	2,909
Non-controlling interest		-	-	-	-	-	-	1	1
Controlling interest	$	**1,418**	**351**	**287**	**26**	**616**	**107**	**105**	**2,910**

(Continued)

(Millions of Mexican pesos)

c) Reconciliation of reportable information to profit or loss

The reconciliation of the income, profit or loss, assets and other items of the disclosed operating segments to the total amount presented in the financial statements for the years 2022 is presented below:

Financial margin		
Financial margin of reportable segments	$	819
Unallocated amount		793
	$	**1,612**
Financial margin adjusted for credit risks		
Financial margin adjusted for credit risks due to interest from reportable segments	$	532
Unallocated amount		753
	$	**1,285**
Operating profit or loss and profit or loss before income taxes		
Operating profit or loss from interests of reportable segments	$	3,679
Unallocated amount		222
	$	**3,901**

(31) Earnings per share-

Earnings per share as of December 31, 2022 are mentioned below:

Monex, S. A. B. annual net income	2,909
MONEX shares outstanding	623
Earnings per share	4.67

(32) Group entities-

The investment in subsidiaries corresponding to the non-controlling interest as of December 31, 2022, as well as the share in the comprehensive income for the year then ended is shown below:

	2022	
	Share	**Voting rights**
Admimonex S.A. de C.V.	99.99%	100.00%
Monex Financial Group S.A. de C.V.	99.99%	100.00%

(Millions of Mexican pesos)

December 31, 2022		Non-controlling interest in stockholders' equity	Non-controlling interest in comprehensive income
Admimonex, S. A. de C. V.	$	2	(3)
Monex Grupo Financiero, S.A. de C.V.		10	2
Total	$	**12**	**(1)**

(33) Commitments and contingent liabilities-

(a) Monex, S. A. B., on a consolidated basis, discloses the rents occupied by the administrative offices, branches and warehouses, as well as hardware, in accordance with lease contracts with defined terms. The depreciation and amortization expense for rentals is included in administrative expenses in the consolidated statement of comprehensive income. The amount of annual rents payable, derived from lease contracts with a defined term, is as follows:

2023	$	181
2024		180
2025		179
2026		123
2027 and thereafter		242
	$	**905**

(b) Monex, S. A. B. has not entered into service provision contracts with related companies.

(c) In the normal course of operations, some subsidiaries have commitments to each other for service contracts. These contracts are for an indefinite period.

(d) There is a contingent liability derived from employee benefits, which is mentioned in note 3(bb).

(e) Monex, S. A. B. is involved in several lawsuits and claims, derived from the normal course of operations, which are not expected to have a significant effect on the financial position and future profit or loss.

(f) In accordance with current tax legislation, the authorities have the power to review up to the five fiscal years prior to the last income tax return filed.

(g) In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and fiscal obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable transactions. In the event that the tax authorities review the prices and reject the determined amounts, they could demand, in addition to payment of the corresponding tax and accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100% of the updated amount of contributions.

(34) Risk Management (unaudited)-

The Board of Directors of Monex, S. A. B. (the Bank being themost relevant subsidiary) is responsible for approving the Desired Risk Profile for the Bank, the Framework for Comprehensive Risk Management, Risk Exposure Limits, Risk Tolerance Levels, Risk and the mechanisms for taking corrective actions, as well as the Contingency Plans and Contingency Financing.

Additionally, the Board of Directors is responsible for monitoring the implementation of the Comprehensive Risk Management strategy, as well as ensuring that the Bank has sufficient capital to cover the exposure of all the risks to which it is exposed, above the minimum requirements.

The Bank has a risk committee (the Risk Committee) in place, the purpose of which is to manage the risks to which the Bank is exposed, and to ensure that operations are carried out in accordance with the Desired Risk Profile, the Framework for Comprehensive Risk Management, as well as Risk Exposure Limits, which have been previously approved by the Board of Directors.

The Risk Committee performs the following functions:

I. Proposing for approval of the Board of Directors:

a) The objectives, guidelines and policies for Comprehensive Risk Management, as well as any modifications made thereto
b) The Global Risk Exposure Limits and, where applicable, the Specific Risk Exposure Limits, considering the Consolidated Risk, broken down by Business Unit or Risk Factor, cause or origin thereof, taking into account, as appropriate, Articles 79 to 86 Bis 1 of the Provisions, as well as, if applicable, the Risk Tolerance Levels.
c) The mechanisms for the implementation of corrective actions.
d) The cases or special circumstances in which both the Global Risk Exposure Limits and the Specific Risk Exposure Limits may be exceeded.
e) the Capital Adequacy Assessment including the capital estimate and, if applicable, the capitalization plan.
f) The Contingency Plan and modifications.

