# BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.
# AND SUBSIDIARIES

## Consolidated Financial Statements

December 31, 2020 and 2019
with Independent Auditor's Report

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# AND SUBSIDIARIES

## Consolidated Financial Statements

December 31, 2020 and 2019

## Contents:

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bolsa Mexicana de Valores, S.A.B. de C.V.,

*Opinion*

We have audited the accompanying consolidated financial statements of Bolsa Mexicana de Valores, S.A.B. de C.V. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bolsa Mexicana de Valores, S.A.B. de C.V. and its subsidiaries ("the Company or BMV") as of December 31, 2020 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the "*Código de Ética Profesional del Instituto Mexicano de Contadores Públicos*" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included audit procedures designed to respond to assessed risks of material misstatement in the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

- ***Goodwill***

***Why the matter was determined to be a key audit matter***

We consider the calculation of goodwill to be a key audit matter since this calculation requires significant Management judgment and the use of subjective estimates and forecasts of economic inflows and outflows that are subject to future market conditions.

See Notes 2 and 6 to the accompanying consolidated financial statements for disclosures on goodwill recognized by the Company for a total of MXN 3,084 million arising on the acquisition of the subsidiaries described in such notes.

***How we responded to this key audit matter***

Our audit procedures consisted of the following:

a) We assessed the design of significant controls related to the impairment testing process as of December 31, 2020; b) We assessed the key assumptions and methods used by Management to calculate impairment in accordance with the applicable accounting requirements. We received assistance from our own specialists for the audit procedures applied with respect to this point; c) We assessed the valuation model used to ensure appropriate measurement techniques were applied to determine the present value of future cash flows; d) We assessed the Company's business plan, taking into account the financial projections used by Company management for the impairment testing of the Cash Generating Units (CGUs) within the audit scope; e) We assessed the composition of each CGU and the assets subject to impairment testing within each CGU. We compared the revenue and profit margin forecasts for a CGU sample against the budgets approved by Company management; f) We assessed the key assumptions taking into account the highly sensitive nature of the inputs used in an impairment analysis, such as the discount rate and the expected revenue increase rate, and compared these assumptions against key data from external sources; g) We independently re-performed the arithmetic calculation using the valuation methods applied by the Company, taking into account the consistency of the CGU grouping criteria; and h) We assessed the disclosures related to goodwill in the consolidated financial statements as of December 31, 2020.

- *Revenue from cash equities, issuers and Central Securities Depository services*

*Why the matter was determined to be a key audit matter*

Revenue from cash equities corresponds to operating fees (stock trading) charged to customers trading on the stock exchange. Revenue from issuers correspond primarily to listing and maintenance fees charged to issuers trading in the stock exchange. Revenue from Central Securities Depository services corresponds to commissions earned from customers that utilize the Company's services. We consider this revenue to be a key audit matter since the calculation relies on a variety of automated processes, which are strictly regulated and must be charged to customers based on rates previously approved by the National Banking and Securities Commission (CNBV, Spanish acronym).

See Note 2 to the accompanying consolidated financial statements for revenue recognition policies corresponding to revenue from cash equities, issuers and Central Securities Depository services, totaling MXN 2,311 million.

*How we responded to this key audit matter*

Our audit procedures consisted of the following: a) We assessed the calculation and recognition processes applied by Management for revenue from cash equities, issuers and Central Securities Depository services; b) We assessed the design of significant controls over the revenue recognition process for 2020; c) We performed substantive audit procedures to assess the integrity of operating information that gives rise to the recognition of book income; d) We selected a representative sample of revenue from cash equities, issuers and Central Securities Depository services and recalculated the revenue for such sample applying the CNBV-approved rates for each type of revenue; e) We selected a representative sample of revenue from cash equities, issuers and Central Securities Depository services and compared the revenue against the invoices and billings shown in the Company's banking statements; and f) We assessed the disclosures related to revenue in the consolidated financial statements as of December 31, 2020.

*Other information included in the annual report*

Management is responsible for the other information. The other information comprises the information included in the annual report filed in accordance with the General Rules Applicable to Securities Issuers and other stock market participants issued by the CNBV; but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's 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 we have access to it 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 and consider the Annual Report filed with the CNBV, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

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

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, 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 financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

- Identify and 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 Company's internal control.

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The partner in charge of the audit resulting in this independent auditor's report is the undersigned.

This Independent Auditor's Report and the accompanying financial statements have been translated into English for convenience purposes only.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

C.P.C. Gabriel Alejandro Baroccio

Mexico City
February 16, 2021

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

**Consolidated Statement of Financial Position**

(Amounts in thousands of Mexican pesos)

| Assets | | As of December 31, 2020 | | 2019 |
|---|---|---|---|---|
| Current assets: | | | | |
| Cash and cash equivalents (Note 3) | MXN | 3,678,779 | MXN | 3,099,950 |
| Trade receivables, net (Notes 4 and 11) | | 385,662 | | 436,219 |
| Total current assets | | 4,064,441 | | 3,536,169 |
| Non-current assets: | | | | |
| Goodwill, net (Note 6) | | 3,083,600 | | 3,083,600 |
| Property, furniture and equipment, net (Note 7) | | 466,676 | | 479,340 |
| Right-of-use assets (Note 8) | | 249,678 | | 195,172 |
| Equity instruments (Note 5) | | 177,372 | | 166,475 |
| Intangible assets, net (Note 10) | | 236,348 | | 274,844 |
| Deferred income tax (Note 14) | | 57,632 | | 48,823 |
| Equity investments in associates and joint ventures (Note 9) | | 28,055 | | 39,377 |
| Employee benefits (Note 13) | | 9,631 | | 8,468 |
| Other assets, net | | 60,604 | | 54,820 |
| Total non-current assets | | 4,369,596 | | 4,350,919 |
| **Total assets** | MXN | 8,434,037 | MXN | 7,887,088 |

| Liabilities | | As of December 31, 2020 | | 2019 |
|---|---|---|---|---|
| Current liabilities: | | | | |
| Lease liabilities (Note 8) | MXN | 117,711 | MXN | 98,290 |
| Suppliers and other accounts payable (Note 12) | | 464,879 | | 474,432 |
| Income tax payable (Note 14) | | 36,278 | | 69,097 |
| Related parties (Note 11) | | 11,706 | | 8,353 |
| Total current liabilities | | 630,574 | | 650,172 |
| Non-current liabilities: | | | | |
| Employee benefits (Note 13) | | 4,943 | | 5,569 |
| Lease liabilities (Note 8) | | 132,752 | | 107,523 |
| Other accounts payable | | 100,360 | | 63,765 |
| Total non-current liabilities | | 238,055 | | 176,857 |
| **Total liabilities** | MXN | 868,629 | MXN | 827,029 |
| **Equity (Note 15)** | | | | |
| Share capital | MXN | 4,507,303 | MXN | 4,507,303 |
| Accumulated results (Note 17a) | | 219,718 | | 122,130 |
| Reserve for repurchase of shares (Note 17b) | | 600,000 | | 500,000 |
| Shared premium on repurchased shares (Note 17c) | | 211 | | 211 |
| Legal reserve | | 490,228 | | 423,323 |
| Net profit | | 1,492,770 | | 1,338,105 |
| Other components of equity | | 707 | | 653 |
| Other comprehensive loss | | ( 51,874) | | ( 80,044) |
| Equity holders of the parent | | 7,259,063 | | 6,811,681 |
| Non-controlling interest (Note 18) | | 306,345 | | 248,378 |
| **Total equity** | | 7,565,408 | | 7,060,059 |
| **Total liabilities and equity** | MXN | 8,434,037 | MXN | 7,887,088 |

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

## BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

### Consolidated Statement of Profit or Loss

(Amounts in thousands of Mexican pesos)

| | For the year ended December 31, 2020 | 2019 |
|---|---|---|
| **Operating activities** | | |
| **Customer revenue** | | |
| Cash Equities | MXN 529,404 | MXN 485,226 |
| Issuers | 579,425 | 614,675 |
| Derivatives | 196,153 | 178,078 |
| Over-the-counter (SIF ICAP) | 635,836 | 580,744 |
| Central Securities Depository | 1,201,970 | 994,370 |
| Information services | 590,520 | 546,074 |
| | 3,737,308 | 3,399,167 |
| **Other non-operating income** | 180,413 | 177,362 |
| Total income | 3,913,721 | 3,576,529 |
| **Expenses** | | |
| Personnel | ( 904,163) | ( 853,632) |
| Technology | ( 281,337) | ( 249,010) |
| Depreciation and amortization | ( 208,054) | ( 190,429) |
| Rent and maintenance | ( 57,451) | ( 64,285) |
| Fees | ( 207,622) | ( 171,748) |
| CNBV fees | ( 29,879) | ( 29,018) |
| Allowance for doubtful accounts | ( 11,796) | ( 753) |
| Other | ( 98,912) | ( 143,200) |
| Total expenses | ( 1,799,214) | ( 1,702,075) |
| Operating profit | 2,114,507 | 1,874,454 |
| Interest income (Note 23) | 497,404 | 277,921 |
| Interest expense (Note 23) | ( 327,220) | ( 102,414) |
| Share of profit of associates (Note 9) | ( 6,757) | 6,839 |
| Dividend income | 9,060 | 7,863 |
| Consolidated profit before income tax | 2,286,994 | 2,064,663 |
| Income tax (Note 14) | ( 683,764) | ( 619,170) |
| Consolidated net profit | 1,603,230 | 1,445,493 |
| Other comprehensive income, net of income tax | | |
| Items not to be reclassified to profit or loss: | | |
| Actuarial gain/(loss) | 1,446 | ( 5,725) |
| Valuation allowance on equity instruments | 10,946 | ( 62,955) |
| Items to be reclassified to profit or loss | | |
| Foreign currency translation reserve of foreign subsidiaries | 33,241 | ( 23,130) |
| Consolidated comprehensive income | MXN 1,648,863 | MXN 1,353,683 |

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

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

**Consolidated Statement of Comprehensive Income**

(Amounts in thousands of Mexican pesos)

| | For the year ended December 31, 2020 | | For the year ended December 31, 2019 | |
|---|---|---|---|---|
| Consolidated net profit attributable to: | | | | |
| Equity holders of the parent | **MXN** | **1,492,770** | MXN | 1,338,105 |
| Non-controlling interests | | **110,460** | | 107,388 |
| | **MXN** | **1,603,230** | MXN | 1,445,493 |
| Consolidated comprehensive income attributable to: | | | | |
| Equity holders of the parent | **MXN** | **1,520,994** | MXN | 1,259,358 |
| Non-controlling interests | | **127,869** | | 94,325 |
| | **MXN** | **1,648,863** | MXN | 1,353,683 |
| Earnings per share of equity holders of the parent | | | | |
| Basic and diluted earnings per share (in Mexican pesos) (Note 20) | | **2.52** | | 2.26 |
| Earnings per share of equity holders of the parent from continuing operations | | | | |
| Basic and diluted earnings per share (in Mexican pesos) (Note 20) | | **2.52** | | 2.26 |
| Weighted average number of shares | **MXN** | **592,989,004** | MXN | 592,989,004 |

