

**Casa de Bolsa Finamex, S. A. B. de C. V.
and Subsidiaries**

Consolidated financial statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

(Translation from Spanish language original)

Independent auditors' report

(Translation from Spanish Language Original)

The Board of Directors and Stockholders

Casa de Bolsa Finamex, S. A. B. de C. V.

(Millions of pesos)

Opinion

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

In our opinion, the accompanying consolidated financial statements of Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries have been prepared, in all material respects, in accordance with the Accounting Criteria applicable to Brokerage Firms in Mexico, issued by the National Banking and Securities Commission (the Commission).

Bases for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Brokerage Firm 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.

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.

(Continued)

**Derivative financial instruments \$5,520 and \$5,563, asset and liability, respectively.**

See notes 3i and 10 to the consolidated financial statements.

The key audit matter	How the key audit matter was addressed in our audit
The determination of the fair value as of the consolidated balance sheet date, of certain derivative financial instruments non listed on recognized markets, is carried out through the use of valuation techniques that involve significant management's judgment, mainly when the use of inputs from different sources or from not observable data in the market and complex valuation models. Therefore, we have determined the financial derivative instruments' valuation as a key audit matter in our audit.	As part of our audit procedures, we obtained evidence of approval by the Brokerage Firm's Risk Committee of the valuation models for derivative financial instruments non listed on recognized markets, used by Management. Likewise, through selective tests we assessed reasonableness of such models and inputs used with the participation of our specialists. In addition, through selective testing, we assessed, the adequate determination of the fair value of derivative products.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when available and, in doing so, consider 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 in that other information, we are required to report that fact to those charged with governance.

(Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the Accounting Criteria for Brokerage Firms 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Brokerage Firm'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 the Brokerage Firm or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Brokerage Firm's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users 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 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.
- 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 Brokerage Firm's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Brokerage Firm's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Brokerage Firm 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 Brokerage Firm to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of 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, the actions taken to eliminate threats or the safeguards applied.

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 auditors' report unless law or regulation precludes public disclosures 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.

KPMG Cárdenas Dosal, S. C.

Víctor Hugo Guil liem Arroyo

Mexico City, February 26, 2021.

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Consolidated balance sheets

December 31, 2020 and 2019

(Millions of pesos)

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

Memorandum accounts

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Transactions on behalf of third parties			Transactions for own account		
Customers current account:			Collaterals received by the entity (note 6):		
Customers bank accounts	\$ <u>43</u>	<u>37</u>	Government debt	\$ 702	-
Custody transactions:			Collaterals received and sold or delivered as		
Customers securities in custody (note 6)	<u>103,788</u>	<u>101,712</u>	guarantee by the entity (note 6):		
Administrative transactions:			Government debt	702	-
Customer repurchase/resell agreements	44,904	42,434	Other memorandum accounts	4,183	10,518
Collaterals received as guarantee on behalf of customers	92	30			
Collaterals delivered as guarantee on behalf of customers	93	206			
Derivatives purchase transactions:					
Customers futures and forwards (notional amount)	13,063	16,898			
Options	1,739	5,985			
Swaps	<u>246,368</u>	<u>512,595</u>			
	<u>306,259</u>	<u>578,148</u>			
Derivatives sale transactions:					
Customers futures and forwards (notional amount)	6,606	5,030			
Options	1,742	5,963			
Swaps	<u>166,186</u>	<u>453,308</u>			
	<u>174,534</u>	<u>464,301</u>			
Total transactions on behalf of third parties	\$ <u><u>584,624</u></u>	<u><u>1,114,198</u></u>	Total transactions for own account	\$ <u><u>5,587</u></u>	<u><u>10,518</u></u>

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Consolidated balance sheets, continued

December 31, 2020 and 2019

(Millions of pesos)

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

Assets	2020	2019	Liabilities and Stockholders' equity	2020	2019
Cash and cash equivalents (note 7)	\$ 1,498	1,032	Creditors under repurchase/resell agreements (note 9)	\$ 62,774	61,423
Margin accounts (note 10)	453	1,661	Securities lending (note 8)	465	7,167
Investment securities: Trading (note 8)	83,183	94,697	Unsettled assigned securities (note 8)	11,254	14,363
Derivatives: Trading (note 10)	5,520	8,565	Derivatives: Trading (note 10)	5,563	8,792
Accounts receivable (note 11)	2,550	4,549	Other accounts payable:		
Furniture and equipment, net (note 12)	27	21	Employee statutory profit sharing payable (note 21)	24	-
Permanent investments (note 13)	9	8	Creditors on settlement of transactions (note 15)	7,388	13,800
Deferred income tax and employees' statutory profit sharing, net (note 21)	41	138	Creditors from collaterals received in cash (note 10)	3,862	3,550
Other assets (note 14)	154	132	Sundry creditors and other accounts payable (notes 16 and 17)	372	274
				11,646	17,624
			Total liabilities	91,702	109,369
			Stockholders' equity (notes 18 and 19):		
			Paid-in capital		
			Capital stock	634	634
			Additional paid-in capital	898	896
				1,532	1,532
			Earned (lost) capital:		
			Statutory reserves	6	6
			Retained earnings	(104)	30
			Foreign currency translation	2	-
			Net income (loss)	297	(134)
				201	(98)
			Total stockholders' equity	1,733	1,434
			Commitments and contingent liabilities (note 28)		
Total assets	\$ 93,435	110,803	Total liabilities and stockholders' equity	\$ 93,435	110,803

See accompanying notes to the consolidated financial statements.

"The historical capital stock of the Brokerage Firm, as of December 31, 2020 and 2019 amounts to \$634".

"The capitalization index of the Brokerage Firm is 16.84% and 13.88% as of December 31, 2020 and 2019, respectively."

These consolidated balance sheets were prepared in accordance with the Accounting Criteria for Brokerage Firms, issued by the National Banking and Securities Commission, based on Articles 205, last paragraph, 210, second paragraph and 211 of the Securities Market Law, which are of a general and mandatory, nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Brokerage Firm as of the dates noted above, furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions."

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

Eduardo Arturo Carrillo Madero
Chief Executive Officer

Jeny Paola Cristerna Jarero
Executive Director of Administration

Luis Edgar Saldña Márquez
General Accounting

Martha Marisol Alfaro Ornelas
Internal Auditor

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Consolidated statements of income

Year ended December 31, 2020 and 2019

(Millions of pesos, except for weighted average of current shares and basic and diluted net income)

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

	2020	2019
Commissions and fees income (notes 6 and 24)	\$ 232	156
Commissions and fees expense (note 24)	(200)	(181)
Financial advisory services (note 24)	161	154
Service income	193	129
Gain on purchase/sale of securities (notes 8 and 23)	17,645	14,123
Loss on purchase/sale of securities (notes 8 and 23)	(18,118)	(13,275)
Interest income (notes 7, 8, 9, 10 and 23)	5,743	4,292
Interest expense (notes 9 and 23)	(4,568)	(4,748)
Income (loss) from marking to market (notes 8, 10 and 23)	189	(95)
Financial intermediation margin	891	297
Other operating income, net (note 24)	8	2
Administrative and promotional expenses (note 24)	(708)	(649)
	(700)	(647)
Operating income (loss)	384	(221)
Equity method in the results of associated companies (note 13)	1	1
Income (loss) before income taxes	385	(220)
Deferred income tax (note 21)	(88)	86
Net income (loss)	\$ 297	(134)
Income (loss) attributable to controlling interest	\$ 297	(134)
Weighted average of current shares (note 20)	63,388,903	63,468,137
Basic and diluted net income (loss) per share (pesos) (note 20)	\$ 4.6853	(2.1142)

See accompanying notes to the consolidated financial statements.

"These consolidated statements of income were prepared in accordance with the Accounting Criteria for Brokerage Firms, issued by the National Banking and Securities Commission, pursuant to the provisions of Articles 205, last paragraph, 210, second paragraph 211 and of the Securities Market Law, which are general and mandatory, and were consistently applied. These consolidated statements of income reflect the transactions carried out by the Brokerage Firm through the years mentioned above, which were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions."

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

Eduardo Arturo Carrillo Madero
Chief Executive Officer

Jeny Paola Cristerna Jarero
Executive Director of Administration

Luis Edgar Saldaña Márquez
General Accounting

Martha Marisol Alfaro Ornelas
Internal Auditor

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Consolidated statements of changes in stockholders' equity

Year ended December 31, 2020 and 2019

(Millions of pesos)

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

	Capital Stock	Additional paid-in capital	Statutory reserves	Retained earnings	Foreing currency translation	Net income (loss)	Total stockholders' equity
Balances as of December 31, 2018	\$ 634	898	2	-	-	69	1,603
Changes resulting from stockholder's resolution:							
Creation of statutory reserve and Appropriation of 2018 net income	-	-	4	65	-	(69)	-
Dividends paid (note 18a)	-	-	-	(35)	-	-	(35)
	-	-	4	30	-	(69)	(35)
Changes related to the recognition of comprehensive income							
Net loss	-	-	-	-	-	(134)	(134)
Balances as of December 31, 2019	634	898	6	30	-	(134)	1,434
Changes resulting from stockholder's resolution:							
Appropriation of 2019 net income	-	-	-	(134)	-	134	-
Changes resulting from stockholder's resolution:							
Foreing currency translation	-	-	-	-	2	-	2
Net income	-	-	-	-	-	297	297
	-	-	-	-	2	297	299
Balances as of December 31, 2020	\$ 634	898	6	(104)	2	297	1,733

See accompanying notes to the consolidated financial statements.