II. Approving:

a) The Specific Risk Exposure Limits and Risk Tolerance Levels, when the Board delegates powers to do so, as well as the liquidity risk indicators referred to in section VIII of Article 81 of the Provisions.
b) The methodologies and procedures to identify, measure, monitor, limit, control, report and disclose the different types of risk to which the Bank is exposed, as well as any modifications thereto.
c) The models, parameters, scenarios, assumptions, including those related to the stress tests referred to in Appendix 12-B of the Provisions, which are used to carry out the Capital Adequacy Assessment and which will be used to carry out the assessment, measurement and control of the risks proposed by the unit for the Comprehensive Risk Management, which must be consistent with the Bank's technology.
d) The methodologies for the identification, assessment, measurement and control of the risks of new operations, products and services that the Bank intends to offer to the market.
e) The correction plans proposed by the general director in terms of what is indicated in Article 69 of the Provisions
f) The evaluation of the aspects of Comprehensive Risk Management referred to in Article 77 of the Provisions for submission to the Board of Directors and to the Commission.
g) The manuals for Comprehensive Risk Management, in accordance with the objectives, guidelines and policies established by the Board of Directors, referred to in the last paragraph of Article 78 of the Provisions.
h) The report on the technical evaluation of the aspects of Comprehensive Risk Management indicated in Appendix 12 of the Provisions, referred to in Article 77 thereof.
i) The level of effectiveness that the validation mechanisms of the security elements of the identifications presented by potential clients must have, as well as the technology referred to in Articles 51 Bis 6 and 51 Bis 8 of the Provisions to carry out biometric recognitions to referred to in such articles.

III. Appoint and remove the head of the unit for Comprehensive Risk Management.

IV. Inform the Board of Directors about the Risk Profile and compliance with the capital estimate contained in the Assessment of the Bank's Capital Adequacy, as well as about the negative effects that could occur in the operation of the Bank. Likewise, the Risk Committee must inform the Board of Directors of the non-observance of the Desired Risk Profile, the Risk Exposure Limits and the Risk Tolerance Levels established, as well as, where appropriate, the capitalization plan referred to in the Article 2 Bis 117c of the Provisions.

V. Inform the Board of Directors about the corrective actions implemented, including those regarding the Capital Projection Plan and, if applicable, the capitalization plan, in accordance with the provisions of Article 69 of the Provisions.

VI. Ensure at all times that the personnel involved in risk taking are aware of the Desired Risk Profile, the Risk Exposure Limits, the Risk Tolerance Levels, as well as the Capital Projection Plan and, where applicable, case, the capitalization plan.

VII. Report to the Board, at least once a year, on the results of the effectiveness tests of the Business Continuity Plan.

VIII. Approve the methodologies for estimating the quantitative and qualitative impacts of the Operational Contingencies referred to in section XI of Article 74 of these provisions.

IX. Approve the methodology to classify vulnerabilities in information security according to criticality, probability of occurrence and impact.

The Risk Committee, in order to carry out Comprehensive Risk Management, has a specialized unit whose purpose is to identify, measure, monitor and report the quantifiable risks faced by the Bank in operations, whether these are recorded inside or outside of the consolidated statement of financial position, including, where appropriate, the risks of its Financial Subsidiaries.

Additionally, the Bank has an internal audit area that is separate from the Business and administrative Units, whose managers are appointed by the Audit Committee, which carries out a Comprehensive Risk Management audit at the end of each fiscal year.

d) Credit risk

The Provisions define Liquidity Risk as the potential loss due to default by a borrower or counterparty in the operations carried out by Credit Institutions, including real or personal guarantees granted thereto, as well as any other mitigation mechanism used by these institutions.

Qualitative information

The Bank's credit risk management is developed for each phase of the credit process: promotion, evaluation, approval, implementation, monitoring, control and recovery.

This management is carried out by identifying, measuring, supervising and informing the different corporate bodies and business units of the risks to which the loan portfolios as well as individual credits are exposed.