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

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

## Consolidated Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Amounts in thousands of Mexican pesos)

| | Contributed capital | | | Earned capital | | | Other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Accumulated results | Share premium on repurchased shares | Reserve for repurchase of shares | Reserve fund | Net profit | Other components of equity | Actuarial loss on labor obligations | Foreign currency translation reserve of foreign subsidiaries | Change in the value of financial assets | Equity holders of the parent | Non-controlling interests | Total equity |
| Balance as of December 31, 2018 | MXN 4,507,303 | MXN ( 32,130) | MXN 206 | MXN 402,600 | MXN 354,529 | MXN 1,375,879 | MXN ( 5) | MXN ( 14,660) | MXN 21,152 | MXN ( 6,937) | MXN 6,607,937 | MXN 232,781 | MXN 6,840,718 |
| Net profit for the year | - | - | - | - | - | 1,338,105 | - | - | | - | 1,338,105 | 107,388 | 1,445,493 |
| Other comprehensive income (Note 16) | - | - | - | - | - | - | - | ( 4,382) | ( 11,410) | ( 62,955) | ( 78,747) | ( 13,063) | ( 91,810) |
| Comprehensive income | - | - | - | - | - | 1,338,105 | - | ( 4,382) | ( 11,410) | ( 62,955) | 1,259,358 | 94,325 | 1,353,683 |
| Appropriation of net profit from prior year | - | 1,307,085 | - | - | 68,794 | ( 1,375,879) | - | - | - | - | - | - | - |
| Dividends declared (Note 15) | - | ( 1,055,520) | - | - | - | - | - | - | - | - | ( 1,055,520) | - | ( 1,055,520) |
| Share buybacks | - | ( 97,400) | - | 97,400 | - | - | - | - | - | - | - | - | - |
| Share premium | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | 95 | 5 | - | - | - | 658 | 4 | ( 856) | - | ( 94) | ( 10,272) | ( 10,366) |
| Cash dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | ( 68,456) | ( 68,456) |
| | - | 154,260 | 5 | 97,400 | 68,794 | ( 1,375,879) | 658 | 4 | ( 856) | - | ( 1,055,614) | ( 78,728) | ( 1,134,342) |
| Balance as of December 31, 2019 | 4,507,303 | 122,130 | 211 | 500,000 | 423,323 | 1,338,105 | 653 | ( 19,038) | 8,886 | ( 69,892) | 6,811,681 | 248,378 | 7,060,059 |
| Balance as of December 31, 2018 | | | | | | | | | | | | | |
| Net profit for the year | - | - | - | - | - | 1,492,770 | - | - | - | - | 1,492,770 | 110,460 | 1,603,230 |
| Other comprehensive income (Note 16) | - | - | - | - | - | - | 54 | 1,446 | 15,832 | 10,892 | 28,224 | 17,409 | 45,633 |
| Comprehensive income | - | - | - | - | - | 1,492,770 | 54 | 1,446 | 15,832 | 10,892 | 1,520,994 | 127,869 | 1,648,863 |
| Appropriation of net profit from prior year | - | 1,271,200 | - | - | 66,905 | ( 1,338,105) | - | - | - | - | - | - | - |
| Dividends declared (Note 15) | - | ( 1,073,310) | - | - | - | - | - | - | - | - | ( 1,073,310) | - | ( 1,073,310) |
| Share buybacks | - | ( 100,000) | - | 100,000 | - | - | - | - | - | - | - | - | - |
| Share premium | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | ( 302) | - | - | - | - | - | - | - | - | ( 302) | - | ( 302) |
| Cash dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | ( 69,902) | ( 69,902) |
| | - | 97,588 | - | 100,000 | 66,905 | ( 1,338,105) | - | - | - | - | ( 1,073,612) | ( 69,902) | ( 1,143,514) |
| Balance as of December 31, 2019 | MXN 4,507,303 | MXN 219,718 | MXN 211 | MXN 600,000 | MXN 490,228 | MXN 1,492,770 | MXN 707 | MXN ( 17,592) | MXN 24,718 | MXN ( 59,000) | MXN 7,259,063 | MXN 306,345 | MXN 7,565,408 |

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

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

(Amounts in thousands of Mexican pesos)

| | For the year ended December 31, 2020 | For the year ended December 31, 2019 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Consolidated net profit | MXN 1,603,230 | MXN 1,445,493 |
| Adjustments for: | | |
| Depreciation and amortization | 208,054 | 190,429 |
| Share of profit of associates | 6,757 | ( 6,839) |
| Impairment of assets | - | 40,000 |
| Income tax recognized in profit or loss | 683,764 | 619,170 |
| | 2,501,805 | 2,288,253 |
| Changes in operating assets and liabilities: | | |
| Trade receivables and prepaid expenses | 44,773 | ( 44,119) |
| Suppliers and related parties | ( 17,298) | ( 43,840) |
| Employee benefits | ( 1,789) | ( 394) |
| Long-term accounts payable | 36,595 | 16,675 |
| Income tax paid | ( 678,737) | ( 581,199) |
| Net cash flows (used in) from operating activities | 1,885,349 | 1,635,376 |
| **Investing activities** | | |
| Purchase of furniture and equipment | ( 18,178) | ( 38,119) |
| Investments in project development | ( 21,325) | ( 46,070) |
| Acquisition of non-controlling interests | ( 6,691) | ( 14,278) |
| Dividends received | 9,060 | 7,863 |
| Net cash flows used in investing activities | ( 37,134) | ( 90,604) |
| **Financing activities** | | |
| Dividends paid | ( 1,073,310) | ( 1,055,520) |
| Cash dividends paid to non-controlling interests | ( 60,671) | ( 68,456) |
| Finance lease payments | ( 135,405) | ( 85,268) |
| Net cash flows used in financing activities | ( 1,269,386) | ( 1,209,244) |
| Net increase in cash and cash equivalents | 578,829 | 335,528 |
| Cash and cash equivalents: | | |
| At beginning of year | 3,099,950 | 2,764,422 |
| At end of year | MXN 3,678,779 | MXN 3,099,950 |

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

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Amounts in thousands of Mexican pesos)

## 1. Description of the Business and Approval of the Financial Statements

### a) Description of the business

Bolsa Mexicana de Valores, S.A.B. de C.V. (the Company) is authorized by the Ministry of Finance and Public Credit (SHCP, Spanish acronym) to operate as a Stock Exchange and as a self-regulated entity in accordance with the Mexican Securities Market Law (the Law). The Company is located at Avenida Paseo de la Reforma 255, Colonia Cuauhtémoc in Mexico City.

The Company's activities, in accordance with the Law and the CNBV's general rules, include establishing facilities and automated mechanisms to enable securities trading relationships and transactions. The Company's activities also include providing information on stocks traded through its platform and implementing measures to ensure that trading operations meet all applicable regulations, as well as to promote the growth of the Mexican securities market.

The Company, through its subsidiaries, operates as a stock exchange for derivatives, provides Central Securities Depository services, stock and derivative clearing services, and brokerage services.

An analysis of the Company's equity investments in its subsidiaries as of December 31, 2020 and 2019 is as follows:

| Entity | % Equity interest 2020 | % Equity interest 2019 | Activity |
|---|---|---|---|
| MexDer, Mercado Mexicano de Derivados, S.A. de C.V. (MexDer) | **97.98%** | 97.98% | The only derivatives exchange in Mexico. It provides facilities and other services to enable these transactions. |
| Corporativo Mexicano del Mercado de Valores, S.A. de C.V. (Corporativo) | **100.00%** | 100.00% | Provides professional services comprising: (i) personnel management for BMV, Indeval, MexDer, Valmer and other related parties; and (ii) systems maintenance. |
| Valuación Operativa y Referencias de Mercado, S.A. de C.V. (Valmer) | **99.99%** | 99.99% | Provides pricing information for government and corporate bonds, stocks and warrants, and offers risk management advisory services. |

| Entity | % Equity interest 2020 | % Equity interest 2019 | Activity |
|---|---|---|---|
| SIF ICAP, S.A. de C.V. (SIF ICAP) | **50.00%** | 50.00% | Provides financial brokerage services with debt instruments registered in the National Securities Registry (RNV). Owns 100% of the shares of SIF-ICAP Chile Holding Limitada, a financial brokerage for derivatives. |
| SIF ICAP Servicios, S.A. de C.V. (SIF Servicios) | **50.00%** | 50.00% | Provides professional and personnel services to SIF-ICAP. |
| Fideicomiso F/30430 Asigna, Compensación y Liquidación (Asigna) | **93.33%** | 93.33% | Provides clearinghouse services for derivatives contracts in MexDer. The Company, through its equity investment in PGBMV, indirectly owns 20.76% of Asigna's Trustee rights. |
| Participaciones Grupo BMV, S.A. de C.V. (PGBMV) | **99.99%** | 99.99% | A spin-off from Indeval; acquires CCV's representative shares and inherited all of Indeval's fiduciary rights in Asigna. |
| Contraparte Central de Valores de México, S.A. de C.V. (CCV) | **99.97%** | 99.97% | Counterparty for the clearing of transactions in capital markets. CCV helps reduce compliance risk for securities transactions in capital markets carried out by settling and non-settling agents of transactions in the Company and regulated by the Law. CCV defines and applies the safeguard systems for those transactions in which it acts as the counterparty to ensure security in such transactions. The Company, through its equity investment in PGBMV, indirectly owns 50.93% of CCV. |
| S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. (Indeval) | **97.56%** | 97.56% | Indeval acts as a depository for custody of securities registered in the RNV and provides securities management services related to clearing of securities in the terms of the Law and the CNBV's general rules. |

| Entity | **% Equity interest 2020** | % Equity interest 2019 | Activity |
|---|---|---|---|
| Intergloval BMV, S.A. de C.V. | **100.00%** | 100.00% | Provides reception, validation, routing and courier services, domestically and abroad, using standard communication protocols, electronic and optical means, to Mexican and foreign financial entities. |
| Latam Exchanges Data México, S.A. de C.V. (LED México) | **51.00%** | 51.00% | It is focused on hosting technical and production infrastructure, as well as providing top-level support for the services of promotion, generation, distribution and sale of information on Latin American financial markets that it carries out. Latam Exchanges Data, Inc. (LED México) |

**b) Approval of consolidated financial statements**

On February 16, 2021, the consolidated financial statements and these notes were authorized by the Company's General Director, José Oriol Bosch Par, and the Administrative and Finance Director, Ramón Güémez Sarre, for their issue and subsequent approval at the Ordinary Shareholders' Meeting to be executed by no later than April 30$^{th}$, 2021 by the Board of Directors and shareholders, who have the authority to modify the financial statements.