"These consolidated statements of changes in stockholders' equity were prepared in accordance with the Accounting Criteria for Brokerage Firms, issued by the National Banking and Securities Commission, based on Articles 205, last paragraph, 210, second paragraph and 211 of the Securities Market Law, which are general and mandatory nature, and have been applied on a consistent basis. Accordingly they reflect all the stockholders' equity account entries relating to the transactions carried out by the Brokerage Firm through the years noted above, furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions."

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

Eduardo Arturo Carrillo Madero
Chief Executive Officer

Jeny Paola Cristerna Jarero
Executive Director of Administration

Luis Edgar Saldaña Márquez
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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Consolidated statements of cash flows

Year ended December 31, 2020 and 2019

(Millions of pesos)

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

	2020	2019
Net income (loss)	\$ 297	(134)
Adjustments for items not involving cash flows:		
Furniture and equipment depreciations	10	9
Intangible assets amortizations	4	3
Current and deferred taxes and employee statutory profit sharing	121	(100)
Equity method in the results of associated companies	(1)	(1)
	<u>431</u>	<u>(223)</u>
Operating activities:		
Changes in margin accounts	1,208	915
Change in investment securities	8,405	(19,896)
Change in derivatives (assets)	3,045	(1,650)
Change in accounts receivable	1,999	2,684
Change in other operating assets (net)	(17)	(2)
Change in creditors under repurchase agreements	1,351	17,814
Changes in securities lending	(6,702)	2,369
Change in derivatives (liabilities)	(3,229)	1,613
Changes in creditors on settlement of transactions	(6,412)	(3,167)
Changes in creditors from collaterals received in cash	312	(334)
Changes in sundry creditors and other accounts payable	98	144
Income tax payments	(9)	-
	<u>480</u>	<u>267</u>
Net cash flows from operating activities		
Financing activities:		
Acquisition of furniture and equipment	(16)	(8)
Investment in subsidiary company	-	(1)
	<u>(16)</u>	<u>(9)</u>
Net cash flows used in financing activities		
Net cash flows used in financing activities due to dividends paid in cash	-	(35)
Net increase in cash and cash equivalents	464	223
Effects in cash and cash equivalents' changes	2	-
Cash and cash equivalents at the beginning of year	<u>1,032</u>	<u>809</u>
Cash and cash equivalents at end of year	<u>\$ 1,498</u>	<u>1,032</u>

See accompanying notes to the consolidated financial statements.

"These consolidated statements of cash flows were prepared in accordance with the Accounting Criteria for Brokerage Firms, issued by the National Banking and Securities Commission, based on Articles 205, last paragraph, 210, second paragraph and 211 of the Securities Market Law, which are of a general and mandatory nature, and have been applied on a consistent basis. Accordingly they reflect all the incoming and outgoing cash related to transactions carried out by the Brokerage Firm through the years noted above, furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions."

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

Eduardo Arturo Carrillo Madero
Chief Executive Officer

Jeny Paola Cristerna Jarero
Executive Director of Administration

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019

(Millions of pesos)

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

(1) Description of Business-

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries (the Brokerage Firm) was incorporated in June 29, 1992. It acts as intermediary in securities transactions, in terms of the Securities Market Law (SML), pursuant to the general regulations provided by the National Banking and Securities Commission (the Commission). As of December 31, 2020, the Brokerage Firm is the majority stockholder of Finamex Inversiones, S. A. de C. V., Sociedad Operadora de Fondos de Inversión (the Fund Manager) and holding to 100% of Finamex USA, LLC., Securities holding company (Finamex USA).

The Fund Manager is intended to provide administrative, distribution, valuation, promotion and repurchase of mutual fund shares.

The purpose of Finamex USA is to perform stock brokerage activities to sundry securities and investment advisory services in the United States of America.

On July 25, 2019, the Board of Directors meeting approved that Brokerage Firm invest directly in shares representing the capital stock of Finamex USA.

On December 6, 2019, the Brokerage Firm received authorization from the Commission to invest on securities from the capital stock of Finamex USA, starting operations on January 2021.

(2) Authorization and presentation basis-

Authorization

On February 26, 2021, Eduardo Arturo Carrillo Madero, General Director; Jenny Paola Cristerna Jarero, Executive Director of Management; Luis Edgar Saldaña Márquez, General Accounting, and Martha Marisol Alfaro Ornelas, Internal Auditor, authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and Brokerage Firm's bylaws, the stockholders and the Commission are empowered to modify the financial statements after issuance. The accompanying 2020 consolidated financial statements will be submitted for approval at the next Stockholders' meeting.

Basis of presentation

a) Statement of compliance

The Brokerage Firm's financial statements have been prepared in accordance with the Securities Market Law and accounting criteria issued by the Commission for Brokerage firms in Mexico. The Commission is responsible for the inspection and supervision of brokerage firms in Mexico and for reviewing financial information.

The accompanying consolidated financial statements include the Brokerage Firm, Fund Manager and Finamex USA, the latter from 2020.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The accounting criteria indicate that the Commission shall issue particular rules for specialized transactions and in lacking on express accounting criterion by the Commission and in a broader context of Mexican Financial Reporting Standards (FRS), the supplementary basis under FRS A-8 should be applied, and only if the International Financial Reporting Standards (IFRS for its acronym in English) as referred to in the FRS A-8, do not provide solutions to the accounting recognition, a suppletory norm could be applied, only if it complies with all requirements mentioned in the aforementioned FRS, and under the following order: the accounting principles generally accepted in the United States of America (US GAAP) and any accounting criterion that forms part of a formal and recognized accounting criteria provided it complies with the requirements of criterion A-4 of the Commission.

b) Use of estimates and judgments

The preparation of consolidated financial statements requires Management to make a number of 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 financial statements and the reported amount of revenues and expenses during the year. Actual results may differ from these estimates and presumptions.

Assumptions and uncertainties on the estimates

The information on assumptions and uncertainties of estimation that have a significant risk of resulting in a material adjustment in the amounts in books of assets and liabilities on the following year it is included in the following notes:

Note 3f and 8 – Book value of investments in securities;

Note 3i and 10 – Derivatives;

Note 3q and 17 – Employees' benefits;

Note 3o and 21 – Deferred taxes.

c) Functional and reporting currency

The aforementioned consolidated financial statements are presented in Mexican pesos.

The financial statements of Finamex USA were converted to the reporting currency, considering that their recording and functional currency are the same.

For purposes of disclosure in the notes to the consolidated financial statements when reference is made to, "pesos" or "\$", it means millions of Mexican pesos, and when referring to, USD or dollars, means millions of dollars of the United States of America.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(3) Summary of significant accounting policies-

The accounting policies shown below have been applied consistently in the preparation of the consolidated financial statements, and have been applied consistently by the Brokerage Firm.

(a) Recognition of the effects of inflation-

The accompanying consolidated financial statements have been prepared in accordance with accounting criteria in force as of the date of the consolidated general balance sheet, which since the Brokerage Firm operates in a non-inflationary economic environment, include the recognition of the effects of inflation on the financial information through December 31, 2007, based on the UDI value, which is an account unit which value is determined by the Banco de México (Central Bank). Cumulative inflation percentage of the last three years, and the indexes used in recognizing inflation, are as follows:

<u>December 31</u>	<u>UDI</u>	<u>Inflation</u>	
		<u>Yearly</u>	<u>Cumulative</u>
2020	6.605597	3.23%	11.31%
2019	6.399018	2.77%	15.03%
2018	6.226631	4.92%	15.71%

(b) Basis of consolidation-

The accompanying consolidated financial statements include the Brokerage Firm, Fund Manager and Finamex USA, the latter from on 2020. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the financial statements of issuers, as of December 31, 2020 and 2019, which have been prepared in accordance with the accounting criteria issued by the Commission.

(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) Cash and cash equivalents-

Cash and cash equivalents consist of bank deposits denominated in peso and dollar currencies, 24 and 48-hour currency purchase transactions, which are measured at nominal value, and in case of foreign currency, are valued at fair value based on the exchange rate published by the Central Bank.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Foreign currency acquired which it is agreed will be settled on a date in a term no longer than two bank business days as of the purchase agreement (currency receivable), are recorded as a restricted availability. Foreign currency sold is recorded as a credit to funds available (foreign currency deliverable). The offsetting entry is recorded in a debit settlement account when a sale is made and in a credit settlement account when a purchase is made under items "Accounts receivable" and "Sundry Creditors and Other accounts payable for transaction settlement", as applicable.

Interest earned are included in the consolidated income statement as accrued in the caption "Interest Income", while results from valuation and purchase/sale gains (losses) are presented in the caption "Valuation gains (losses) at fair value" and "Purchase/sale Profit or Loss", respectively.

In case of overdrafts on bank accounts or negative balances on checking accounts or some other item within this captions, including the offset balance between foreign currencies, receivable and deliverable, without restricted cash, these items are presented in the caption "Sundry creditors and other accounts payable."

(e) Margin accounts-

Margin accounts correspond to the initial margin contribution and subsequent contribution or withdrawals, usually in cash, securities or other highly liquid financial assets, intended to ensure compliance with the obligations resulting from derivative transactions within recognized markets or stock exchanges. The yields and commissions that affect the cash margin account, other than fluctuations in the prices of derivatives, should be recognized in the results for the period.

(f) Investment securities-

It represents shares, government securities and bank instruments listed, which are accounted for as trading securities, in accordance with Management intention and the ability of the Brokerage Firm on its shareholding.

Trading securities

Trading securities represent investments in securities of debt and variable income instruments, in its own position and pledged, for the purpose of sale, obtaining profits derived from the differences in prices that result from the purchase/sale transactions. These are stated at fair value (which includes the discount or markup, as the case may be). Subsequently, it is determined considering the fair value, determined through an independent price vendor contracted by the Brokerage Firm pursuant to the provisions of the Commission. Valuation effects are recognized in the gains and losses of the year under "Gain (loss) from marking to market"; when securities are sold, the difference between the purchase and sale prices determines the purchase/sale result, being required to cancel the gain (loss) from marking to market that had been previously recognized in the statement of income.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The transaction costs for the acquisition of trading securities are recognized in earnings on the acquisition date.