In the case of risks at the individual level, risk management is carried out through expert analysis, as well as through the rating of the portfolio of each borrower and each credit.

Regarding loan portfolios, risk is managed by establishing and monitoring criteria such as: concentration limits, financing limits, portfolio quality indicators, analysis of the evolution of risk indicators and trends.

Additionally, there is a monitoring methodology for the entire portfolio, which include policies and parameters to qualify the level of risk of borrowers, and in which criteria to manage borrowers considered high risk are established.

The Recovery Unit actively participates in the risk management and portfolio monitoring process, aiming to minimize risks to the Bank.

Likewise, the Bank rates each client using the methodology established by the Commission, which considers aspects related to financial risk, payment experience and guarantees.

(Continued)

(Millions of Mexican pesos)

The Bank established a top limit of 40% of basic capital for exposure to credit risk by an individual or group of individuals that constitute a common risk, as established by the Provisions.

Quantitative information

Corporate bond portfolio.

The credit VaR of the money market corporate bond portfolio as of December 31, 2022 at the Bank was (1.157%) related to an investment of $15,007 while the stressed credit VaR of said portfolio was (2.79%) on the same date. Credit VaR was calculated using the Monte Carlo Simulation method with a confidence level of 99% over a one-year horizon; stress was obtained by considering the next lower rating of each instrument.

	VaR	Expected loss	Unexpected loss
Maximum	1.29%	0.31%	0.98%
Minimum	1.06%	0.26%	0.80%
Average	1.17%	0.28%	0.89%

Note: The figures presented are expressed in amounts related to the value of the corporate bond portfolio, corresponding to the daily exposure as of December 31, 2022.

Commercial loan portfolio.

Allowance for loan losses is calculated monthly for the commercial loan portfolio in which the expected loss is part of the result issued, the methodology applied corresponds to that indicated by the Provisions, issued by the Commission. This method also assigns the degree of risk for operations.

Credit risk statistics of the commercial loan portfolio.

	Minimum	Maximum	Average
Expected loss	588	641	609
Unexpected loss	133	298	239
VaR	774	896	848

* The statistics of the expected loss, unexpected loss and VaR correspond to the daily exposure for all of 2022.

No relevant variations in financial income or the economic value to be reported were identified in this period.

(Millions of Mexican pesos)

e) Liquidity risk

Pursuant to the Provisions, Liquidity Risk is defined as:

i. The inability to meet present and future cash flow needs affecting the daily operation or financial conditions of the Bank
ii. The potential loss due to the impossibility or difficulty of renewing liabilities or contracting others under normal conditions for the Bank, due to the anticipated or forced sale of assets at unusual discounts to meet obligations or, due to the fact that a position may not be timely disposed of, acquired or hedged by establishing an equivalent contrary position, or
iii. The potential loss due to the change in the structure of the Bank's statement of financial position due to the difference in terms between assets and liabilities.

Qualitative information

The UAIR calculates liquidity GAPs on a daily basis (term up to the dates on which interest or capital is received), for which it considers the inflows and outflows derived from the Bank's total financial assets and liabilities.

The Bank quantifies the exposure to liquidity risk by making cash flow projections for certain periods of time, considering all assets and liabilities denominated in domestic and foreign currency, taking into account the maturity terms.

The Bank's treasury is responsible for ensuring that a prudent amount of liquidity is maintained in relation to the Bank's needs. To reduce risk, the Bank maintains call money lines open in dollars and pesos with various financial institutions.

The liquidity requirement for foreign currency established in Central Bank´s Circular 3/2016 is monitored daily.

Quantitative information

The Bank evaluates the maturities of the assets and liabilities in domestic and foreign currency that are maintained in the consolidated statement of financial position.

The liquidity gap in pesos is presented in the following table (unaudited):

Year	Request <= 30 days	Request >30 days
2022	$(22,056)	$50,949

Moreover, the liquidity gap in US dollars is presented in the following table (unaudited):

Year	Request <= 30 days	Request >30 days
2022	$77	$715

(Continued)

(Millions of Mexican pesos)

Liquidity Risk statistics

Total depreciation gap

Statistics	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total*
Minimum	(18,412)	8,978	3,107	4,337	4,897	3,593	1,376	13,534
Maximum	(18,230)	10,295	7,983	6,818	10,254	7,699	3,383	19,580
Average	(18,327)	9,481	4,759	5,354	8,128	5,806	2,063	17,264

Total Maturity Gap

Total	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total**
Minimum	(20,565)	3,389	4,947	25,732	18,066	20,429	(15,653)	44,341
Maximum	(20,257)	5,755	9,230	30,762	20,957	30,344	(14,053)	55,017
Average	(20,458)	4,413	6,889	27,992	19,174	26,978	(15,086)	49,902

*Corresponds to the "Total Gap" statistic of Minimum, Average and Maximum.