**c) Significant events in 2020 and 2019**

**i) - Significant events in 2020**

The General Health Council declared the COVID-19 epidemic as a public health emergency through a publication in the *Official Gazette* on 30 March 2020. The Company informed its issuers, intermediaries, investors, customers, suppliers and the general public that it has operation continuity plans in place for a variety of scenarios, including epidemics; these plans establish strategies, procedures and actions to ensure optimal service delivery from each of the subsidiaries, and include health and safety measures for employees.

The Company and its subsidiaries have continued and will continue to provide their services as usual through the implementation of several protocols in response to these circumstances. The Company has maintained close communication with financial authorities in order to adopt additional measures (if any) for the same purpose; these measures are being developed as more information becomes publicly available. The Company monitors official notices related to prevailing health risks and acts accordingly.

The Company did not report a significant impact on its accounts receivable as a result of the health emergency caused by the COVID-19 pandemic.

**ii) Dividends declared and paid in 2020**

At an Ordinary Shareholders' Meeting held on 24 April 2020, the Company's shareholders declared a dividend of MXN 1,073,310, equal to MXN 1.81 pesos per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN, by its acronym in Spanish). Such dividend was paid out on 15 May 2020.

On this same date, the shareholders agreed to increase the maximum amount that can be used to purchase treasury shares to up to MXN 600,000, which will remain unchanged until it is subsequently revised at an ordinary shareholders' meeting and all requirements under Article 56 of the Mexican Securities Act are met.

**iii) Derivasist-Participaciones merger**

At an extraordinary shareholders' meeting held on 31 July 2020, the shareholders agreed to merge Derivasist into Participaciones Grupo BMV, S.A. de C.V., using as a basis for the merger the *pro forma* statement of financial position as of June 30, 2020. Accordingly, this merger took effect for tax purposes on July 1, 2020.

**iv) Transactions with Latam Exchanges Data, Inc.**

On 28 May 2020, the Company made a third capital contribution totaling USD 279 (MXN 6,691) to Latam Exchanges Data, Inc.

**- Significant events in 2019**

**i) Dividends declared and paid in 2020**

At an Ordinary Shareholders' Meeting held on April 29, 2019, the Company's shareholders declared a dividend of MXN 1,055,520, equal to MXN 1.81 per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid on May 13, 2019.

On this same date, the shareholders agreed to increase the maximum amount that can be used to purchase treasury shares to up to MXN 500,000, which will remain unchanged until it is subsequently revised at an Ordinary Shareholders' Meeting and all requirements under Article 56 of the Law are met.

**ii) Purchase of stocks of fiduciary rights of Asigna**

During 2019, three Asigna's fiduciary rights certificates were purchased, one on February 25 for MXN 2,503 and two more on October 25 for MXN 2,490, each. With this acquisition, the direct and indirect shareholding amounts to 93.33%.

**iii) Purchase and sale of MexDer shares**

During 2019 three MexDer ´shares were purchased, one on February 25 for MXN 185 and two more on October 25 for MXN 185 each, the shareholding amounts to 97.98%.

**iv) Operations in Latam Exchanges Data, Inc. and Participation in the capital stock of Latam Exchanges Data México**

On September 19, 2019, the Company made a second capital contribution to Latam Exchanges Data, Inc. for USD735. (MXN 14,278)

On March 6, 2019, the Company made a capital contribution to Latam Exchanges Data México for MXN1,020.

## 2. Summary of Significant Accounting Policies

**a) Compliance with International Financial Reporting Standards**

The accompanying consolidated financial statements as of December 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

**b) Basis of presentation**

The consolidated financial statements as of December 31, 2020 and 2019 have been prepared on a historical cost basis, except for financial assets at fair value and defined benefit obligations at fair value, as explained further below.

The Company classifies its expenses by function in the consolidated statement of profit or loss.

The Company prepares its consolidated statement of cash flows using the indirect method.

**i. Historical cost**

Historical cost is generally equal to the fair value of the consideration paid for goods and services at the date of the transaction.

### ii. Fair value

Fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - Unobservable inputs for the asset or liability.

As of December 31, 2020, and 2019, the fair values of the Company's financial assets and liabilities do not differ significantly from their carrying amounts.

### c) Functional and presentation currency

The consolidated financial statements are presented in Mexican pesos, which is the Company's functional currency. Except where otherwise indicated, the amounts shown in the accompanying financial statements and these notes are in thousands of Mexican pesos.

### d) Basis of consolidation of financial statements

The consolidated financial statements comprise the financial statements of the Company and those of its subsidiaries. Control is obtained when the Company has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting, or similar, rights of an investee, it has power over the investee when the voting rights grant it the practical ability to direct the investee's activities unilaterally. When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the investor, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intercompany balances and transactions (assets, liabilities, equity, revenue, expenses and cash flows) have been eliminated on consolidation.

**- Changes in ownership interests of existing subsidiaries**

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. When the proportion of the equity held by non-controlling interests' changes, the Company shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Company shall recognize directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

When the Company loses control over a subsidiary, the gain or loss on the disposal of the shares shall be calculated as the difference between (i) the fair value of the consideration received, and (ii) the carrying amount of the assets and liabilities of the subsidiary prior to the loss of control and any non-controlling interests.

Amounts corresponding the equity investment in the subsidiary that were previously recognized in other comprehensive income shall be recognized based on the accounting treatment applicable to the disposal of the related assets and liabilities (that is, they shall be reclassified to profit or loss or recognized directly in other components of equity, as permitted under the applicable IFRS).

***Associates*** **-** An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. An investment in an associate or joint venture is accounted for using the equity method from the date on which it becomes an associate or joint venture.

**e) Significant accounting judgments, estimates and assumptions**

In the process of applying the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not easily observable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**- Fair value measurement of financial instruments**

Fair value is determined primarily on the basis of prices quoted in an active market.

**- Impairment of financial assets**

**i) Allowance for doubtful accounts**

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. The Company considers its past collection experience to calculate impairment in its trade receivables.

Trade receivables that are specifically identified as potentially uncollectible are charged to the allowance account. Subsequent recovery of previously recognized impairment losses are reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

The average credit term extended by the Company to its customers is 30 days. The Company creates an allowance for doubtful accounts on the balance of accounts receivable that are more than 90 days old, while also taking into consideration its past collection experience and its current financial situation.

For financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The new approach is structured in three stages from initial recognition of the financial instrument, which are based on the risk grade of the credit and credit exposures where there has been a significant increase in credit risk since initial recognition. IFRS 9 provides for a "simplified" approach, which does not require financial instruments to be classified into one of the three stages and allows entities to recognize expected credit losses over the lifetime of the trade receivable. The simplified impairment model is applicable to the Company's trade receivables.

**ii) Impairment of equity instruments designated at fair value through OCI**

Equity instruments designated at fair value through OCI are not reviewed for impairment.

**- Impairment of non-financial assets**

The carrying amount of the Company's non-financial assets, other than deferred tax assets (please refer to the section on impairment of deferred taxes), is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, recovery values are estimated every year on the same dates.

For purposes of goodwill impairment testing, goodwill that is acquired through a business acquisition is distributed among the group of cash generating units that are expected to benefit from the synergies of the combination. This distribution is subject to an operating segment cap test and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

If there are indicators that a corporate asset may be impaired, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

**- Defined benefits**

The net cost of the defined benefit pension plan and the present value of these labor obligations are determined using actuarial valuations. Actuarial valuations require the use of various assumptions. These include the determination of the discount rate, future salary increases, and mortality, disability, employee turnover rates, as well as certain financial and demographic assumptions. Due to the complexity of these valuations, the underlying assumptions they depend on and their long-term nature, the defined benefit obligation is very sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**- Deferred taxes**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. This reduction is reversed when the likelihood of generating future taxable earnings increases.

**- Lawsuits and litigation**

The Company is party to several lawsuits and labor claims arising from its normal course of business. Company management does not expect the outcomes of these lawsuits to have a material effect on the Company's financial position or its future operating results.

- **Leases**

*Determining the lease term in leases with renewal and termination options – Company as a lessee*

The Company considers the lease term to be the non-cancelable period of a lease.

The Company applies judgement to determine whether it is reasonably certain that it will exercise its option to renew or terminate a lease by considering all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to renew or terminate the lease. After the lease commencement date, the Company reassesses the lease term upon the occurrence of either a significant event or a significant change in circumstances that (i) is within the control of the Company and (ii) affects whether the Company is reasonably certain to exercise or not exercise an option to renew or terminate the lease.

The Company includes the extension periods as part of the lease term for leases of computer and server equipment with shorter non-cancelable periods (i.e. three to five years). For leases with longer non-cancelable periods, the extension periods are not included as part of the lease term since the Company is not reasonably certain that the lease will be renewed. As of December 31, 2019, the Company has not renewed the terms of its current leases.

*Lease classification – Company as a lessor*

The Company classifies its leases based on an assessment of their contractual terms and conditions, including: i) whether the lease term is not for the major part of the economic life of the underlying asset; ii) whether the present value of the lease payments does not represent substantially all of the fair value of the underlying asset; and iii) whether the lease does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. Leases that meet these conditions are classified as operating leases.

*Leases – Estimating the incremental borrowing rate*

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate reflects the amount that the Company would "have to pay" and the Company must use estimates to determine this rate when there are no readily observable rates (such as for subsidiaries that do not carry out financing transactions) or when the rates must be adjusted to reflect the terms and conditions of the lease (e.g., when the lease is denominated in a currency other than the subsidiary's functional currency). The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when they are readily available and must also use certain entity-specific estimates (such as a subsidiary's stand-alone credit rating). As of December 31, 2020, and 2019, the incremental borrowing rate used by the Company was 2.51%.

**f) Cash and cash equivalents**

Cash and cash equivalents principally consist of petty cash and highly liquid investments with maturities of no more than three months, including short-term repo transactions, which are not exposed to a significant risk of change in their value, and are used mainly to fund the Company's short-term obligations.

**g) Trade receivables**

Trade receivables are financial assets with fixed or determinable payments and are initially measured at their fair value plus costs directly attributable to the transaction. Subsequent to initial recognition, trade receivables are measured at amortized cost less any impairment losses. Receivables include trade receivables and other accounts receivable.

**h) Goodwill**

Goodwill arising from business combinations is recognized at the cost determined on the acquisition date of the business, net of any accumulated impairment losses.

Goodwill represents the difference between the acquisition cost and the fair value of the net assets acquired at the purchase date. Goodwill is considered to have an indefinite life and is therefore not amortized, but instead is subject to impairment testing at the end of the reporting period, or whenever there are indicators of impairment.

Impairment losses are recognized when the carrying amount of goodwill exceeds its recoverable amount (the greater of the asset's net selling price and its value in use). For the year ended 31 December 2020, the Company recognized no loss from impairment in the value of goodwill, while for the year ended December 31, 2019, the Company recognized a loss for MXN 40,000 from impairment in the value of goodwill.