Interest earned on debt securities are recognized in the statement of income of the year under "Interest Income", and dividends of net equity instruments are recognized under the same item when the right to receive the payment thereof is generated.

This item records the purchase and sale transactions of unsettled assigned securities, which are valued and recorded as trading securities, recording the receipt and expense of the securities subject matter of the transaction when they are agreed, against the respective debit or credit settlement account, under items "Accounts receivable, net" and "Other accounts payable, creditors from transactions settlement", respectively, as long as these are not settled.

In case the amount of trading securities is insufficient to cover the amount of securities deliverable in other transactions the credit balance is shown under the item "Unsettled assigned securities".

(g) Securities under repurchase/resell agreements-

On trade date of the repo agreement, where the Brokerage Firm acts as repurchase recognizes the receipt of cash or an account receivable and account payable while acting as the provider of finance, it recognizes the payment of cash or an account payable and also registers an account receivable in respect of the agreed price, which represents the right to recover the cash provided, respectively.

Over the life of the repo, the account receivable or payable are valued at amortized cost, recognizing interest in the consolidated results for the year as it accrues, according to the effective interest method. The accrual of interest arising from the repo operation will be presented under the financial statement caption of "Interest income" or "Interest expense", as appropriate. The accounts receivable and payable and its related earned interest are presented in the captions "Debtors under repurchase/resell agreements" and "Creditors under repurchase/resell agreements", respectively.

The Brokerage Firm acting as reporter recognizes the collateral received in memorandum accounts following valuation guidelines Criterion B-6 "Assets in custody and under management", while it acting as reported financial asset is reclassified in the consolidated balance sheet, presenting as restricted. The Brokerage Firm, acting as reseller sell the collateral or grant as collateral, recognizes the resources from the transaction, as well as an account payable for the obligation to return the collateral to the counterparty, which is accounted for sale at fair value or, if the collateral is another repo transaction, at amortized cost. This account payable is offset by the receivable that is recognized when the Brokerage Firm acts as reported and the debit or credit balance is presented in the caption "Debtors under repurchase/resell agreements" or under "Collateral sold or pledged", as appropriate.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(h) Securities lending-

In operations where the Brokerage Firm transfers securities to a borrower and receives other financial assets as collateral, it recognizes the fair value of the securities lent as restricted, while financial assets received as collateral (including cash managed in trusts), are recognized in memorandum accounts. When the Brokerage Firm receives securities in a securities lending transaction, it records the value of the securities in memorandum accounts while the financial assets provided as collateral are recognized as restricted (including cash managed in trusts). In both cases the financial assets received or delivered as collateral are recorded following the rules of valuation, presentation and disclosure in accordance with applicable accounting standard, while the values recorded in memorandum accounts are valued according to custody operation rules. The premium earned is recognized in the consolidated income statement, through the effective interest method over the life of the operation, against a receivable or payable as appropriate.

(i) Transactions with derivative financial instruments (for trading purposes)-

The Brokerage Firm operates with derivatives financial instruments for trading purposes which are recognized at fair value. Valuation effect of trading purposes derivatives is presented in the consolidated balance sheet as an asset or liability depending on its net fair value and consolidated income statement in "Derivatives" and "Financial intermediation income (loss), net" captions, respectively.

Futures – Both to the buyer and the seller of the future, its fair value corresponds to that determined based on recognized market or stock exchange quotations.

Forward contracts – Fair value of the forward contract corresponds to the fair value of its rights and obligations by its contract terms.

Swaps –Fair value of swaps is represented by the net value between rights and obligations of the contract (present value of receivable cash flows minus present value of deliverable cash flows), which will be recorded initially at its fair value. Subsequently, its fair value will be determined by its contract terms.

Options – Put and call option obligations (premiums collected) or rights (premiums paid) are recorded at contract value and subsequently valued at fair value.

(j) Offsetting of clearing accounts-

Amounts receivable or payable arising from investment securities, securities under repurchase/resell agreements, securities lending and/or derivative financial instruments which have expired but have not been settled at the consolidated balance sheet date as well as amounts receivable or payable resulting from the purchase or sale of foreign currencies which are not for immediate settlement or those with a same day value date, are recorded in clearing accounts included within "Other accounts receivable, net" and "Other accounts payable, Creditors on settlement of transactions".

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The debit and credit balances of clearing accounts are offset as long as they have the contractual right to offset the amounts recorded and, at the same time, there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Assets and liabilities from operations with the same nature, or which arise from the same contract, they can be offset provided it has the same maturity and are settle simultaneously.

(k) Accounts receivable-

The accounts receivable regarding the debtors identified, which maturity is agreed at a term in excess of 90 calendar days, are estimated by Management to determine the estimated recovery value and, if applicable, constitute the respective reserves. The amounts for other accounts receivable that are not recovered within the 90 days following the initial recording (60 days, if balances are not identified), regardless of the possibility of recoverability, are totally reserved, except for the balances related to taxes and creditable value added tax. At December 31, 2020 and 2019, no allowance for bad debts is required.

(l) Furniture equipment and leasehold improvements, net-

Furniture, equipment and leasehold improvements are recorded at acquisition cost. The related depreciation of furniture, equipment and leasehold improvements is determined after subtracting from its acquisition cost the residual value.

Depreciation is calculated using the straight-line method according to the estimated useful life of each related asset as listed below:

	Depreciation Rates
Transport equipment	25%
Furniture and office equipment	10%
Leasehold improvements	10%
Computer equipment	30%

(m) Permanent investments-

These are represented by investing in stocks in CEBUR, Contraparte Central de Valores, Club San Javier, Club de Industriales and Club Piso 51. The permanent investments in shares are recognized through the equity method, based on the latest available financial statements. The valuation effect at carrying amount is recorded in the consolidated statement of income under item "Equity in results of operations of associated".

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Investments where no significant influence is exercised, are classified as other investments, which are recognized at the acquisition cost. Dividends from such investments are recognized in the statement of income under item "Other operating income (expenses), net", except for profits of periods prior to the investment purchase, which are recognized by decreasing the investment.

(n) Other assets-

Other assets include security deposits, prepaid expenses, other intangibles and the accumulated amortization, and the contributions made to the contingency fund established through the stock market associates as self-regulatory, which purpose is to support and contribute to strengthening the stock market.

These are mainly represented by security deposits, prepaid expenses, other intangibles and subscriptions amortized based on the term of the contract, as well as the goodwill generated on the acquisition of a portfolio of customers, which is amortized based on Management's projections regarding the estimated period of cash flow generation.

(o) Income Tax (IT) and employee statutory profit sharing (ESPS)-

Current IT and ESPS are calculated according to legal and tax regulations.

Deferred IT or ESPS is accounted for under the asset and liability method which compares accounting and tax values. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and, in the case of IT, for operating tax losses carry forwards and other recoverable tax credits. Deferred tax and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in consolidated results of operations for the period the change is enacted.

Deferred and current IT and ESPS are classified and presented in the consolidated income statement, except those arising from a transaction that are recognized in other consolidated comprehensive income or directly in the financial statement caption stockholders' equity.

(p) Accruals-

Based on Management's estimates, the Brokerage Firm recognizes accruals for present obligations where the transfer of assets or the rendering of services is virtually inevitable and arises as a consequence of past events, primarily administrative services.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(q) Employee benefits-

Short-term direct benefits

Short-term direct employee benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Brokerage Firm 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

Brokerage Firm's net obligation in relation to direct long-term benefits (except for deferred ESPS - see subsection (n) Income taxes and employee statutory profit sharing), and which the Bank is expected to pay at least twelve months after the date of the most recent balance sheet presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in statement of income in the period in which they are accrued.

Termination benefits

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

Post-Employment Benefits

Defined benefit plans

Brokerage Firm's net obligation in relation to defined benefit plans, seniority premiums and payable at termination of employment, is calculated separately for each plan, estimating the amount of future benefits that employees have earned in the current and prior periods.

The obligations for defined benefit plans are calculated annually by actuaries using the projected unit credit method. When the calculation results in a possible asset for the Brokerage Firm, the recognized asset is limited to the present value of the economic benefits available in the form of future refunds of the plan or reductions in future contributions thereto. To calculate the present value of economic benefits, any minimum financing requirement should be considered.

The labor cost of current service, which represents the periodic cost of employee benefits for having completed one more year of working life based on the benefit plans, is recognized in operating expenses. The Brokerage Firm determines the net interest expense [income] on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of estimates of contributions and benefit payments.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Modifications to the plans that affect past service cost are recognized in consolidated income immediately in the year the modification occurs, with no possibility of deferral in subsequent years. Furthermore, the effects of events of liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the population eligible for benefits, are recognized in income of the period.

Remeasurements (before actuarial gains and losses), resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred in statement of income of the period.

(r) Cumulative currency translation effect-

Represent the difference resulting from the translation of the functional currency of foreign operations into the reporting currency.

(s) Revenue recognition-

Commissions for financial brokerage, allocation of investment companies, purchase/sale of securities and revenues derived from custody services are recognized in the statement of income of the year as earned under "Commissions and fees income".

Commissions from financial advisory services (placement of paper or shares) are recognized in the statement of income of the year as earned under "Financial advisory services".

The gain or loss on the sale of trading and available-for-sale securities is recorded when sold under "Gain or loss on purchase/sale of securities", as applicable.

Interest collected on repurchase agreement transactions and investment in securities is recognized as earned under "Interest income" using the effective interest method.