**The maturity GAP statistics correspond to the position of the money, credit, derivatives and exchange market portfolios for December 2022.

Liquidity or sensitivity analysis considers the asset and liability positions under an extreme scenario for the evaluation of the variations in the economic value and with respect to the financial income, a sensitivity analysis for changes in the interest rate.

Repo renewal effect	Amount	Absolute var	Effect of sale at unusual discounts in MD	Amount
Current cost	(631)		Value of the titles	123,893
Sensitivity 1	(694)	(63)	Sensitivity 1	(25)
Sensitivity 2	(757)	(126)	Sensitivity 2	(248)
Stress 1	(821)	(189)	stress 1	(2,441)
Stress 2	(884)	(252)	stress 2	(4,790)

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

(Continued)

(Millions of Mexican pesos)

Effect of the sale at unusual discounts on the Treasury	Amount	Interest paid for deposit	Current MTM	Variation in the MTM
Value of the titles	28,369	Interest paid (current)	(9)	
Sensitivity 1	(6)	Sensitivity 1	(10)	(1)
Sensitivity 2	(63)	Sensitivity 2	(11)	(3)
Stress 1	(618)	Stress 1	(11)	(3)
Stress 2	(1,210)	Stress 2	(14)	(5)
Sensitivity 1 = 1bp,		Sensitivity 1 = 10%,		
Sensitivity 2 = 10bp,		Sensitivity 2 = 20%,		
Stress 1 = 100bp,		Stress 1 = 30%,		
Stress 2 = 200bp.		Stress 2 = 40%.		

f) Market risk

The provisions define market risk as the potential loss due to changes in the Risk Factors that affect the valuation or the expected results of the asset, liability or contingent liability operations, such as interest rates, exchange rates and price indices, among others.

Qualitative information

The Bank evaluates and monitors all positions subject to market risk, using value-at-risk models, which have the capacity to measure the potential loss of a position or portfolio, associated with movements in risk factors with a level of 99% confidence over a one-day horizon.

The UAIR also evaluates the rate differential (GAP) for assets and liabilities in domestic and foreign currency. The GAP is represented by the assets and liabilities that review rates in different periods of time, considering the characteristics in rates and terms.

Quantitative information

As of December 31, 2022, the Global VaR was $48.47 (unaudited) with 99% confidence for one day. This value represents the maximum loss expected in one day and is within the limit established by the Bank.

No special market risk treatment for available-for-sale securities was identified in this period.

Market risk statistics

	Minimum VaR	average VaR	Maximum VaR
Global	47.23	52.38	63.77
Derivatives	4.87	8.47	12.52
MDIN	24.94	27.32	33.24
Own MDIN	7.35	17.09	26.44
Treasury	23.07	29.14	36.63
Changes	0.00	0.03	0.14

(Millions of Mexican pesos)

* The average value corresponds to the daily exposure of the money market, derivatives and foreign exchange rates as of December 31, 2022.

g) Operational risk

Within the Provisions, operational risk is defined as the potential loss due to failures or deficiencies in internal controls, due to errors in processing and storing operations or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft, and includes, among others, technology and legal risks, which are also defined below:

Technology risk. It is defined as the potential loss due to damage, interruption, alteration or failure derived from the use or dependence on hardware, software, systems, applications, networks and any other information distribution channel in the provision of banking services with the Bank's customers.

Legal risk. It is defined as the potential loss due to non-compliance with the applicable legal and administrative provisions, the issuance of unfavorable administrative and judicial resolutions and the application of penalties, in relation to the operations that the Bank carries out.

BANK

Type of Operational Risk materialized events	**Frequency**	**%Total**	**4Q-2022 average impact***	**%Total**
Process execution, delivery and management	0	0%	0.00	0%
Process execution, delivery and management	3	1.8%	0.284	100%

Events not materialized	**Frequency**	**%Total**	**Average impact***	**%Total**
Process execution, delivery and management	66	39.3%	0.00	0%
Business incidents and system malfunctions	87	51.8%	0.00	0%
Customers, products and business practices	12	7.1%	0.00	0%
Total materialized + not materialized	168	100%	0.284	100%

Technology risk

In 2022, 19 operational risk events occurred, of which 12 were technology risk events.