**i) Property, furniture and equipment**

**- Recognition and measurement**

Property, furniture and equipment is initially measured at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Costs include all expenditures directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

For property, furniture and equipment made up of components with different useful lives, the major individual components are depreciated over their individual useful lives.

Any gain or loss arising on the sale of an item of property, furniture and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized on a net basis in profit or loss.

**- Subsequent costs**

The cost of replacing part of an item of property, furniture and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the asset will flow to the Company and its cost can be measured reliably. The carrying amounts of replaced parts are derecognized. Repair and maintenance costs are expensed as incurred.

**- Depreciation**

Depreciation is calculated at the cost of the asset or the value that comes to replace it.

Depreciation of property, furniture and equipment is recognized in profit or loss on a straight-line basis (since management considers that this method best reflects the use of these assets) and over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Property (excluding land) | 30 years |
| Computer equipment | 3 years |
| Office furniture and equipment | 10 years |
| Transport equipment | 4 years |

The residual values, useful lives and methods of depreciation of furniture and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**j) Financial assets and financial liabilities**

**- Recognition**

IFRS 9 has three categories in which financial assets are classified: a) amortized cost, b) fair value through other comprehensive income (FVOCI), and c) fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

The Company's financial liabilities include borrowings, suppliers and accounts payable, bank loans and long-term payables.

**i) Financial assets carried at amortized cost**

The Company measures its financial assets at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment losses. Gains and losses are recognized in profit or loss when the assets are derecognized, modified or impaired.

The Company's financial assets carried at amortized cost comprise cash and cash equivalents, trade receivables and related party receivables, included under financial assets.

**ii) Debt and equity instruments measured at fair value through other comprehensive income**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of December 31, 2020, and 2019, the Company does not have any debt instruments measured at FVOCI.

Equity instruments represent investments that the Company intends to maintain in the long term for strategic purposes.

**iii) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, and financial assets that must be mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of comprehensive income.

As of December 31, 2020, and 2019, the Company does not have any financial instruments measured at FVTPL.

**- Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to the cash flows from the asset have expired.

**- Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

A financial liability is derecognized when the associated obligation is discharged or cancelled, or has expired.

**-Offsetting financials asset and financial liabilities**

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**k) Intangible assets**

**- Intangible assets acquired separately**

Intangible assets with finite useful lives acquired separately are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is determined on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

**- Internally generated intangible assets – research and development expenditures**

Research and development expenditure are recognized as an expense during the period in which they are incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. When an internally generated intangible asset does not meet the recognition criteria, development expenditure is recognized as an expense during the period.

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization periods for internally generated intangible assets have been determined to be 7 to 10 years based on the assessments performed by the relevant area.

**- Derecognition of intangible assets**

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognized in profit or loss when the asset is derecognized.

**l) Income tax**

Income tax expense is the aggregate amount of current tax and deferred tax. Current and deferred taxes are recognized as either income or an expense in profit or loss, except for tax items that must be recognized as other comprehensive income items or in equity.

**- Current income tax**

Current income tax is the Company's income tax expense for the year, and it is recognized in profit or loss.

**- Deferred income tax**

Deferred taxes are recognized by applying the applicable tax rate to temporary differences resulting from the comparison of the book and tax values of assets and liabilities and, when applicable, deferred tax assets also include the available tax loss carryforward benefit and certain tax credits. Deferred tax liabilities are recognized for all temporary differences, with certain exceptions. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are not recognized when the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**- Uncertain tax positions**

The Company assesses whether it has any uncertain tax positions at the reporting date in accordance with IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments,* in order to measure the potential impact on its consolidated financial statements.

As of December 31, 2020, and 2019, management determined that it doesn't hold uncertain tax positions.

**m) Employee benefits**

Contributions to defined benefit retirement plans and defined contributions are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gains and losses exceeding 10% of the present value of the Company's defined benefit obligation or the fair value of plan assets at the end of the previous reporting period (whichever is greater) are amortized over the average remaining working lives of the employees under the plan. Past service costs are recognized immediately as the benefits accrue, or otherwise are amortized on a straight-line basis over the average remaining period until the benefits become vested.

The defined benefit retirement plan obligation recognized in the statement of financial position comprises the present value of the defined benefit obligation, plus or less the effect of unrecognized actuarial gains and losses and past service costs, and less the fair value of the plan assets. The value of any defined benefit asset is restricted to the sum of any unrecognized actuarial losses and past service costs, plus the present value of any refunds from the plan or reductions in the future contributions to the plan.

Short-term employee benefits are measured on an undiscounted basis and charged to profit or loss as the services are rendered.

The Company recognizes a liability for the amount it expects to pay under its short-term bonus plans or employee profit sharing plans whenever it has present obligations (legal or constructive) resulting from a past event and the amount of the obligation can be reasonably estimated.

## - Pension plan

The Company has a pension plan with two components: (a) a defined contribution plan covering employees who were less than 45 years old as of January 1, 2004; or who are more than 45 years old and have worked for the Company for less than 5 years (Group 1); and (b) a defined benefit plan covering employees who were more than 45 years old as of January 1, 2004 and who have worked for the Company for at least 5 years (Group 2). The amounts of defined benefits are based on the number of years of service and the salaries of employees during their last three years of service. Employees who are more than 60 years old and have worked for the Company for 30 years, and employees who are more than 65 years old, are entitled to retirement benefits.

The Company's defined benefit plan contributions are determined as 8.5% of each respective worker’s salary.

The defined benefit plan includes only employees who are more than 45 years old and have worked for the Company for at least 5 years. When an employee retires after the age of 60, they receive a lump sum payment equal to a certain number of months’ wages based on their seniority.

All other personnel stopped accruing benefits under this plan and instead are affiliated to the new defined contributions plan with minimum benefit guarantees. Under this plan, when an employee retires after the age of 60, they receive the total balance of their individual account, with a minimum guaranteed amount equal to two-thirds of their monthly wage multiplied by the number of years of services, plus 4.5 units. If an employee separates from the Company before they reach 60 years of age, they are entitled to collect a portion of their individual account based on their years of service, through prior mutual agreement. Employees are required to have 25 or more years of service to be entitled to collect the total amount in their individual account.

Due to the specific characteristics of the workers of SIF Servicios the new pension plan has different defined benefits: employees retiring after they are 60 years old receive a lump sum payment equal to one month's salary per year of service. Workers retiring before the age of 60 are entitled to a similar payment provided, they have worked for the Company for at least 10 years.

## - Seniority premiums

The Company’s employees are entitled to receive a seniority premium equal to 12 days salary for each year of service in the following cases: a) voluntary termination when the employee has worked for the Company for at least 15 years, b) dismissal, counting the years of service from the date the employee started working for the Company or as of May 1, 1970, whichever is later, and c) death or disability. In all cases, the base salary for calculating the seniority premium is capped at two times the general minimum wage established for the economic zone where the employee provides their services.

**- Recognition of defined benefit obligations**

The Company annually recognizes the cost for pensions, seniority premiums and termination benefits based on independent actuarial calculations applying the projected unit credit method.

Contributions made under the defined benefit pension plan are recognized in profit or loss as incurred.

Actuarial gains and losses are recognized in other comprehensive income in the period in which they are incurred.

Company policy is to contribute the maximum amount deductible for income tax purposes to the pension plan and seniority premium fund.

**- Employee profit sharing**

Employee profit sharing is presented as part of personnel expenses in the statement of profit or loss.

**n) Investments in associates and joint ventures**

Investments in associates are accounted for using the equity method. The Company recognizes its share of profit or loss of its subsidiaries and associates in profit or loss.

**o) Other assets**

Other assets consist primarily of fees, prepaid insurance and unamortized expenses, and are stated at cost. Amortization is calculated on the carrying amounts of the assets on a straight-line basis over the estimated useful lives of the assets.

**p) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of these cash flows (if the effect of the time value of money is material).

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, an only when, it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

**q) Share capital**

**Ordinary shares -** Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of the effect of taxes.

**Share buybacks -** Share buybacks at measured at cost. Share buybacks are classified as treasury shares and recognized as a deduction from equity.

When treasury shares are subsequently reissued, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premiums.

**r) Revenue from contracts with customers**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The core principle of IFRS 15, *Revenue from Contracts with Customers*, is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model:

1 - Identify the contract(s) with a customer
2 - Identify the performance obligations in the contract
3 - Determine the transaction price
4 - Allocate the transaction price to the performance obligations in the contract
5 - Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied; i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has generally concluded that it is the principal in its revenue arrangements, as follows:

- **Cash Equities:** Commission revenue on transactions charged to stock exchanges is recognized on a monthly basis in the consolidated statement of profit or loss and other comprehensive income as it is realized.
- **Issuers:** Includes the following:

**i) Listing -** Corresponds to issuers' registration fees. These fees are charged at the time the issuance is placed and are effective through 31 December of the year in which they are charged. These fees are recognized as deferred revenue and amortized over the course of the year.

**ii) Maintenance -** Issuers' maintenance fees for quoted securities are charged over the issuance period of the listed security. These fees are charged on an annual basis and collected in advance at the beginning of the year. These fees are recognized as deferred revenue and amortized over the course of the year.

- **Derivatives:** Commission revenue from derivatives trading, software licenses and information sales is recognized in profit or loss as it accrues.

Discounts are recognized based on the volume of contracts operated during the year and are netted from profit or loss of the period in which they are granted.

Derivatives revenue includes revenue from commissions earned on offsetting and settlement, management of Minimum Initial Contributions, use of the network, facilities and maintenance of systems used to clear derivatives. Commission revenue is recognized on a monthly basis in accordance with the volume of contracts, subsequent to offsetting and regardless of the date in which the derivative transaction is offset. Central Securities Depository revenue is recognized on a monthly basis in accordance with the average cash balance of Minimum Initial Contributions and managed securities of during each respective month.

- **Over-the-counter (SIF ICAP):** Commission revenue is recognized during the period in which the services are provided.

Revenue from service agreements is recognized based on the established rates as the services are rendered and indirect expenses are incurred.

- **Central Securities Depository:** Corresponds to commission revenue earned from registration and clearing and settlement of transactions. Revenue is recognized on a monthly basis in accordance with the volume of contracts operated and as services are provided after clearing and regardless of the date in which transactions settle.

- **Information services:** Corresponds to information services provided by the Company related to trading activity in newsletters, databases, access to the SIBOLSA Information System, information about issuers, issuances, etc. Revenue from information services is recognized in profit or loss and other comprehensive income as it accrues.

**s) Other operating income**

In addition to its revenue from contracts with customers, the Company obtains other operating income, as follows:

- **Rental income:** Income earned from leasing the Company Floor Building to third parties and from maintenance fees, which are recognized as accrued over the lease term.