(t) Memorandum accounts-

Customer cash and securities received in custody, pledged and for management:

Cash and securities from customers that are held in custody, pledged and for management by the Brokerage Firm are recorded in the respective memorandum accounts and valued considering the fair value, based on the price provided by the price vendor.

- a. Cash is deposited in financial institutions, in checking accounts other than those of the Brokerage Firm.
- b. Securities in custody and administration are deposited in S.D. Indeval.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The Brokerage Firm recognizes transactions on behalf of customers as of the date when executed rather than settled.

(u) Foreign currency transactions-

The accounting records are expressed in pesos and foreign currencies; for consolidated financial statement presentation purposes, currencies other than the dollar are translated from the respective currency into dollars as required by the Commission. For translating dollars into domestic currency, the Brokerage Firm uses the exchange rate for settling obligations denominated in foreign currencies, determined by the Central Bank. Foreign exchange gains and losses are recorded in statement of income.

(v) Contingencies-

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

(w) Segment information-

The Brokerage Firm, in accordance with the accounting criteria issued by the Commission, has identified operating segments for purposes of information disclosure by segment in the financial statements (see note 24).

(4) Accounting changes-

The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) as issued the 2020 FRS Improvements, whose adoption did not cause significant changes in the financial statements.

(5) Foreign currency exposure-

At December 31, 2020 and 2019, the consolidated financial statements include the rights and obligations denominated in US Dollars, as shown in the next page.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos, except as noted otherwise)

	Millions of Dollars	
	2020	2019
Assets	237	436
Liabilities	(237)	(433)
Long (short) position, net ^(a)	-	3
Total net long position in pesos	\$ -	57

^(a) As of December 31, 2020, the net long (short) position is less than one million dollars.

In accordance with regulatory provisions set by the Central Bank, the foreign currency position maintained on a daily basis by brokerage firms should be leveled, both as a whole and for each currency tolerating long or short positions not exceeding in the aggregate 15% of core capital. As of December 31, 2020 and 2019, the maximum position allowed is 13.06 and 10.79 millions of Dollars, respectively.

As of December 31, 2020 and 2019, the exchange rate in relation to the US dollar was \$19.9087 and \$18.8642 pesos per US Dollar, respectively. At February 26, 2021, date of issuance of the financial statements, the exchange rate was \$20.9390 pesos per dollar.

(6) Memorandum accounts-**Customer securities in custody**

As of December 31, 2020 and 2019, the detail is as follows:

	2020	2019
Debt Money market securities	\$ 86,409	86,006
Variable yield securities	17,379	15,706
	\$ 103,788	101,712

Revenues earned for the years ended December 31, 2020 and 2019, for customer assets in custody, amount to \$232 and \$156, respectively (see note 24).

Collaterals received by the entity

As of December 31, 2020 and 2019, they are as follows:

	2020	2019
Creditors under repurchase/resell agreements:		
Government debt	\$ 702	-

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Collaterals received and sold or delivered as guarantee by the entity

As of December 31, 2020 and 2019, they are as follows:

		2020	2019
Creditors under repurchase/resell agreements:			
Federal government bonds	\$	702	-

(7) Cash and cash equivalents-

As of December 31, 2020 and 2019, the detail is as follows:

		2020	2019
Deposits in financial institutions	\$	1,339	700
Restricted cash equivalents:			
Guarantee (a)		159	76
	\$	1,498	776
24-48 hour foreign currency purchase/sale (b):			
Currency sales		(719)	(1,309)
Currency purchases		647	1,565
Total overdraft recognized under Sundry Creditors and other accounts payable (note 16)	\$	(72)	256
	\$	1,032	

For the years ended December 31, 2020 and 2019, cash and cash equivalents generated interest income, including foreign currency exchange for \$79 and \$54, respectively.

- (a) It corresponds to the security deposits made to the Contraparte Central de Valores de México, S. A. de C. V. to comply with the Brokerage Firm's obligations in respect of securities transactions carried on by the Brokerage Firm at the Mexican Stock Exchange.
- (b) As of December 31, 2020 and 2019, purchase and sale transactions valued in pesos, to be settled in 24-48 hours, correspond to dollars.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(8) Investment securities-**Trading**

As of December 31, 2020 and 2019, the detail is as follows:

	2020			2019		
	Fair value	Investment securities	Unsettled assigned securities	Fair value	Investment securities	Unsettled assigned securities
<i>Unrestricted debt instruments:</i>						
Government debt:						
In position	\$ 1,909			70		
To deliver	(12,598)	-	(10,689)	(13,656)	-	(13,586)
Bank and private debt:						
In position	-			74		
To deliver	(10)	-	(10)	-	74	-
Net equity instruments:						
In position	144			123		
To deliver	(699)	-	(555)	(900)	-	(777)
Trading securities restricted or pledged under repurchase transactions:						
Government debt	62,795			61,135		
Bank debt	-	62,795	-	266	61,401	-
Trading securities restricted or pledged under securities loan transactions:						
Government securities	492	492	-	7,554	7,554	-
Trading securities restricted or pledged as collateral under (value date purchases):						
Government securities	19,203			24,778		
Bank debt	10			-		
Equity instruments, net	683	19,896	-	890	25,668	-
	\$	83,183	(11,254)		94,697	(14,363)

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The gain (loss) recognized in profit or loss for the years ended December 31, 2020 and 2019 were \$37 and (\$111), respectively. Trading securities are represented by high-liquidity debt securities and shares.

As of December 31, 2020 and 2019, the maturity of the debt instruments classified as trading securities, is less than 1 year.

As of December 31, 2020, there is not investment securities different to investments in government securities that represent more than 5% of the Brokerage Firm's, while as of December 31, 2019 is shown as follows:

Instrument	Weighted average term to maturity		Weighted average rate			2020	2019
	2020	2019	2020	2019			
BANCOMER	-	2	-	8.01%	\$	-	216

Interest income and gain and loss on sale

For the years ended December 31, 2020 and 2019, the amount of interest income and net gain or loss on sale of investments in securities is analyzed as follows:

		2020	2019
Interest income	\$	5,632	4,194
Net gain on sale		364	622
	\$	5,996	4,816

Transactions with trading securities carried on by the Brokerage Firm involve market and credit risk. To reduce the risk exposure, the Brokerage Firm has established procedures and risk management policies (see note 26).

(9) Repurchase/resell agreements

Debtors and creditors under repurchase agreements in force as of December 31, 2020 and 2019, are as shown in the next page.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

		Creditors under repurchase	
		2020	2019
Government securities:			
Bonds	\$	57,363	56,514
Bonds D		1,197	938
Federal Government Stock Certificates		3,245	1,195
Treasury bills (CETES)		176	151
Federal Government Development Bonds in UDIS-(UDIBOND)		586	2,359
United Mexican States Bonds (UMS)		207	-
		62,774	61,157
Banking stock certificates		-	266
	\$	62,774	61,423

For the years ended December 31, 2020 and 2019, interest income and expense of repurchase transactions recognized in the consolidated statement of income as "Interest income" and "Interest expense", are analyzed as follow:

		2020	2019
Interest expense (seller)	\$	(4,466)	(4,597)
Interest income (buyer)		32	44
	\$	(4,434)	(4,553)

For the years ended December 31, 2020 and 2019, the profit from repurchase agreements was \$2,119 and \$2,142, respectively.

As of December 31, 2020 and 2019, repurchase transactions carried out by the Brokerage Firm as seller, were traded at a term ranging from 2 to 28 days.

(10) Transactions with derivative financial instruments-

As of December 31, 2020 and 2019, the fair value of the open position of derivative financial instruments held for trading, is shown in the next page.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

	Net fair value reported in the balance sheet	
	Assets	Liabilities
2020		
i) Futures:		
Shares and price indexes	\$ 1	(2)
Interest rate	3	(2)
	4	(4)
ii) Forwards:		
Shares and price indexes	2	(1)
Foreign currency	76	(52)
Interest rate	1	(7)
	79	(60)
iii) Swaps:		
Interest rate	5,347	(5,411)
Foreign currency	68	(66)
	5,415	(5,477)
iv) Options:		
Premiums paid/collected – rates	22	(22)
	\$ 5,520	(5,563)
	Assets	Liabilities
2019		
i) Futures:		
Shares and price indexes	\$ 18	(22)
Foreign currency	13	(20)
Interest rate	23	(22)
	54	(64)
ii) Forwards:		
Shares and price indexes	5	(1)
Foreign currency	142	(89)
Interest rate	10	(7)
	157	(97)
iii) Swaps:		
Interest rate	8,287	(8,570)
Foreign currency	34	(30)
	8,321	(8,600)
iv) Options:		
Premiums paid/collected - rates	33	(31)
	\$ 8,565	(8,792)

(Continued)

Casa de Bolsa Foamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Futures

As of December 31, 2020 and 2019, the position in number of contracts for currency futures transaction entered with CME and MexDer, includes as follows:

	2020			2019		
	Number of agreements		Maturity	Number of agreements		Maturity
	CME	MexDer		CME	MexDer	
Purchase indexes	15	-	Mar-21	42	-	Jan -20
Purchase indexes	-	-	-	2	-	Feb-20
Purchase indexes	-	-	-	432	20	Mar-20
Purchase bond	66	-	Mar-21	1,932	-	Mar-20
Purchase foreign currency	-	12	Mar-21	86	14,524	Mar-20
Sale indexes	7	-	Mar-21	82	-	Jan-20
Sale indexes	-	-	-	2	-	Feb-20
Sale indexes	-	-	-	375	40	Mar-20
Sale bond	362	-	Mar-21	2,135	-	Mar-20
Sale foreign currency	-	-	-	86	29,012	Mar-20
Sale commodity	-	-	-	4	-	Apr-20

As of December 31, 2020, the futures positions in CME and MexDer are referred to a notional value of \$1,287 and \$2, respectively. As of December 31, 2019, the futures positions in CME and MexDer are referred to notional value of \$11,873 and \$3,408, respectively

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The effect of valuation at futures operations is recognized under Income (loss) from marking to market, which for the years ended at December 31, 2020 and 2019, amounts to \$10 and \$(9), respectively.