Losses due to technology risk 2022

	Events	**Average amounts**
SPEI	4	-
SPID	7	1
Operational contingency	1	-
Total	**12**	**1**

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

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Also, the systems used in the Bank's processes are monitored, which shows the time it takes to recover the normal flow in the event of any technology contingency.

System	Availability quality policy	Actual availability	Top Recovery Time Quality Policy	Actual top recovery time	Number of incidents
Banks	95.00%	100.00%	30 min.	-	-
Box	95.00%	100.00%	30 min.	-	-
Reconciliations	95.00%	100.00%	30 min.	-	-
Corporate Treasury	95.00%	99.58%	30 min.	103 min.	2
Capital Market	95.00%	100.00%	30 min.	-	-
Money market	95.00%	100.00%	30 min.	-	-
Foreign Exchange Market	95.00%	99.15%	30 min.	80 min.	4
Investment Company Market	95.00%	100.00%	30 min.	-	-
Derivatives Market	95.00%	100.00%	30 min.	-	-
credits	95.00%	100.00%	30 min.	-	-
Trusts	95.00%	100.00%	30 min.	-	-
Savings Funds	95.00%	100.00%	60 min.	-	-
Term Investments	95.00%	100.00%	60 min.	-	-
Promotion	95.00%	100.00%	30 min.	-	-
murex	95.00%	100.00%	60 min.	-	-
digitization	95.00%	100.00%	2,880 min.	-	-
Documentation	95.00%	100.00%	30 min.	-	-
PLD Online Alerts	95.00%	100.00%	60 min.	-	-
PLD, SAS	95.00%	100.00%	1,440 min.	-	-
reports	95.00%	100.00%	480 min.	-	-
Human Res Processes	95.00%	100.00%	120 min.	-	-
Monex Portal	95.00%	100.00%	30 min.	1 min.	1
intramonex	95.00%	100.00%	30 min.	-	-
Infrastructure	95.00%	99.75%	30 min.	90 min.	2
Service Desk	95.00%	100.00%	30 min.	-	-
Administration and Finance	95.00%	100.00%	60 min.	-	-
Operational Risk	95.00%	100.00%	30 min.	-	-
		99.94%			**9**

Legal risk

In 2022, there was a loss due to unfavorable events of lawsuits against the Bank.

Global Affairs

December 2022

Possible contingency for Monex Issue	Cases		Provisions
Labor	42	$	33
Against	13		44
Trust	68		P/D
Total	**123**	$	**77**

Lawsuit promoted by Monex

Issue	Cases		Amount	Provisions
Credit/Recovery	43	$	920	N/A
Lawsuits filed against clients/third parties	21		133	N/A
Total	**64**	$	**1,053**	**N/A**

*Total of 187 Trials

(Continued)

(Millions of Mexican pesos)

Losses due to lawsuits 2022

	Events	Average amounts
Execution and delivery of processes	1	6

Also, in 2022, at the end of December, the inventory of provisions for possible legal losses is available for a total of $93.

(35) Subsequent events-

On August 23, 2022, at the Extraordinary General Stockholder Meeting of Monex, S. A. B. de C. V., the stockholdersapproved through the National Banking and Securities Commission (the “Commission”) the cancellation of the registration of the shares representing the capital stock of Monex, S. A. B. in the National Securities Registry (“RNV”). The Mexican Stock Exchange canceled the listing of said shares, prior authorization from the Commission; a public offering was carried out to acquire up to all the shares owned by stockholders that are not part of the group of individuals that controls Monex, S. A. B. on the start date of the offer.

The Commission authorized the public acquisition offer on December 8, 2022. The offer began on December 9 of the same year and concluded on January 9, 2023. 22,694,115 shares representing capital stock. By virtue of the foregoing, Monex, S. A. B., including affiliates, related parties and the control group, would directly or indirectly own 98.75% of capital stock.