**t) Finance income and borrowing costs**

Finance income includes interest accrued on financial assets, dividends and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest rate method.

Dividend income is recognized in profit or loss when the Company's right to receive the payment is established.

Borrowing costs include interest payable on loans, the effect of the discount for the passage of time and foreign exchange losses.

Foreign exchange gains and losses are recognized in the statement of profit or loss on a net basis.

**u) Memorandum accounts**

The Company's subsidiaries, Indeval, CCV and Asigna, recognize the Central Securities Depository and management of securities received from customers and pending transactions in memorandum accounts, as follows:

**i) Indeval**

- **Securities deposited in Indeval vaults:** Securities received from customers, which are measured in accordance with the most recent mark-to-market valuation provided by an independent price supplier.

- **Government securities:** Securities received from customers.

- **Securities deposited abroad:** Securities, such as shares from foreign entities listed in the Company's Stock Exchange, foreign debt bonds, government bonds and corporate bonds, which are stated at nominal value translated into Mexican pesos.

**ii) CCV and Asigna**

- **Pending unsettled transactions:** Security transactions scheduled by liquidating and non-liquidating agents that are recognized by CCV before their settlement date.

- **Overdue payments:** Obligations that were not settled by CCV liquidating agents at the scheduled date.

- **Defaulted obligations:** Transactions that have not been settled after both the normal and late periods for payment have expired.

v) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All other contracts are considered service contracts.

*Company as a lessee*

The Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets*

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. as follows:

| | |
|---|---|
| Computer equipment | 2 to 4 years |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Note 1e) provides details on the accounting policies applied with respect to the of use of estimates in the calculation of the impairment of non-financial assets.

*ii) Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company presents its lease liabilities separately from other liabilities in the consolidated statement of financial position.

The Company chose to apply IFRS 16 prospectively, that is, from January 1, 2019.

*Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognized as an expense over the lease term on the same basis as the rental income.

The BMV leases part of its real estate investment under contracts that are renewable annually.

During the years ended December 31, 2020 and 2019, the Company registered MXN 42,046 and MXN 42,347, respectively, as Other Income in the consolidated statements of Profit or Loss with respect to operating leases, of which MXN 15,482 and MXN 19,768 were made with unrelated parties of the Company as of December 31, 2020 and 2019, respectively.

**w) Basis of translation of financial statements of foreign subsidiaries and associates**

The financial statements of each subsidiary are presented in the currency of the economic environment in which the subsidiary operates (functional currency). As such, the Company's consolidated operating results and financial position are presented in Mexican pesos, which is the Company's functional and presentation currency.

The financial statements of the Company's foreign subsidiaries are translated into the reporting currency as required under IFRS. The financial statements are translated into Mexican pesos applying the following methodologies:

Foreign operations translate their financial statements from their recording currency to the functional currency using the following exchange rates: 1) closing rate for monetary assets and liabilities; 2) historic exchange rate for non-monetary assets and liabilities and equity accounts; and 3) exchange rate ruling on the date of transaction for revenue, costs and expenses, except for non-monetary items translated at historical exchange rates. Foreign currency gains and losses are recognized as part of Net financing income. Foreign exchange gains and losses are recognized in equity in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**x) Earnings or losses per share**

The Company presents basic and diluted EPS attributable to ordinary equity holders of the parent. Diluted and basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. As of December 31, 2020, and 2019, the Company has no shares with dilutive effects.

**y) Exchange differences**

Transactions in foreign currencies are initially translated using the exchange rate(s) prevailing on the day of the initial transactions. Foreign currency denominated assets and liabilities are translated using the exchange rate ruling at the reporting date.

Exchange differences from the transaction date to the time foreign currency denominated assets and liabilities are settled, as well as those arising from the translation of foreign currency denominated balances at the reporting date, are recognized in the statement of income, except for those arising on foreign currency denominated loans obtained for the construction of fixed assets, as such costs are capitalized as borrowing costs during the construction period of the assets.

**z) Segment information**

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by Company management to make decisions about resources to be allocated to the segment and assess its performance (see Note 24).

**aa) The following new accounting pronouncements are effective for annual periods beginning on or after 1 January 2021:**

Interpretation to Mexican FRS 24 *Recognition of the Effects of the Application of New Benchmark Interest Rates* (effective for annual periods beginning on or after 1 January 2021)

Interpretation to Mexican FRS 24 *Recognition of the Effects of the Application of New Benchmark Interest Rates* was issued by the issuing board of the CINIF in October 2020 to establish guidelines regarding the effects of adopting the new benchmark interest rates applicable to financial assets and liabilities and hedging relationships. The referred benchmark interest rates replace the 'IBOR' rates (e.g. TIIE, LIBOR, EURIBOR, Prime Offering Rate, etc.) applied under the previous guidance. The Interpretation also addresses whether the adjustments arising from the replacement or change in interest rates shall cause the financial instrument to be derecognized or the hedging relationship to be discontinued.

The Interpretation also establishes new disclosures related to the adoption of the new benchmark interest rates.

Interpretation to Mexican FRS 24 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The effects of the change to benchmark interest rates must be recognized prospectively.

The adoption of Interpretation to Mexican FRS 24 had no effect on the Company's consolidated financial statements.

**ab) Reclassifications**

Certain captions in the consolidated financial statements as of December 31, 2019 have been reclassified for uniformity of presentation with the 2020 financial statements. An analysis is as follows:

| Caption | 2019 original amount | Reclassifications | 2019 restated amout |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Assets: | | | |
| Account receivable, net | MXN 417,250 | MXN 18,969 | MXN 436,219 |
| Liabilities: | | | |
| Suppliers and other accounts payable | MXN 455,463 | MXN 18,969 | MXN 474,432 |

| Caption | 2019 original amount | Reclassifications | 2019 restated amout |
|---|---|---|---|
| **Statement of Cash Flows** | | | |
| Accounts receivable and prepaid expenses | MXN ( 44,119) | MXN ( 18,969) | MXN ( 63,088) |
| Suppliers and other accounts payable. | MXN ( 43,840) | MXN 18,969 | MXN ( 24,871) |

## 3. Cash and Cash Equivalents

An analysis of cash and cash equivalents as of December 31, 2020 and 2019 is as follows:

| | **2020** | 2019 |
|---|---|---|
| Cash and cash in banks | **MXN 537,053** | MXN 720,857 |
| Liquid investments | **3,141,726** | 2,379,093 |
| | **MXN 3,678,779** | MXN 3,099,950 |

As of December 31, 2020, and 2019, liquid investments are comprised of government securities under repos, as follows:

| | **2020** | 2019 |
|---|---|---|
| Amount | **MXN 3,141,726** | MXN 2,379,093 |
| Range of annual interest rates | **4.23% a 4.38%** | 7.27% a 7.30% |
| Maturity | **2 días** | 2 días |

### - Reserve of cash and Cash Equivalents

The Company maintains reserves of cash and cash equivalents for different circumstances that depend on each Subsidiary. As of December 31, 2020, and 2019, the Company's cash and cash equivalents reserves are integrated as follows:

1. CCV, 100% of the nominal Capital Stock for MXN 209,857, in both years, plus the 6-month operating expense of MXN 47,000 and MXN 40,000, respectively, giving a total restricted cash amount of MXN 256,857 and MXN 249,857, respectively.

2. Asigna, reserve to mitigate business risk which it adheres to the guidelines established by the Committee Payments and Settlement Systems and the then Technical Committee of the International Organization of Securities Commissions, derived from the mandates of the G-20 agreement of November 27, 2014, for MXN 41,951 in both years.

3. Indeval, reserve to mitigate business risk with which it adheres to the standards applicable to the Financial Market Infrastructure, which corresponds to the average of six-month operating expenses, without considering the item of depreciations and amortizations and amounts to MXN 189,063 in both years

## 4. Accounts Receivable, net

An analysis of trade receivables and other accounts receivable as of December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Trade receivables | **MXN** | **307,028** | MXN | 337,521 |
| Less - Allowance for doubtful accounts [(a)] | **(** | **17,851)** | ( | 6,055) |
| Trade receivables, net | **MXN** | **289,177** | MXN | 331,466 |
| Sundry debtors [(b)] | | **33,201** | | 23,525 |
| Related parties (Note 11) | | **63,284** | | 81,228 |
| Total accounts receivable, net | **MXN** | **385,662** | MXN | 436,219 |

(a) An analysis of changes in the allowance for doubtful accounts for the years ended December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Balance at beginning of year | **MXN (** | **6,055)** | MXN ( | 6,859) |
| Increases during the year | **(** | **11,813)** | ( | 753) |
| Charges against the allowance | | **17** | | 1,557 |
| Balance at end of year | **MXN (** | **17,851)** | MXN ( | 6,055) |

To determine the recoverability of its trade receivables, the Company considers any change in the credit rating of the receivable from the date the credit was originally granted through the reporting date. The Company's concentration of credit risk is low because the rotation of accounts receivable is quick.

Increases and charges to the allowance for doubtful accounts for the years ended December 31, 2020 and 2019 were recorded in profit or loss. Increases and decreases to the allowance are presented as a separate line item of expenses, and recoveries are presented as part of other income.

(b) An analysis of sundry debtors as of December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Recoverable taxes | MXN | 18,423 | MXN | 8,827 |
| Recoverable value added tax | | 7,000 | | 4,869 |
| Other debtors | | 7,778 | | 9,829 |
| | MXN | 33,201 | MXN | 23,525 |

As of December 31, 2020 and 2019, management considers that other debtor balances are recoverable and accordingly, it is not necessary to create an allowance for doubtful accounts.

## 5. Equity Instruments

In 2013, the Company purchased 5,201,827 shares representative of the share capital of Bolsa de Valores de Lima (BLV) for an acquisition price of 56,670 Peruvian soles, equal to MXN 268,480. The acquisition of this equity investment was recorded as an available-for-sale asset valued at cost.

At the annual shareholders' meeting of BLV held on March 15, 2016, the shareholders approved a capital increase, which resulted in a reduction of the Company's equity interest in BVL. This change in equity interest gave rise to a dilution of MXN 49,069 for the Company, which was recognized in OCI.

As of December 31, 2020, and 2019, the balance of equity instruments for strategic purposes amounted to MXN 177,372 and MXN 166,475, respectively.

For the year ended December 31, 2020 and 2019, the changes in the fair value of the Company's equity instruments of MXN 10,892 and MXN (62,955) were recognized in OCI.

## 6. Goodwill

An analysis of the Company's goodwill as of December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Indeval | MXN | 2,373,085 | MXN | 2,373,085 |
| Asigna | | 933,662 | | 933,662 |
| CCV | | 641,853 | | 641,853 |
| | | 3,948,600 | | 3,948,600 |
| Less - Accumulated impairment | | | | |
| Indeval | | ( 133,000) | | ( 133,000) |
| Asigna | | ( 613,000) | | ( 613,000) |
| CCV | | ( 119,000) | | ( 119,000) |
| | | ( 865,000) | | ( 865,000) |
| | MXN | 3,083,600 | MXN | 3,083,600 |

**Indeval**

In May and June 2008, the Company entered into various purchase-sale and assignment of rights agreements. Under these agreements, the Company agreed to make an initial payment of 75% of the market value of Indeval equal to MXN 1,576,361, with the remaining 25% corresponding to a share purchase option, which the Company exercised in 2015 and 2014.