Deposits on margin accounts are necessary for the Brokerage Firm to carry out transactions with derivative contracts on recognized markets unrecognized, being restricted as to their availability to maturity of transactions that originated them. As of December 31, 2020 and 2019, the futures margin is \$453 and \$1,661, respectively.

For the year ended on December 31, 2020, the aforementioned deposits generated interest expenses of \$(80) and \$(114), respectively.

Forwards

As of December 31, 2020 and 2019, the transactions of forwards, depending on their nature and maturity, are as follow:

		2020		
Maturity date		Spot price	Fair value	Unrealized gain or loss
Buy:				
January 2021	\$	2,218	2,205	13
February 2021		8,003	8,010	(7)
March 2021		2,442	2,427	15
April 2021		24	21	3
May 2021		33	29	4
June 2021		17	16	1
July 2021		2	3	(1)
August 2020		1	1	-
September 2021		315	289	26
October 2021		4	4	-
December 2021		4	4	-
Total purchases, to the next page	\$	13,063	13,009	54

(Continued)

Casa de Bolsa Foamex, S.A.B. de C.V. and Subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

		2020	
Maturity date		Spot price	Maturity date
Total purchases, from the previous page	\$	13,063	13,009
Sale:			
January 2021		4,298	4,298
February 2021		150	150
March 2021		1,743	1,758
April 2021		2	3
June 2021		6	7
July 2021		3	2
September 2021		369	388
	\$	6,571	6,606
			\$ 19
		2019	
Maturity date		Spot price	Fair value
Buy:			
January 2020	\$	3,162	3,128
February 2020		9,264	9,236
March 2020		4,223	4,189
April 2020		48	46
May 2020		22	21
June 2020		150	148
July 2020		1	1
September 2020		15	14
October 2020		2	2
December 2020		10	10
Total purchases	\$	16,897	16,795
Sale:			
January 2020	\$	645	659
February 2020		921	925
March 2020		3,311	3,331
April 2020		10	10
May 2020		21	22
June 2020		72	75
July 2020		1	1
September 2020		4	4
	\$	4,985	5,027
			\$ 60

(1) As of December 31, 2020 and 2019, the notional amount is less than a unit (one million of pesos).

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Casa de Bolsa Finamex, S. A. B. de C. V. y subsidiaria

Notes to the consolidated financial statements

(Millones de pesos)

Swaps

As of December 31, 2020 and 2019, the swap position is analyzed are follows:

		2020		
Maturity year	Notional amount	Present value of receivable cash flow	Present value of deliverable cash flows	Net unrealized gain/loss
Interest rate swaps				
Mexican Pesos:				
2021	\$ 194	3,714	4,820	(1,106)
2022	2,288	6,656	8,110	(1,454)
2023	28	1,297	1,266	31
2024	103	3,038	2,584	454
2025	76	14,145	12,046	2,099
2026	24	1,210	1,242	(32)
2027	11	503	617	(114)
2028	3	183	294	(111)
2029	36	2,617	2,349	268
2030	243	6,389	6,430	(41)
2031	2,011	513	513	-
2035	69	241	247	(6)
	5,086	40,506	40,518	(12)
Mexican Peso-US dollar:				
2021	4	6,423	6,134	289
UDI:				
2021	5	7,265	7,606	(341)
Currency swaps:				
US Dollar:				
2025	1	3	13	(10)
2026	1	17	3	14
2045	1	50	95	(45)
2046	6	52	48	4
2048	1	77	38	39
	10	199	197	2
	\$ 5,105	54,393	54,455	(62)

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

2019				
Maturity year	Notional amount	Present value of receivable cash flow	Present value of deliverable cash flows	Net unrealized gain/loss
Interest rate swaps				
Mexican Pesos:				
2020	\$ 169	15,842	15,771	71
2021	309	16,317	16,919	(602)
2022	3,790	31,013	30,496	517
2023	1,324	16,224	16,362	(138)
2024	226	10,254	10,283	(29)
2025	77	7,993	7,319	674
2026	70	6,890	7,262	(372)
2027	21	1,757	1,727	30
2028	11	1,041	1,282	(241)
2029	2,020	25,637	25,829	(192)
	8,017	132,968	133,250	(282)
Currency swaps:				
Mexican Peso-US Dollar:				
2020	26,945	1	1	-
US Dollar:- Mexican Peso:				
2020	553,235	1	1	-
Currency swaps				
US Dollar:				
2025	1	11	14	(3)
2026	1	18	12	6
2045	1	76	94	(18)
2046	2	40	36	4
2048	2	76	62	14
	7	221	218	3
	\$ 588,204	133,191	133,470	(279)

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

The unrealized gains or losses accounts of swaps transactions are recognized under "Income (loss) from marking to market".

Options

As of December 31, 2020 and 2019, the Options positions are referred to a notional amount of \$3,470 and \$11,957, respectively.

Transactions with derivative instruments carried on by the Brokerage Firm, involve market and credit risk. To reduce these risk exposure, the Brokerage Firm has established procedures and risk management policies (see note 26).

At December 31, 2020 and 2019, the Brokerage Firm did not hold hedging derivatives.

The Brokerage Firm, in executing transactions with financial derivative instruments, carried out in markets or as "Over the Counter" (OTC), agrees the delivery and / or receipt of guarantees known as "collaterals" in order to cover any exposure to market and credit risk of such transactions. These collaterals are contractually agreed with each counterparty with which it operates. Collaterals constituted are currently designed for transactions with national financial institutions, and also foreign financial entities and institutional customers, are primarily formed by cash. As of December 31, 2020 and 2019 the collaterals delivered and received amounted to \$772 and \$(3,862), respectively, (\$810 and \$(3,550), respectively at 2019)

(11) Accounts receivable-

At December 31, 2020 and 2019, the "Accounts receivable" includes the following:

	2020	2019
Debtors for sales of securities	\$ 1,284	3,037
Debtors for sales of foreign currencies	719	1,309
Collateral given for derivative transactions	351	118
Sundry debtors	196	85
	\$ 2,550	4,549

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(12) Furniture and equipment, net-

As of December 31, 2020 and 2019, the furniture and equipment, net includes the following:

		2020	
	Cost	Accumulated depreciation	Net value
Transportation equipment	\$ 19	16	3
Furniture and office equipment	33	29	4
Computer equipment	47	31	16
Adaptations and improvements	43	39	4
	\$ 142	115	27

		2019	
	Cost	Accumulated depreciation	Net value
Transportation equipment	\$ 17	14	3
Furniture and office equipment	32	27	5
Computer equipment	34	26	8
Adaptations and improvements	43	38	5
	\$ 126	105	21

Depreciation recorded in the income statement at the end of the years 2020 and 2019 were \$10 and \$9, respectively.

(13) Permanent investments-

As of December 31, 2020 and 2019, the permanent investments amounts to \$9 and \$8, respectively, the gain from sharing in the result of permanent investment at the end of the year December 31, 2020 and 2019, amounts to \$1.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(14) Other assets-

As of December 31, 2020 and 2019, the balance is as follows:

	2020	2019
Intangibles (a):		
Intangibles	\$ 46	46
Amortization	(22)	(18)
	24	28
Prepaid expenses	44	27
Contingency fund trust	86	77
	\$ 154	132

(a) Corresponds to Fund Manager's client portfolio, which is amortized in a term of 13 years, which ends in the year 2028.

(15) Creditors on settlement of transactions-

As of December 31, 2020 and 2019, the balance is shown as follows:

	2020	2019
Creditors on purchase of securities	\$ 6,736	12,228
Creditors on purchase of foreign currencies	647	1,565
Derivatives	5	7
	\$ 7,388	13,800

(16) Sundry creditors and other accounts payable-

As of December 31, 2020 and 2019, this caption is comprised of the following concepts:

	2020	2019
Sundry creditors	\$ 205	201
Overdrafts of purchase-sale operations of currencies 24-48 hrs (see note 7)	72	-
Other liabilities	82	63
Employee benefits (note17)	12	10
	\$ 371	274

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos, except as noted otherwise)

(17) Employee benefits-

The Brokerage Firm has a legal indemnity plan and a seniority premium applicable to all of its personnel. Benefits are based on the years of service and the last salary earned by the employee upon termination of the employment relationship with the Brokerage Firm.

The cost, obligations and other elements of seniority premium and severance compensation plans for reasons other than restructuring, mentioned in note 3(q), were determined based on computations prepared by independent actuaries at December 31, 2020 and 2019. The components of the benefit cost defined for the years ended December 31, 2020 and 2019 are shown follows:

		Post employment benefits 2020	Post employment benefits 2019
Current service cost (CLSA)	\$	2	2
		2020	2019
Beginning balance of DBNL:			
Defined benefit cost	\$	10	8
Payments charged to DBNL		2	2
Ending balance of DBNL	\$	12	10
Defined benefit obligations (BDO) and Financial position of the obligation	\$	12	10

As of December 31, 2020 and 2019, the DBNL for termination and retirement benefits of \$12 and \$10, respectively, is included in the caption "Sundry creditors and other accounts payable".