Through official letter number 153/4905/2023 dated March 1, 2023 (the “Cancellation Official Letter”), the Commission resolved to cancel the registration of the Shares in the RNV. The BMV was formally notified of the Official Notice of Cancellation and, consequently, the BMV proceeded to implement the administrative and operational processes to formalize the cancellation of the registration and listing of the Shares in said stock exchange, which took effect on March 6, 2023.

As of March 30, 2023, the name of Monex, S. A. B. de C. V. changes to Monex, S. A. P. I. de C. V.

At the Ordinary Shareholder Meeting held on January 9, 2023, the following movements in capital were agreed:

- Dividends declared to stockholders in the amount of $400 from the Bank to the Financial Group, charged to the "Retained earnings" account.

- Dividends declared to stockholders in the amount of $150 from the Brokerage Firm to the Financial Group, charged to the "Retained earnings" account.

- Dividends declared to stockholders in the amount of $550 from the Financial Group to Monex S. A. B., charged to the “Retained earnings” account.

(36) Recently Issued Regulatory Pronouncements-

Regulatory pronouncements issued by the CINIF

The CINIF has issued the Improvements mentioned below:

Improvement to FRS 2023

In December 2022, the CINIF issued the document called "Improvements to FRS 2023", which contains specific modifications to some existing FRS. The main improvement that generates accounting changes is the following:

FRS B-11 Disposal of long-lived assets and discontinued operations/ FRS C-11 Stockholders' Equity- FRS-B-11 comes into effect for fiscal years beginning on or after the January 1, 2023, and early application is allowed. Any change generated must be recognized in accordance with FRS B-1 *Accounting changes and correction of errors*. This improvement establishes that any difference between the carrying amount of long-lived assets surrendered to settle dividends or capital reimbursements must be recognized in retained earnings.

FRS B-15 Translation of foreign currencies- FRS B-15 comes into effect for the years starting January 1, 2023, and early application is allowed. Any change generated must be recognized in accordance with FRS B-1 *Accounting changes and correction of errors*. This makes modifications to the practical solution of the FRS that allows the preparation of financial statements without the effects of translation to functional currency. This improvement specifies which entities and in which cases this option can be exercised, establishing that an entity that does not have subsidiaries or controllers or that is a subsidiary, associate or joint venture, can prepare the financial statements without translation to functional currency, provided that the financial statements are exclusively for tax and legal purposes and have no users who require the preparation of financial statements considering the effects of translation to functional currency.

<u>Recognition of income, costs and expenses</u>

The effective interest determined by applying the effective interest rate is recognized as accrued. The effective interest includes the accrual of portfolio interest and the amortization of loan processing commissions. Both are presented under "Interest income", and the amortization of the transaction costs for processing a loan are presented under “Interest expense”.

(Continued)

To determine the effective interest rate, Monex, S. A. B. will have to consider the following:

1. Determines the amount of estimated future cash flows to be received. It consists of adding the principal and the interest that will be received according to the loan payment structure, during the contractual term, or in a shorter term if there is a probability of payment before the expiration date or another circumstance that justifies the use of a shorter term, for which Monex, S. A. B. documents the corresponding evidence.
2. Determine effective interest. It is the result of subtracting from the estimated future cash flows to be received, the net financed amount determined as described in number 1 of the second paragraph of this note.
3. Determine the effective interest rate. It represents the relationship between effective interest and the net amount financed.

Monex, S. A. B.'s management is under an assessment process to determine the effects of adopting the Accounting Criteria, which are not expected to be relevant.

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

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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.

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.

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.

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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.

Deloitte.

- 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:

		Shareholding percentage		
Company	**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:

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

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 repurchase agreements	(69)	(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

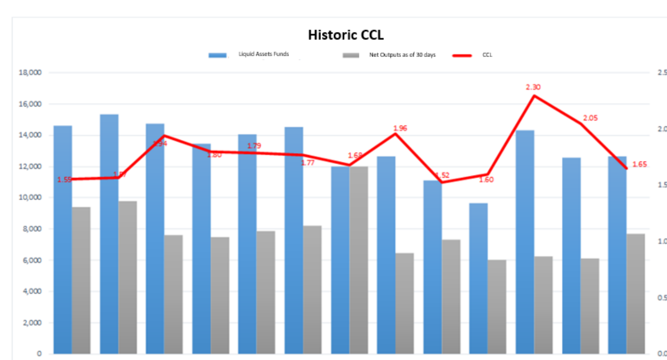
Impact of CVA on MTM

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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2022
Annual Report

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