Company management analyzed the fair values of the assets acquired and liabilities assumed as a result of this transaction and recognized goodwill of MXN 2,373,085.

**Asigna**

In 2008, the Company acquired 69.24% of Asigna's trust beneficiary rights for MXN 865,513. At the date of acquisition, the carrying amount of these rights was MXN 121,220, and the Company therefore recognize goodwill of MXN 933,662 on this transaction.

**CCV**

In 2008, the Company acquired 23.05% of the shares of CCV; 21.13% through the exchange of 12,681,306 of the Company's series A shares, equal to MXN 209,242 and 1.92% through a cash payment of MXN 23,057. The carrying amount of the shares at the acquisition date was MXN 38,168, and the Company therefore recognized goodwill of MXN 641,853 on this transaction.

***Impairment testing of cash generating units with goodwill***

For purposes of impairment testing, in the internal monitoring performed by Management, the goodwill is assigned to the lowest level operating divisions within the same CGU as the goodwill, which do not exceed the operating segments reported in Note 24.

As of December 31, 2020, there were no indicators of impairment in the value of goodwill. As of December 31, 2019, the Company recognized an impairment loss of Ps. 40,000 in the value of Asigna.

Value in use is calculated based on the following key assumptions:

- Cash flows are projected based on past experience, actual operating results, and the 5-year business plan, as well as the budget for the current year, which is approved by the Board of Directors.

- The projections include 5 years, plus the last perpetuity flow, considering a range of revenue growth for all of the CGUs of between 1.5% to 4.8% during the projection period (2021-2025), an expense range of 3% to 4% (19% for Indeval), a discount rate in Mexican pesos of 10.73% (10.80% for 2019) and a perpetuity rate of 3% for both years. In the projection, the investment in fixed assets represents 1.40% of revenue over the projection period (approximately MXN 3.0 million annually). With respect to the related taxes, the Company considered the income tax rate for the current year and the expected rate for upcoming years of 30%.

- Operating profits assume a growth rate higher than inflation for the first 5 years, based on the information obtained from the industry analyses.

- The values assigned to the key assumptions represent Management assessment of future industry trends considering both external and internal sources.

With respect to value in use, Company management considered and analyzed the following: a) estimated future cash flows that the entity expects to obtain from the asset; b) expectations of potential variances in the amount or in the temporary distribution of such future cash flows; c) the time value of money, represented by the risk-free market interest rate; d) the price, due to the inherent uncertainty of the asset; and other factors, such as liquidity, that market participants would reflect in pricing the future cash flows that the entity expects from the asset.

## 7. Property, Furniture and Equipment

An analysis of property, furniture and equipment as of December 31, 2020 and 2019 is as follows:

| Cost | Property | Computer equipment | Office furniture and equipment | Automotive equipment | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2018 | MXN 778,287 | MXN 100,173 | MXN 121,333 | MXN 15,680 | MXN 1,015,473 |
| Additions | 33,664 | 1,980 | 156 | 3,769 | 39,569 |
| Sales | - | ( 1,529) | ( 816) | ( 3,177) | ( 5,522) |
| Balance as of December 31, 2019 | 811,951 | 100,624 | 120,673 | 16,272 | 1,049,520 |
| Additions | **9,296** | **2,507** | **267** | **7,071** | **19,141** |
| Sales | **-** | **-** | **-** | **( 3,483)** | **( 3,483)** |
| Conversion effect | **-** | **1,503** | **545** | **-** | **2,048** |
| Balance as of December 31, 2020 | **MXN 821,247** | **MXN 104,634** | **MXN 121,485** | **MXN 19,860** | **MXN 1,067,226** |



| Depreciation | Property | Computer equipment | Office furniture and equipment | Automotive equipment | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2018 | MXN 334,707 | MXN 90,716 | MXN 111,841 | MXN 6,433 | MXN 543,697 |
| Depreciation for the year | 20,776 | 4,940 | 1,658 | 2,898 | 30,272 |
| Sales | - | ( 1,167) | ( 666) | ( 1,956) | ( 3,789) |
| Balance as of December 31, 2019 | 355,483 | 94,489 | 112,833 | 7,375 | 570,180 |
| Depreciation for the year | **23,569** | **3,010** | **1,585** | **2,679** | **30,843** |
| Sales | **-** | **-** | **-** | **( 2,031)** | **( 2,031)** |
| Conversion effect | **-** | **1,118** | **440** | **-** | **1,558** |
| Balance as of December 31, 2020 | **MXN 379,052** | **MXN 98,617** | **MXN 114,858** | **MXN 8,023** | **MXN 600,550** |

| | | | | | |
|---|---|---|---|---|---|
| Balance as of December 31, 2019 | MXN 456,468 | MXN 6,135 | MXN 7,840 | MXN 8,897 | MXN 479,340 |
| Balance as of December 31, 2020 | **MXN 442,195** | **MXN 6,017** | **MXN 6,627** | **MXN 11,837** | **MXN 466,676** |

As of December 31, 2020, and 2019 property includes land with a value of MXN 132,765.

## 8. Leases

Leases of computer equipment and server generally have lease terms between 2 and 4 years. The lease payments generally are quarterly.

Generally, each lease establishes a restriction that, unless there is a contractual right for the BMV to sublet the asset to a third party, the right-of-use asset can only be used by the BMV. Leases are not cancelable or can only be canceled if a significant penalty for termination is incurred. Some leases contain the option to buy the underlying asset leased at the end of the contract or to extend the lease for a longer term. The Company is prohibited from selling or pledging the underlying asset.

Set out below are the carrying amounts of right of use assets recognized and the movements during the period:

| | 2020 | 2019 |
|---|---|---|
| **As of January 1** | $ 195,172 | $ 161,449 |
| Additions | 171,897 | 133,436 |
| Depreciation | ( 117,391) | ( 99,713) |
| **As of December 31** | $ 249,678 | $ 195,172 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | 2020 | 2019 |
|---|---|---|
| **As of January 1** | $ 205,813 | $ 161,449 |
| Additions | 171,897 | 133,436 |
| Accretion of interest | 5,249 | 3,227 |
| Revaluation | 2,909 | ( 7,031) |
| Payments | ( 135,405) | ( 85,268) |
| **As of December 31** | $ 250,463 | $ 205,813 |
| Current | $ 117,711 | $ 98,290 |
| Non-current | $ 132,752 | $ 107,523 |

The following are the amounts recognized in profit or loss:

| | 2020 | 2019 |
|---|---|---|
| Depreciation of right of use assets | MXN 30,843 | MXN 30,272 |
| Depreciation of property, plant and equipment | 117,390 | 99,713 |
| Total depreciation | 148,233 | 129,985 |
| Amortization of intangible assets | 59,821 | 60,444 |
| Total | MXN208,054 | MXN190,429 |

## 9. Equity Investments in Associates and Joint Ventures

An analysis of equity investments in associates and joint ventures as of December 31, 2020 and 2019 is as follows:

| Company | Equity interest | Equity investment | Share of profit |
|---|---|---|---|
| | | December 31, 2020 | |
| **Bolsa de Productos Agropecuarios** | **14.30%** | **MXN 12,482** | **MXN 55** |
| **Datos Técnicos, S.A. (Datatec)** | **50.00%** | **12,606** | **12,621** |
| **Latam Exchanges Data, Inc.** | **49.00%** | **2,967** | **( 19,433)** |
| | | **MXN 28,055** | **MXN ( 6,757)** |

| Company | Equity interest | Equity investment | Share of profit |
|---|---|---|---|
| | | December 31, 2019 | |
| Bolsa de Productos Agropecuarios | 14.30% | MXN 10,918 | MXN 167 |
| Datos Técnicos, S.A. (Datatec) | 50.00% | 12,519 | 10,934 |
| Latam Exchanges Data, Inc. | 49.00% | 15,940 | ( 4,262) |
| | | MXN 39,377 | MXN 6,839 |

## 10. Intangible Assets, net

An analysis of intangible assets as of December 31, 2020 and 2019 is as follows:

| | Software use licenses (1) | Investment for Monet development | SCO project | Other (2) | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2018 | MXN 49,520 | MXN 95,495 | MXN 67,285 | MXN 76,918 | MXN 289,218 |
| Additions | 6,259 | - | - | 39,811 | 46,070 |
| Amortization | ( 10,873) | ( 34,128) | ( 12,084) | ( 3,359) | ( 60,444) |
| Balance as of December 31, 2019 | 44,906 | 61,367 | 55,201 | 113,370 | 274,844 |
| Additions | **953** | **-** | **-** | **20,372** | **21,325** |
| Amortization | **( 22,203)** | **( 12,957)** | **( 12,084)** | **( 12,577)** | **( 59,821)** |
| **Balance as of December 31, 2020** | **MXN 23,656** | **MXN 48,410** | **MXN 43,117** | **MXN 121,165** | **MXN 236,348** |

(1) During 2020, additions of software licenses in the amount of MXN. 953 correspond to the GRC project.

During 2019, additions of software licenses in the amount of Ps. 6,259 correspond primarily to investments in licenses for: a) Infomatch project for Ps. 5,477; and b) other minor projects for Ps. 782.

(2) In 2020, other additions in the amount of Ps. 20,372 include the following investments: a) DRP Project for Ps. 2,155; b) Risk Engine Project for Ps. 3,621; c) Bond Chamber Project for Ps. 1,235; d) Custody Project for Ps. 10,767; e) GRC Project for Ps. 1,371; f) Asigna Commissions System for Ps. 674; and g) Indeval International Quoting System for Ps. 549.

During the year ended as of December 31, 2019, the additions of others MXN 39,811 include the following investments: a) Project DRP for MXN 11,712; b) Proyecto de Motor de Riesgos for MXN 10,304; c) Proyecto Cámara de Bonos for MXN 6,513; d) Proyecto Custodia for MXN 3,947; e) Proyecto Valrisk for MXN 2,946; f) Proyecto ciberseguridad for MXN 2,588 and g) Sistema Internacional de Cotizaciones de Indeval for MXN 1,801.