The most important assumptions used for determining the defined benefit cost and the net cost for the period of the plans are shown below:

	2020	2019
Nominal discount rate used to reflect the present value of the obligations	6.86%	8.57%
Nominal rate of increase in salary levels	4.54%	4.54%
Average remaining employee labor life (applicable to retirement benefits)	15.49 years	8.94 years

As of December 31, 2020 and 2019, the plan asset is not funded.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos, except as noted otherwise)

(18) Stockholders' equity-**(a) Structure of capital stock-**

As of December 31, 2020 and 2019, the capital stock includes the following:

	2020		2019	
	Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Fixed capital:				
Serie O	32.5	\$ 325	32.5	\$ 325
Variable capital:				
Serie O	30.9	309	30.9	309
Total	63.4	\$ 634	63.4	\$ 634

The capital stock consists of 32.5 million of Series "O" common, registered shares, at no par value representing the fixed portion, without any right to withdrawal, and 30.9 million, registered shares, at no par value representing the unlimited variable portion of the capital stock. The aforementioned shares are fully subscribed and paid in. Common capital stock and the premium on sales of shares as of December 31, 2020 and 2019, amounts to \$634, in both years.

At the Stockholders' Meeting held on April 23, 2019, a resolution was passed to approve the payment of dividends in cash of up to \$35 was agreed upon by the Board of Directors to be distributed on the terms to be remembered, this amount was settled during Exercise 2019 decreasing the captions "Retained earnings" and "Statutory reserves".

The dividends payment was charged to "Retained earnings" and to the balance of Previously Taxed Earnings (CUFIN); which will be delivered to stockholders free of tax payment.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(b) Comprehensive income-

The comprehensive income reported on the consolidated statement of changes in stockholders' equity, represents the results of the Brokerage Firm's total activities during the year and includes the net income (loss).

(c) Statutory reserves-

At the Stockholders Meeting held on April 23, 2019 it was approved that five percent of net income for the year ended December 31, 2019 must be appropriated to the statutory reserve, as referred to in article 20 of the General Corporations Law and the thirty-seventh clause of the bylaws.

(d) Restrictions on stockholders' equity-

The Commission requires brokerage firms to maintain a minimum capitalization percentage over assets at risk, which are determined according to the risk assigned.

Five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of capital stock.

In accordance with the General Corporations Law, the statutory reserve must be reconstituted in the same way when it decreases for any reason.

In case of capital reimbursement or profit distribution to stockholders, income tax is due on the amount distributed or disbursed in excess of the amounts determined for tax purposes.

The undistributed profits of permanent investments in shares shall not be distributed to the Brokerage Firm's stockholders until the dividends are collected, but can be capitalized at a Stockholders' Meeting.

(19) Capitalization index (unaudited)-

The Commission provides rules for capitalization requirements, whereby brokerage firms shall be subject to maintain a global equity regarding the market risks and credit risks incurred in its operation; it shall not be less than the amount obtained by adding up the capital requirements for these types of risk.

The figures of global equity, assets at risk and capitalization requirements (unaudited information) as of December 31, 2020 and 2019, were determined according to the provisions in force and are presented in the next page.

(Continued)

Casa de Bolsa Foamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

a) Capital consumption ratio (unaudited)

The amount of market, credit and operational risk as of December 31, 2020 and 2019 (unaudited figures) includes the following:

	2020	2019
Fundamental capital	\$ 1,628	1,357
Basic capital	\$ 1,628	1,357
Net capital	\$ 1,628	1,357
Market risk requirements	\$ 558	567
Credit risk requirements	91	84
Operational risk requirements	124	131
	\$ 773	782
Basic capital ratio (BCR)	16.84%	13.88%
Fundamental equity ratio (FER)	16.84%	13.88%
Capitalization rate (ICAP)	16.84%	13.88%

b) Composition of net capital (unaudited)

At December 31, 2020 and 2019, the capital requirements given the types of risk mentioned above, determined based on financial information provided on a monthly basis by the Brokerage Firm to the Central Bank amounts to \$773 and \$782, respectively (the net capital amounts to \$1,628 and \$1,357, respectively) (unaudited figures).

Net capital is determined based on the stockholders' equity and as of December 31, 2020 and 2019, (unaudited figures) is as follows:

	2020	2019
Total stockholders equity / basic capital	\$ 1,733	1,435
Less:		
Holding companies of financial groups	(33)	(5)
Shares of financial institutions and holding companies	(48)	(38)
Intangibles	(24)	(35)
Net capital	\$ 1,628	1,357

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos, except earning per share)

c) Assets at risk (unaudited figures)

Concept	Amount of equivalent positions		Capital requirements	
	2020	2019	2020	2019
Market risk:				
Transactions in pesos at nominal rate	\$ 6,207	6,212	496	496
Transactions with debt securities in pesos with a surcharge and a revisable rate	4	13	-	1
Transactions in pesos at real rate or denominated in UDIs	270	337	22	26
UDIs positions or with inflation-related yields	11	7	1	1
Transactions in foreign currency at nominal rate	33	13	3	1
Positions in foreign currency or indexed at the exchange rate performance	3	100	-	8
Positions in shares or with yield indexed to the price of a share or group of shares	444	400	36	34
	6,972	7,082	558	567
Credit risk				
RC-2 Group (weighted by 20%)	430	639	34	51
RC-3 Group (weighted by 100%)	672	389	53	31
CME (weighted by 2%)	47	25	4	2
	1,149	1,053	91	84
Operational risk	1,546	1,638	124	131
	\$ 9,667	9,773	773	782

(20) Earnings per share-

The weighted earnings per share for the years ended December 31, 2020 and 2019 were determined as follows:

	2020	2019
Profit (loss) in accordance with the consolidated statements of income	\$ 297	(134)
Weighted average number of shares	63,388,903	63,468,137
Income (Loss) per share (Mexican pesos)	\$ 4.6853	(2.1142)

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

(21) Incomes taxes and employee statutory profit sharing-

The Income Tax Law, in force, beginning on January 1, 2014 establishes a rate of 30% for the year 2014 and subsequent years.

Income taxes are as follows:

	2020	2019
Income Tax:		
Deferred income tax	\$ (88)	86

Accounting-tax reconciliation

The main items affecting the determination of the Brokerage Firm's taxable income were the annual inflation adjustment, accruals, the difference between the accounting and tax depreciation and amortization of fixed assets and installation expenses, and the valuation effect of investment in securities and repurchase agreements, which are treated differently for accounting and tax purposes.

Employee Statutory Profit Sharing (ESPS)-

The expense (benefit) for ESPS is integrated as follows:

	2020	2019
On tax basis	\$ 24	-
Deferred tax	(3)	6

Deferred taxes-

To evaluate the recoverability of deferred tax assets, the Brokerage Firm's management considers the probability that part or all of them will not recover. The final realization of deferred tax assets depends on several factors such as the generation of taxable income in the future. In carrying out this evaluation, the Brokerage Firm's management considers the expected reversal of deferred tax liabilities, projected taxable profits and planning strategies.

As of December 31, 2020 and 2019, deferred taxes are included in the following page.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

	2020	2019
Deferred income tax asset:		
Fixed assets	\$ 9	10
Tax loss carryforwards	47	115
Capital lost in financial markets	-	6
Accruals	13	4
	69	135
Deferred income tax liability:		
Capital gain in financial markets	(20)	-
Prepaid expenses	(5)	(3)
	(25)	(3)
Deferred ESPS, net	(3)	6
Deferred Income Tax and ESPS, net	\$ 41	138

The reconciliation of the legal Income Tax rate and the effective rate stated as percentage of the profit before Income Tax and ESPS is show as follows:

	2020	2019
Income (loss) before income taxes	385	(220)
Increase (reduction) resulting from:		
Effects of inflation, net	(122)	(32)
Non-deductible expenses	29	3
Valuation of financial instruments	-	(33)
Other, net	1	(6)
Income (loss) before income taxes, plus permanent items	293	(288)
Income tax rate	30%	30%
Current income tax	(88)	86
Effective income tax rate	23%	(39%)

Other considerations:

In accordance with Mexican tax regulations currently in effect, the tax authorities may examine transactions carried out during the five years prior to the most recent income tax return filed.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

In accordance with the IT Law, corporations carrying out transactions with related parties, whether domestic or foreign, are subject to certain limitations and requirements as to the determination of prices, since such prices must be equivalent to those that would be used in arm's-length transactions.

As of December 31, 2020 and 2019, the Contribution Capital Account and the Net Tax Profit Account amount to \$15,476 and \$1,681, and \$15,004 and \$1,644, respectively, for the Brokerage Firm, while the Fund Manager they amount to \$20 and \$25 and \$19 and \$25, respectively.

As of December 31, 2020, the Brokerage Firm has operating losses carry forwards in accordance with Income Tax Law in force, these can be amortized against income taxable due in the following ten years. The operating losses carry forwards can be adjusted following certain procedures established by the same law. As of December 31, 2020, the operating losses carry forwards to be recovered are as mentioned as follows:

Year of origin	Maturity		Updated amount	Deferred tax effect
2017	2027	\$	7	2
2019	2029		148	45
			\$ 155	47

(22) Comparative chart of maturities of main assets and liabilities-

Below are the maturities of the main assets and liabilities as of December 31, 2020 and 2019.

