

Funding TIIE Swap and Rate Conversion

As a result of the international migration from survey-based reference rates to references that reflect market funding conditions, the Mexican Central Bank (Banco de Mexico) started to publish the Funding TIIE rate and announced the end of the TIIE28 survey-based. For the above mentioned, Asigna is preparing to migrate its TIIE28 Swaps to new Funding TIIE Swaps.

Relevant dates for the transition from TIIE28 to Funding TIIE



TIIE28 and Funding TIIE Contracts Management

*Last date to negotiate TIIE28 Swaps Contracts in Asigna with maturity after December 31st, 2025.

Detail of the Original Swap Conversion Strategy

On the conversion dates, all TIEE28 Swaps position opened in Asigna, with maturity after December 31st, 2025, will be replaced by two contracts with the following features:

- One **TIEE28 Short-Term Swap** which will include all the coupons with maturity prior to January 1st, 2026. This instrument will maintain the same fix rate, conditions, and features of the original TIEE28 contracts.
- One **Funding TIEE Forward Starting Swap (FSS)** that will include the coupons not considered in the TIEE28 Short-Term Swap. The variable rates of this contract will be determined with the daily compounded Funding TIEE plus a spread and will maintain the same fix rate as the original contract. The effective date of this swap will be equal to the maturity date of the TIEE28 Short-Term Swap and, the settlement of the coupons will be t+2.

*Swaps with maturity prior to January 1st, 2026 will not be subject to conversion.

In addition, Asigna will determine a cash compensation, calculated as the difference of the present value of the FSS using the Banxico methodology minus the present value of the FSS using the final valuation methodology.

In contrast to the final valuation methodology, the Banxico methodology does not consider the 2-days shift on coupon settlement, and it determines forward variable rates as the 28 days compounded Funding TIEE plus a spread of 24 basis points.

Scheme of TII E28 Swaps Conversion Strategy

1 Short TII E28 Swap

It includes all coupons with maturity prior to January 1st, 2026.

1 Funding TIE Forward Starting + Spread

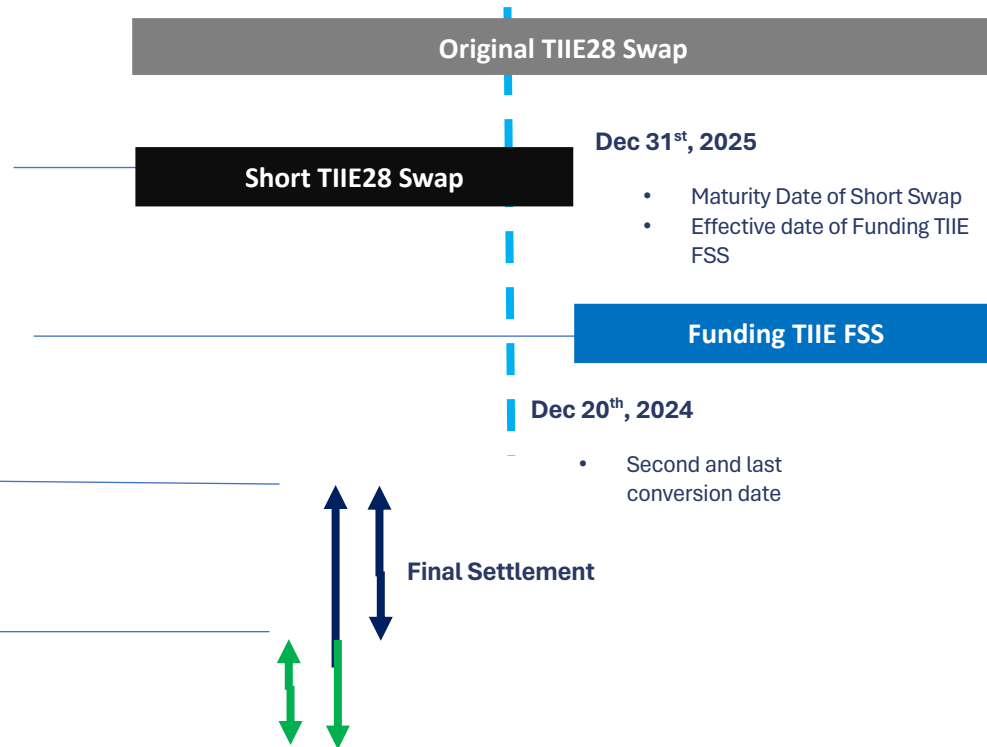
It includes all coupons of the original Swap which are not included in the Short TII E28 Swap.

NPV change

Difference between NPV of the conversion Contracts vs NPV of the original Swap.

Cash Compensation

Difference between conversion Contracts NPV vs NPV calculated using Banxico Methodology.



Before long, Asigna will share a document with detailed description of operational processes related to conversion.

For any question or comment, please contact with us: conversionsswapsasigna@grupobmv.com.mx