## 11. Related Party Balances and Transactions

For the years ended December 31, 2020 and 2019, an analysis of transactions between the Company and its related parties not subject to consolidation is as follows:

| | **2020** | 2019 |
|---|---|---|
| **Revenue:** | | |
| Brokerage: | | |
| ICAP Energy LLC (formerly Capital Markets, LLC) [b] | **MXN 286,502** | MXN 216,561 |
| Income from recovered expenses (ICAP Energy LCC, ICAP Bio Organic, Datatec) | **13,711** | 18,922 |
| | **MXN 300,213** | MXN 235,483 |
| **Expenses:** | | |
| Brokerage: | | |
| ICAP NY | **MXN 18,928** | MXN 18,053 |
| Other: | | |
| ICAP Energy LLC (formerly Capital Markets LLC) | **5,261** | 4,351 |
| ICAP Ecuador (Administrative services) | **15,165** | 14,054 |
| | **MXN 39,354** | MXN 36,458 |

An analysis of balances due from and to related parties as of December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Receivables: (Note 5)** | | | | |
| ICAP Energy LLC (formerly Capital Markets, LLC) [a] | **MXN** | **63,284** | MXN | 81,228 |

| | | 2020 | | 2019 |
|---|---|---|---|---|
| **Payables:** | | | | |
| ICAP Energy LLC (formerly Capital Markets LLC) | **MXN** | **11,706** | MXN | 8,353 |

[a] This receivable corresponds to fees charged in the normal course of the Company's trading.
[b] Revenue from the brokerage transactions with SIF ICAP carried out in the normal course of the Company's trading.

## 12. Suppliers and Other Accounts Payable

An analysis of suppliers and other accounts payable as of December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Suppliers and other accounts payable | **MXN** | **313,263** | MXN | 323,122 |
| Dividends declared not yet paid | | **9,231** | | 6,957 |
| Withheld taxes and social security contributions | | **58,051** | | 54,681 |
| Employee performance bonus | | **84,334** | | 78,589 |
| Other | | **-** | | 11,083 |
| | **MXN** | **464,879** | MXN | 474,432 |

## 13. Employee Benefits

An analysis of the Company's obligation for seniority premiums as of December 31, 2020 and 2019 is as follows:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Defined benefit obligation | **MXN** | **15,525** | MXN | 14,525 |
| Segregated fund | | **13,095** | | 11,595 |
| Net projected (liability) obligation | **MXN** | **2,430** | MXN | 2,930 |
| | | | | |
| Net projected obligation at beginning of year | **MXN** | **2,930** | MXN | (591) |
| Net periodic benefit expense | | **1,415** | | 926 |
| Contributions to the fund | | **(1,120)** | | (564) |
| Actuarial gain to be recognized in equity | | **(381)** | | 3,490 |
| Seniority premiums paid | | **(398)** | | (331) |
| Net projected obligation at end of year | **MXN** | **2,430** | MXN | 2,930 |

An analysis of the pension plan as of December 31, 2020 and 2019 is as follows:

| | 2020 | 2019 |
|---|---|---|
| Defined benefit obligation | MXN 23,028 | MXN 20,056 |
| Segregated fund | ( 30,146) | ( 25,885) |
| Net projected asset | MXN ( 7,118) | MXN ( 5,829) |
| | | |
| Net projected asset at beginning of year | MXN ( 5,830) | MXN ( 8,104) |
| Net periodic benefit expense | 796 | 492 |
| Contributions to the fund | ( 1,155) | ( 1,231) |
| Actuarial (gain) loss to be recognized in equity | ( 1,269) | 3,014 |
| Net projected asset | MXN ( 7,118) | MXN ( 5,829) |

a) Plan assets

| | 2020 | 2019 |
|---|---|---|
| Shares | MXN 16,048 | MXN 3,902 |
| Federal government securities | 14,098 | 21,977 |
| Cash | - | 7 |
| | MXN 30,146 | MXN 25,886 |

b) Changes in the present value of the net defined benefit obligations for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Defined benefit obligation as of January 1 | MXN 34,582 | MXN 33,118 |
| Benefits paid | ( 471) | ( 10,986) |
| Current year service cost and interest cost | 4,807 | 4,935 |
| Actuarial gain recognized in OCI (see Note 13e) | ( 364) | 7,515 |
| Defined benefit obligation as of December 31 | MXN 38,554 | MXN 34,582 |

c) Changes in present value of plan assets for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Fair value of plan assets as of January 1 | MXN 37,482 | MXN 41,813 |
| Contributions | 2,276 | 1,795 |
| Benefits paid | ( 456) | ( 10,655) |
| Expected return on plan assets | 2,596 | 3,522 |
| Actuarial loss recognized in OCI | 1,344 | 1,007 |
| Fair value of plan assets as of December 31 | MXN 43,242 | MXN 37,482 |

d) Expense recognized in profit or loss for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Current-year service cost | MXN 2,417 | MXN 2,281 |
| Interest cost | 444 | 2,654 |
| Expected return on plan assets | ( 1,048) | ( 3,517) |
| | MXN 2,152 | MXN 1,418 |

e) Actuarial gain or loss recognized in OCI:

| | 2020 | 2019 |
|---|---|---|
| Accumulated amount as of January 1 | MXN 23,944 | MXN 17,441 |
| Recognized during the year | ( 1,710) | 6,503 |
| Accumulated amount as of December 31 | MXN 22,234 | MXN 23,944 |

The basic actuarial assumptions considered in the calculation of the discount rate, return on plan assets and salary increase rate (expressed as weighted averages) are as follows:

| | 2020 | 2019 |
|---|---|---|
| Discount rate as of December 31, (pensions and seniority premium) | 6.90% and 6.70% | 6.90% and 7.30% |
| Expected return on plan assets as of January 1 | 4.50% | 5.00% |
| Rate of future salary increases (Group 1) | 4.50% | 4.50% |
| Rate of future salary increases (Group 2) | 3.50% | 3.50% |
| Long-term inflation rate | 3.50% | 3.50% |

The mortality rate is based on Mexico's publicly available mortality tables. The current age of retirement in Mexico is 65.

The calculation of the net defined benefit obligation is subject to the mortality assumptions is indicated above. As the actuarial mortality estimates continue to be updated, an increase of one year in the life expectancies shown above is considered to be reasonably possible in the coming year.

As of December 31, 2020, and 2019, the overall long-term expected return on plan assets is 5%, in both periods. This estimate is based on the expected return on the overall portfolio and not on the sum of returns on the individual categories of assets. Plan assets are invested in a mix of federal government securities and shares in order to both provide investment security and increase profitability.

## 14. Income Tax

The Mexican Income Tax Law (MITL) establishes a corporate income tax rate of 30% for 2020 and 2019.

An analysis of income tax recognized in profit and loss for the years ended December 31, 2020 and 2019 is as follows:

### a) Income tax recognized in profit or loss:

| | 2020 | 2019 |
|---|---|---|
| Current income tax | MXN (692,573) | MXN (625,673) |
| Deferred income tax: | | |
| Generation and reversal of temporary differences | 8,809 | 6,503 |
| | MXN (683,764) | MXN (619,170) |

### b) Reconciliation of the effective income tax rate for the years ended December 31, 2020 and 2019:

| | 2020 Amount | 2020 % | 2019 Amount | 2019 % |
|---|---|---|---|---|
| Consolidated profit before income tax | MXN 2,286,994 | 100 | MXN 2,064,663 | 100 |
| Income tax at statutory rate | ( 686,098) | ( 30) | ( 619,399) | 30 |
| Non-deductible expenses | ( 12,448) | ( 1) | ( 25,967) | ( 1) |
| Deductible inflation adjustment | 32,225 | 1 | 23,071 | 1 |
| Effects of inflation on depreciation and amortization | ( 1,122) | - | 5,504 | - |
| Other, net | - | - | 1,890 | - |
| | ( 667,443) | ( 30) | ( 614,901) | 30 |
| Income tax of foreign subsidiaries: | ( 16,320) | ( 1) | ( 4,269) | - |
| Income tax expense | MXN ( 683,764) | 31 | MXN ( 619,170) | 30 |

### c) Deferred tax assets and liabilities

An analysis on the Company's deferred tax assets and liabilities as of December 31, 2020 and 2019 is as follows:

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Property, furniture and equipment | MXN 16,019 | MXN 19,654 | MXN - | MXN - | MXN 16,019 | MXN 19,654 |
| Provisions | 69,097 | 60,851 | | | 69,097 | 60,851 |
| Intangibles and prepaid expenses | - | - | (24,132) | (29,975) | (24,132) | (29,975) |
| Available tax loss carryforward | 17,214 | 22,144 | - | - | 17,214 | 22,144 |
| Other | 1,804 | 158 | - | - | 1,804 | 158 |
| Less - Valuation allowance | | | | | (22,370) | (24,009) |
| | | | | | MXN 57,632 | MXN 48,823 |

d) An analysis of changes in temporary differences for the years ended December 31, 2020 and 2019 is as follows:

| | As of December 31, 2019 | Recognized in profit or loss | As of December 31, 2020 |
|---|---|---|---|
| Property, furniture and equipment | MXN 19,654 | MXN ( 3,635) | MXN 16,019 |
| Provisions | 60,851 | 8,246 | 69,097 |
| Intangibles and prepaid expenses | ( 29,975) | 5,843 | ( 24,132) |
| Available tax loss carryforward | 22,144 | ( 4,930) | 17,214 |
| Other | 158 | 1,646 | 1,804 |
| Valuation allowance | ( 24,009) | 1,639 | ( 22,370) |
| | MXN 48,823 | MXN 8,809 | MXN 57,632 |

| | As of December 31, 2018 | Recognized in profit or loss | As of December 31, 2019 |
|---|---|---|---|
| Property, furniture and equipment | MXN 19,579 | MXN 75 | MXN 19,654 |
| Provisions | 56,175 | 4,676 | 60,851 |
| Intangibles and prepaid expenses | ( 32,242) | 2,267 | ( 29,975) |
| Available tax loss carryforward | 21,425 | 719 | 22,144 |
| Other | ( 1,821) | 1,979 | 158 |
| Valuation allowance | ( 20,796) | ( 3,213) | ( 24,009) |
| | MXN 42,320 | MXN 6,503 | MXN 48,823 |

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax asset balances which are likely to be realized may be reduced if future taxable earnings are lower than expected.

## 15. Equity

An analysis of the Company's equity is as follows:

### a) Share capital structure

As of December 31, 2020, and 2019 the Company's share capital is MXN 4,507,303, which corresponds to fixed minimum share capital with no withdrawal rights represented by 592,989,004 common Series A Class I shares with no par value that have been fully subscribed and paid in.

### b) Foreign currency translation reserve

Represents the exchange gains or losses arising on the translation of the financial statements of the Company's foreign subsidiaries.

### c) Amount authorized for share repurchases

At Ordinary Shareholders' Meetings held on April 24, 2020 and April 29, 2019, the Company's shareholders agreed to increase the maximum amount allocated for share repurchases to up to MXN 600,000 and MXN 500,000, respectively.

As of December 31, 2020, and 2019 the list price of the Company's share is $ 47.16 and $ 41.34 Mexican pesos per share, respectively.

### d) Reserve fund

In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. As of December 31, 2020, and 2019, the legal reserve is MXN 490,228 and MXN 423,323, respectively.