	Up to 6 months	From 6 months and thereafter	Total 2020	Total 2019
Assets:				
Cash and cash equivalents	\$ 1,498	-	1,498	1,032
Margin accounts	453	-	453	1,661
Investments securities	83,183	-	83,183	94,697
Derivatives	430	5,090	5,520	8,565
Transaction settlement receivables, net	2,003	-	2,003	4,346
Accounts receivable, net	547	-	547	203

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

		Up to 6 months	From 6 months and thereafter	Total 2020	Total 2019
Liabilities:					
Creditors under repurchase/resell agreements	\$	62,774	-	62,774	61,423
Securities lending		465	-	465	7,167
Securities assigned to be settled		11,254	-	11,254	14,363
Derivatives		448	5,115	5,563	8,792
Creditors on settlement of transaction		7,388	-	7,388	13,800
Cash collaterals received		3,862	-	3,862	3,550
Sundry creditors and other accounts payable		371	-	371	274

(23) Financial margin-

For the years ended December 31, 2020 and 2019, the financial margin is shown as follows:

		Interest		Mark to market	Gain and loss on sale	
		Income	Expenses		Income	Loss
2020						
Cash and cash equivalents and margin accounts	\$	79 ⁽¹⁾	(80)	(32)	2,720	(2,700)
Investments securities		5,632	-	37	3,661	(3,297)
Securities lending		-	(22)	-	-	-
Repurchase		32	(4,466)	-	2,119	-
Futures and Forwards		-	-	(31)	3,152	(3,452)
Options		-	-	(2)	1,152	(1,161)
Swaps		-	-	217	4,841	(7,508)
Total	\$	5,743	(4,568)	189	17,645	(18,118)

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

2019	Interest		Mark to market	Gain and loss on sale	
	Income	Expenses		Income	Loss
Cash and cash equivalents and margin accounts	\$ 54 ⁽¹⁾	(114)	(26)	1,174	(1,195)
Investments securities	4,199	-	(111)	5,196	(4,574)
Securities lending	-	(37)	-	-	-
Repurchase	44	(4,597)	-	2,142	-
Futures and Forwards	-	-	60	1,901	(2,070)
Options	-	-	(7)	518	(496)
Swaps	-	-	(11)	3,192	(4,940)
Total	\$ 4,292	(4,748)	(95)	14,123	(13,275)

⁽¹⁾ It includes gains (losses) from foreign currency exchange rates.

(24) Segments information-

The main operating segments of the Brokerage Firm for the years ended December 31, 2020 and 2019 are as detailed below. Figures presented are integrated to a different classification used for the preparation of the consolidated financial statements, as they are grouped by combining operational and accounting records.

Transactions on behalf of third parties primarily refer to securities purchase/sale transactions, either directly or by repurchase agreements, equity market brokerage operations and foreign currency purchase and sale transactions. Below is shown a detail of assets, liabilities and gains (losses) for concepts as of December 31, 2020 and 2019.

Transactions on behalf of third parties	2020	2019
Income:		
Commissions and fees collected	\$ 232	156
Financial advisory services	161	154
Expenses:		
Commissions and fees expense	(200)	(181)
Service income	\$ 193	129

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Transactions with derivative financial instruments

It basically represents futures transactions carried out by the Brokerage Firm with Mex-Der for trading purposes. The assets, liabilities, income and expenses, related to futures transactions for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Assets:		
Futures to be delivered and forwards for trading purposes	\$ 83	211
Options	22	33
Swaps	5,415	8,321
Liabilities:		
Futures to be delivered and forwards for trading purposes	(64)	(161)
Options	(22)	(31)
Swaps	(5,477)	(8,600)
Derivatives position, net	\$ (43)	(227)
	2020	2019
Income:		
Gain on derivative instruments	\$ 9,128	5,611
Premiums collected on options	17	2
Gain (loss) on valuation of derivative financial instruments	184	42
Less:		
Expenses:		
Gain on derivative instruments	12,115	7,506
Premiums received on options	6	2
	\$ (2,792)	(1,853)

Transactions for administrative services

For the years ended December 31, 2020 and 2019, the Brokerage Firm provided portfolio management services and distribution of mutual fund shares for less than a million. In the statement of income this amount is recorded under "Financial advisory services". Expenses directly related to these items are not significant.

Operational summary by segments

The integration by segments of the total operating income shown in the income statement is included in the next page.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

	2020	2019
Transactions in securities for its own	\$ 3,683	2,151
Transactions on behalf of third parties	193	129
Transactions with derivatives	(2,792)	(1,854)
Other operating (expenses) income, net	8	2
Administrative and promotional expenses	(707)	(649)
Net operating income	\$ 385	(221)

(25) Related-party transactions and balances-**Contracts**

The most significant contracts held with related parties are described below:

- Securities brokerage and shares distribution contracts with Mutual Funds constituted by the Fund Manager, which include securities custody for an indefinite term.

As of December 31, 2020 and 2019, revenues from administrative services with related party amount to \$6 and \$3, respectively.

Custody of securities

The balances of securities payable by related parties and presented in memorandum accounts are as follows:

	2020	2019
Custody of securities		
Fund Manager	\$ 34	22

(26) Risk management (unaudited)-

The Brokerage Firm has a specialized area for risk management, which is responsible for identifying, measuring, controlling and reporting the different risk to which it is exposed, directly to the Board of Directors of the Brokerage Firm and, at the functional level, to the Risk Committee, which is responsible for deciding risk strategies and levels, by authorizing the risk valuation and measurement models and new products, which are then approved by the Board of Directors.

Based on the Provisions, the Commission established the prudential provisions which brokerage firms must observe for purposes of Risk Management (articles 121 to 145).

Furthermore, the Provisions establish the obligation for brokerage firms to disclose to small stockholders, through notes to the financial statements and on the brokerage firm's website, the information related to policies, methodologies, risk levels assumed and other relevant measures adopted by the Brokerage Firm for management of each type of risk.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Market risk. This risk is defined by the Brokerage Firm as the degree of vulnerability of market risk for the asset and liability positions of the Brokerage Firm, as a result of collective or individual fluctuations in the variables which directly or indirectly affect the value of such positions.

In general, the calculation of the Value at Risk made by the Brokerage Firm is as follows:

The methodology used for the data is historical method.

The calculation of value at risk (VaR) is computed on a daily basis.

The reliability level used is 99%.

The one-day investment horizon is used.

The number of scenarios is 500 for each risk factor.

The risk factors used for the market risk measurement include: interest rates, exchange rates and prices of indexes, shares and commodities.

The Brokerage Firm has an internal risk scheme in place to produce statistics supported in the adaptation of the Global VaR system to the specific needs of the Brokerage Firm.

Credit risk. As part of the credit risk, the Brokerage Firm considers the following aspects:

- Expected loss. It is based on the analysis of the classification of the private instruments included in the portfolio. Using this classification and the transition probabilities matrix, the probability that an instrument will "migrate" to a lower classification or default of its commitments is estimated. Subsequently, an analysis of surcharges is conducted starting from the change in the classification level of a bond and the impact of this change on the same price of the bond.
- Issuer risk. This risk arises when the issuer of the instrument suffers an impairment in its financial position, or does not pay on the date of maturity, or defaults in any way on one or more of its obligations before maturity of the transaction.

The Brokerage Firm manages its exposure to this type of risk by calculating a series of credit lines which control the transactions that it performs, limiting both the type and the amount of operations with each of its counterparties, thus assuring a low level for this type of risk. The methodology groups institutions according to their size and origin (large, small, Mexican or foreign institutions) and subsequently calculates a counterparty line which considers the credit rating, capitalization ratio, overdue portfolio, stockholders' equity and other factors that reflect the customer's financial position.

Below is a detail of how the Brokerage Firm mitigates the credit and liquidity risk to the following markets and/or portfolios:

- a) The Brokerage Firm has specific lines for issuer risk and counterparty risk, as the case may be, which are daily monitored on line for the following markets:
 - Money market.
 - Derivatives market (Forwards, Swaps, Options).
- b) A report is daily sent to the members of the Risk Committee which includes a summary of the issuer credit risk of bank and private paper, as well as the counterparty risk of the derivatives market (Forwards, Swaps and Options).

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

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(Millions of pesos, except as noted otherwise)

COUNTERPARTY DERIVATIVE

December 31, 2020

(Thousands of pesos, greater than 100 thousand)

Client	Instrument	Earnings	Loss	Earnings-Loss	Guarantee	Counterparty Risk	Threshold	MMT	Type of contract	Net
BARCLAYS PLC	Forwards	1,266	- 984	282	-	282	-	-	Unilateral	Yes
BBVA	Opciones	-	- 4,934	- 4,934	173,803	6,930	-	1,991	Bilateral	Yes
	Swaps	185,667	- 4,934	185,667						
		185,667	- 4,934	180,733						
CITIBANK NA	Forwards	14,314	- 11,459	2,855	2,389	466	-	-	Bilateral	Yes
CONSUBANCO	Swaps	36,488	-	36,488	30,900	5,588	5,000	500	Bilateral	Yes
UBS	Swaps	12,180	-	12,180	11,945	235	-	1,991	Bilateral	Yes

Counterparty lines total	Counterparty Risk		%	% limit	% Consumption
	Swaps	17,687	1.09%	25%	3%
	Opciones	- 4,934	-0.30%		
	Forwards	748	0.05%		
	Total	13,500	0.83%		

* Profit and loss from the brokerage house point of view

**Put options

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos, except as noted otherwise)

Moreover, it is worth mentioning a report is daily sent to the members of the Risks Committee which includes a summary of the issuer credit risk of bank and private papers, as well as the counterparty risk of the derivatives market (Forwards, Swaps and Options).

Liquidity risk. The Brokerage Firm defines liquidity risk as the possibility that available funds may be insufficient to fulfill the financial commitments contracted by the Brokerage Firm at a specific date or time frame.

Considering the composition of its portfolios and its size in relation to the market, the Brokerage Firm considers that liquidity risk arises only under extreme adverse scenarios, and when there is a change in the trend notably towards a drop in prices. The Brokerage Firm quantifies its exposure to this risk each month using a methodology developed internally. This methodology consists of comparing the amount resulting from aggregating the maximum losses obtained during the stress tests for the horizons of one to five days (regardless of the horizon in which they occurred) and the amount obtained from aggregating the losses for the stress scenario selected.

Additionally, limits have been established regarding the Global Equity of the Brokerage Firm related to the potential losses under stress scenarios which limit the funding risk of positions in situations which represent significant deficits.

The liquidity risk to the derivatives position is calculated, expressed in the following portfolios:

- Forwards and Futures.
- Swaps.
- Options.

Net results by type of instrument and terms						
(amounts in pesos)						
Cash	24	48	72	96-1 mes	1 mes-3 meses	más de 3 meses
FORWARDS						
- 18,111,823	-	- 49,592	-	- 6,874,634	- 12,906,999	- 928,899
Includes novations, collaterals and payments from the valuation date						
SWAPS						
-	-	1,850,916	2,532,789	40,808,134	51,817,220	-
FUTURES						
-	- 2,078,251	-	-	-	-	-
The net total represents the amount to be paid or received, if all positions were undone on the valuation day						
OPTIONS						
Premiums						
-	- 399,972	-	-	-	-	-
Payments						
-	-	-	-	774,556	10,175,579	- 9,626,949
Settlement						
-	- 399,972	-	-	774,556	10,175,579	- 9,626,949
Includes premium payments, plus settlements as of the valuation date						

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. y subsidiaria

Notas a los estados financieros consolidados

(Millions of pesos)

Operational risk. This risk is the risk of losses due to failures in persons, processes and/or systems in the course of the business operations performed by the Brokerage Firm.

It is controlled by taking the following actions:

- Periodic reviews conducted by internal audit.
- Annual reviews by external auditors of the 31 requirements established by the Central Bank for the transaction of derivative products and the measurement of the risks of the Brokerage Firm.
- An adequate segregation of functions.
- The Brokerage Firm has specific manuals for areas considered key, which are continually updated to reflect changes in policies and procedures.
- Establishing procedures to meet extraordinary contingencies.
- Having logs which enable them to identify, prevent, resolve and document the operational risks implicit in the operating processes on a daily basis. It is worth mentioning that the risks identified have not generated an economic loss for the Brokerage Firm, because all the errors indicated were identified when the operation was immediately captured and corrected. The results are presented monthly to the Risks Committee and quarterly to the Board of Directors.

Legal risk. It is the risk of potential losses due to noncompliance with applicable legal and administrative provisions, the issuance of adverse administrative and court rulings, and the application of penalties, in relation to the transactions performed by the Brokerage Firm.

This risk is controlled through:

- A verification procedure performed by the Legal Department of any and all of the documents and forms which are legally binding for the Brokerage Firm.
- Reviews of the current status of lawsuits and an estimate of the probability of adverse rulings, and the expected value of the potential loss, if any.
- Distribution procedure for regulations internally in the Brokerage Firm.
- The status of this risk is reported semiannually to the Risks Committee and the Board of Directors.

Technology risk. Technology risk is defined as the potential loss from damage, interruption, alteration or failures derived from the use or dependence on hardware, software, systems, applications, networks and any other information distribution channel used in the performance of the services to the customers.

(Continued)

Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

It is controlled by appropriate management of five fundamental aspects:

- Personal training
- Supplier catalogs
- Security
- Contingency plans
- Backup processes

As of December 31, 2020, the position and the VaR of the different markets in which a position is maintained are as follows:

Market	Position	VaR 99% 1 Day
Money	\$ (16,350)	43
Equities	120	3
Foreign exchange	0.1	0.3
Total Fiamex (*)	\$ (16, 230)	46.3

(*) Total complete portfolio, correlated VaR calculation.

Value at Risk (VaR): It is the maximum amount of money expected to be lost within one day, 99% of the time.

The risk profile of the Brokerage Firm is defined by the limits on its quantification measures. These limits represent the risks which the Brokerage Firm is willing to take.

The current limits for the three different quantitative risks are:

Risk	Quantification measure	Current limits
Market	VaR	6%
Credit		
Analysis	Delta-gamma	8,000 million stock certificates in position
Liquidity	Stress	30% global equity

The Risk Committee which meets every month, reports the risk levels at the close of the previous month, as well as statistical information on the VaR (Market Risk) and the Stress (Liquidity Risk) of the Brokerage Firm for up to one year's history, and by the Operator for the entire previous month.

The above confirms that the Brokerage Firm has average values of risk exposure. (Unaudited figures)

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos, except as noted otherwise)

(Figures of VaR and Stress 5 in pesos)

Daily	Average	Maximum	Minimum	Close	Limit
	5.6%	12.1%	2.5%	2.8%	12.0%
VaR	77,088,562	111,297,849	40,271,069	44,864,772	195,326,664
		Apr 21, 2020	Dec 17, 2020		

*Percentages compared to the line consumption of VaR

Monthly	Average	Maximum	Minimum	Close	Limit
	19.1%	33.7%	7.6%	7.6%	50.0%
stress 5	226,310,853	385,326,782	123,986,038	123,986,038	813,861,101
		Mar 31, 2020	Dec 31, 2020		

*Percentages compared to the line consumption of Stress 5

Daily	Average	Maximum	Minimum	Close	Limit
	3.5%	5.0%	2.5 %	2.8%	12.0%
VaR	54,855,000	75,722,638	40,271,069	44,864,772	195,326,664
		Dec 03, 2020	Dec 17, 2020		

*Percentages compared to the line consumption of VaR

The Brokerage Firm has current authorization from the Central Bank to perform brokerage transactions with derivative financial instruments, which it uses as hedge vehicles for positions in related markets, products which expand and improve the available offering for customers, and also in order to take proprietary positions.

The Brokerage Firm in 2020 will present the review of compliance for 2019 as established by the Commission for comprehensive risk management inside the Brokerage Firm. The Provision establishes the obligation to conduct a bi-annual review, which must be signed by the Chief Executive Officer.

Conclusions

We consider that in the case of the materialization of risks, losses would have a moderate impact on the Brokerage House since operations are maintained at levels below the risk limits and tolerance levels allowed.

COVID-19

In response to the COVID-19, the Brokerage Firm took various measures to mitigate risks that result from transactions with financial instruments. Although the way of doing business did not change, the following measures were taken:

Prior to the pandemic, the Brokerage Firm made hard investments in digitizing both customer services and internal processes. This previous situation gave us the bases for during the pandemic 95% of the personnel worked from their homes without exposing them to a risk of contagion.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Additionally, at the beginning of the pandemic, an investment was made in the renewal of computer equipment so that employees had the best tools, as well as improvements in security.

The situation of the Brokerage Firm with respect to the risk profile measured in ICAP at the end of March 2020 had a significant decrease with respect to the levels observed previously, this due to the volatility presented during the months of March and April, the level of ICAP at the end of said period was 11.12%, this decrease was mainly due to the impact of volatility on stockholders' equity, since Assets Subject to Risk did not have a significant movement.

During the month of March 2020, the Board of Directors authorized an increase in the VaR and Stress limits of the Brokerage Firm, which are reviewed and evaluated, since it is intended to return to previous levels when the markets show stability.

Due to the presence of a bit of stability in the market, the ICAP presented a considerable increase, with an average of 12.87% in the last 7 months (March 2020 - September 2020), so the risk level of the Brokerage House at closing 2020 is stable.

(27) Classification of risk level (unaudited information)-

As of December 31, 2020 and 2019, the classification assigned to the Brokerage Firm by Fitch Ratings is as follows:

- *Long-Term Counterparty Risk A- (mex)*: It implies a very sound credit status for timely performance of its financial commitments.
- *Short-Term Counterparty Risk F1 (mex)*: It indicates the greatest capacity for timely performance of its financial commitments.

The classification assigned to the Brokerage Firm by HR Ratings is as follows:

- *Long-Term Counterparty Risk HR A*: It implies a high credit quality and great assurance of timely payment of debt obligations and maintains a very low credit risk in the event of an adverse economic scenario.
- *Short-Term Counterparty Risk HR2*: It implies a high capacity for timely payment of short-term debt obligations and maintains the lowest credit risk.

(28) Commitments and contingent liabilities-

In the regular course of its operations, the Brokerage Firm has been subject to certain lawsuits and claims, which management, and its legal, labor and tax advisors consider groundless; thus, they are not expected to have a material effect on the financial position and the results of future operations. If any of these claims were to represent a contingency, provisions have been established, which are considered necessary to cover any obligations that they might generate.

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Casa de Bolsa Finamex, S. A. B. de C. V. and subsidiaries

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(Millions of pesos)

In accordance with the Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed, which may generate tax differences derived from the various interpretation criteria of the tax provisions between the Brokerage Firm and the tax authorities.

Since 2012 the Brokerage Firm has a commitment to lease the property to be used for offices in Mexico City. This building was first used in August 2013. The commitments derived from the lease of property, are as follows:

Year	Annual Amount	
2021	USD	918,176
2022	USD	936,540
2023	USD	955,271
2024	USD	974,376

Since 2013, the Brokerage Firm has a commitment to lease the property to be used for offices in Guadalajara. This building was first used in November 2009. The commitments under the lease of property, which are in Guadalajara City, are as follows:

Year	Annual Amount	
2021	\$	7
2022		7
2023		7
2024		7

(29) Recently issued financial reporting standards –

On November 4, 2019, the Commission published in the Official Journal of the Federation a resolution amending the general provisions applicable to the brokerage firms, with regard to criterion A-2 "Application of particular rules"; where such modification serves the incorporation of NIF B-17 "Fair value determination", C-3 "Accounts receivable", C-9 "Provisions, contingencies and commitments", C-16 "Impairment of financial instruments receivable", C-19 "Financial instruments payable", C-20 "Principal and interest financial instruments", D-1 "Customer contract revenue", D-2 "Customer contract costs" and D-5 "Lease" issued by the CINIF. Such amendments shall enter in force from January 1, 2022.

The Brokerage Firm is evaluating the important effects that the normative pronouncement mentioned above might have on its financial information.

Improvements to FRS 2020

On December 2020, the CINIF issued the document entitled "Improvements to FRS 2020", which contains specific revisions to some of the existing FRS. The aforementioned improvements to FRS will not generate changes in the annual financial statements.