**f) Restrictions on equity**

All of the Company's shares can be freely subscribed and each share series confers the same rights and obligations on the holders, except with respect to shareholders who directly or indirectly own a stake ten percent or more in brokerage firms, credit institutions, insurance and bonding companies, mutual funds, mutual fund operating companies and retirement savings fund management companies, which in no case can hold equity interest in the Company.

In addition, foreign governments cannot participate, directly or indirectly, in the Company's share capital, except in the cases set forth in the Mexican Securities Market Law.

Brokerage firms, credit institutions, insurance and bonding companies, mutual funds, mutual fund operating companies and retirement savings fund management companies, can invest in the Company's shares, with the corresponding charge to their equity.

Subscribing and paying in shares representative of the Company's share capital does not in and of itself give the holder the right to carry out transactions through the Company.

*Limits on equity interest*

A. No person or group of people may acquire, directly or indirectly, through one or several transactions of any kind, either simultaneous or successive, control over shares representative of the Company's share capital without express authorization from the Ministry of Finance and Public Credit.

B. Notwithstanding the restriction set forth in paragraph A above, no person or group of people may directly or indirectly acquire, through one or several transactions of any kind, either simultaneous or successive, control over shares representative of the Company's share capital that represent five percent or more of the Company's total outstanding shares, unless all of the applicable provisions set forth in the Company's bylaws are met.

**g) Dividends and other changes in equity**

At an ordinary shareholders' meeting held on April 24, 2020, the Company's shareholders declared a dividend of MXN 1,073,310, equal to $ 1.81 Mexican pesos per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid out on May 15, 2020.

At an Ordinary Shareholders' Meeting held on April 27, 2019, the Company's shareholders declared a dividend of MXN 1,055,520, equal to $ 1.78 Mexican pesos per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid out on May 11, 2019.

## 16. Other Comprehensive Income

### a) Employee benefits

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of year | MXN ( 19,038) | MXN ( 14,660) |
| Actuarial Profit (loss) | 1,446 | ( 4,382) |
| Other | - | 4 |
| Balance at end of year | MXN ( 17,592) | MXN ( 19,038) |

### b) Foreign currency translation reserve

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of year | MXN 8,886 | MXN 21,152 |
| Differences in exchange rate for translation of net assets of foreign operations | 15,832 | ( 11,410) |
| Other | - | ( 856) |
| Balance at end of year | MXN 24,718 | MXN 8,886 |

The differences in the exchange rate used to translate the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (Mexican pesos) are recognized directly in OCI and accumulated in the foreign currency translation reserve. Gains and losses on hedges designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously recognized in the foreign currency translation reserve (arising from the translation of both the net assets of the foreign operation and the related hedges) are reclassified to profit or loss upon disposal of the foreign operation either in full or in part.

### c) Change in the value of financial assets

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of year | MXN ( 69,892) | MXN ( 6,937) |
| Changes in fair value of equity instruments | 10,892 | ( 62,955) |
| Balance at end of year | MXN ( 59,000) | MXN ( 69,892) |

## 17. Retained Earnings

### a) Retained earnings

| | 2020 | 2019 |
|---|---|---|
| Beginning balance | MXN 122,130 | MXN ( 32,130) |
| Net profits attributable to equity holders of the parent | 1,338,105 | 1,375,879 |
| Dividends declared | (1,073,310) | (1,055,520) |
| Share buybacks | ( 100,000) | ( 97,400) |
| Other comprehensive income | ( 302) | 95 |
| Legal reserve | ( 66,905) | ( 68,794) |
| Balance at end of year | MXN 219,718 | MXN 122,130 |

### b) Reserve for repurchase of shares

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of year | MXN 500,000 | MXN 402,600 |
| Share buybacks | 100,000 | 97,400 |
| Balance at end of year | MXN 600,000 | MXN 500,000 |

### c) Share premium on repurchased shares

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of year | MXN 211 | MXN 206 |
| Capitalization of premium on repurchased shares | - | 5 |
| Balance at end of year | MXN 211 | MXN 211 |

## 18. Non-controlling Interests

An analysis of non-controlling interests as of December 31, 2020 and 2019 is as follows:

| | 2020 | 2019 |
|---|---|---|
| Balance at beginning of year | MXN 248,378 | MXN 232,781 |
| Share of profit | 110,460 | 107,388 |
| Dividends paid to non-controlling interests | ( 60,671) | ( 62,011) |
| Dividends declared not yet paid | ( 9,231) | ( 6,445) |
| Foreign currency translation reserve and labor obligations | 17,409 | ( 13,063) |
| Other | - | ( 10,272) |
| Balance at end of year | MXN 306,345 | MXN 248,378 |

## 19. Foreign Currency Balances

As of December 31, 2020, and 2019, an analysis of the Company's net monetary asset position in U.S. dollars is as follows:

| | 2020 | 2019 |
|---|---|---|
| Assets | USD 27,569 | USD 22,017 |
| Liabilities | ( 14,101) | ( 1,741) |
| Net monetary asset position | USD 13,468 | USD 20,276 |

The Company has payment commitments in U.S dollars for operating leases of computer equipment and licenses.

As of December 31, 2020, and 2019, the Company also has a monetary liability position in thousands of euros of 13 and 190.

The U.S dollar exchange rate published in the *Official Gazette* as of December 31, 2020 and 2019 is 19.94 Mexican pesos and 18.87 Mexican pesos, respectively, per U.S. dollar. As of February 16, 2021, the day before the date of the audit report on these consolidated financial statements, the exchange rate was 19.96 Mexican pesos per U.S. dollar.

## 20. Earnings per Share (in Mexican pesos)

The calculation of basic earnings per share as of December 31, 2020 and 2019 was based on the income attributable to equity holders of the parent of MXN 1,492,770 and MXN 1,338,105, respectively, and a weighted average of ordinary shares outstanding of 592,989,004. The Company does not have any ordinary shares with a potential dilutionary effect.

## 21. Memorandum Accounts

An analysis of customer securities received in Central Securities Depository, unsettled transactions and overdue payments as of December 31, 2020 and 2019 is as follows:

### a) Customer securities received in Central Securities Depository

An analysis of securities received in Central Securities Depository as of December 31, 2020 and 2019, is as follows:

| | Number of securities | | Market value | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Securities deposited in Indeval vaults | 3,454,917,633,513 | 3,432,417,667,651 | MXN 18,297,486,213 | MXN 17,411,154,964 |
| Government securities | 202,405,781,302 | 165,145,422,571 | 9,154,884,932 | 7,851,455,285 |
| Securities deposited abroad | | | | |
| Shares of foreign companies traded on the BMV | 2,044,864,008 | 1,858,284,096 | 1,229,480,729 | 896,802,010 |
| Foreign debt and federal government bonds | 216,605,808 | 229,654,418 | 60,664,793 | 75,564,991 |
| Foreign private debt bonds | 189,697,777 | 177,353,116 | 157,695,847 | 140,819,090 |
| | 2,451,167,593 | 2,265,291,630 | 1,447,841,369 | 1,113,186,091 |
| Securities received in Central Securities Depository | 3,659,774,582,408 | 3,599,828,381,852 | MXN 28,900,212,514 | MXN 26,375,796,340 |

### b) Unsettled transactions

| | 2020 | | 2019 | |
|---|---|---|---|---|
| Type of security | Settlement date | Amount | Settlement date | Amount |
| Shares | Jan 4,-2021 | MXN13,179,403 | Jan-2,-2020 | MXN13,277,940 |
| Shares | Jan 5,-2021 | 7,143,665 | Jan-3,-2020 | 4,814,567 |
| | | MXN20,323,068 | | MXN18,092,507 |

As of December 31, 2020, and 2019, the balance of memorandum accounts for overdue payments is MXN 13,059 and MXN 17,259, respectively.

As of December 31, 2020, and 2019 there are no defaulted obligations.

## 22. Financial Risk Management (unaudited information)

The Company is exposed to the following risks from its use of financial instruments:

Credit risk
Market risk
Operating risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has established Risk Management Committees in its subsidiaries that act as capital markets and derivatives central counterparties.

These committees are responsible for developing and monitoring the applicable risk management policies and issuing periodic reports.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Operating risk

Operating risk is the risk of incurring in a direct or indirect loss as result of different causes related to the Company's processes, personnel, technology and infrastructure and due to external factors other than credit, market and liquidity risk, such as those arising from legal requirements and standards and in generally accepted corporate governance standards. Operating risk is present in all of the Company operations.

The Company's policy is to manage its operating risk by balancing financial loss prevention and avoiding reputational damage.

The operations of the Company's clearinghouses (Asigna and CCV) include a security network that guarantees the compliance of the transactions processed. Any defaults shall be covered with funds taken from the third-party securities investment account, based on the following order of preference:

- Risk funds managed by the clearinghouses
- Mutual funds
- Equity of the clearinghouses

Senior management of each business unit is responsible for developing and implementing operating risk controls. This responsibility primarily consists of developing risk management policies to control exposure to operating risk in the following areas:

- Appropriate segregation of duties, including independent authorization of transactions
- Reconciliation and monitoring of transactions
- Compliance with legal and regulatory requirements
- Documentation of controls and procedures
- Periodic assessment of operating risks and the adequacy of the controls and procedures implemented to address the identified operating risks
- Required reporting of operating losses and proposed corrective measures
- Development of contingency plans
- Professional training and development
- Ethical and professional standards
- Mitigation of risks, including contracting of insurance where appropriate

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises primarily from the Company's accounts receivable.

Regarding investments, the Company limits its exposure to credit risk by investing exclusively in highly liquid securities with counterparties with AAA+ credit ratings, and investing no more than 30% of its total investments in equity instruments. Management constantly monitors counterparty credit ratings so it can react quickly to any reductions in the credit ratings of the securities in its portfolio.

Market risk is the risk that changes in market prices, such as prices of raw materials, foreign exchange rates, interest rates and equity prices of equity instrument will affect the Company's income or the value of its holdings of financial instruments.

The objective of the Company's market risk management is to control exposure to market risks within acceptable parameters, while optimizing resources.

The Company is exposed to foreign currency risk due to its sales, operating expenses and borrowings that are denominated in a currency other than its functional currency. The main foreign currencies the Company carries out transactions with are the U.S. dollar and the Peruvian sol.

With regard to other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept at an acceptable level to cover any market contingency which may result in a significant loss.

Management of interest rate risk

The Company is exposed to interest rate risk for its loans with variable interest rates. The Company manages interest rate risk by maintaining an appropriate mix of loans at variable interest rates. In 2019, the Company early repaid the balance of its outstanding bank loan.

Capital management

The Company maintains sufficient capital to satisfy its operating and strategic investment requirements, as well as to ensure confidence among market participants. This is achieved through optimal cash management, continuous monitoring of revenue and profits, and long-term investment plans that are used to finance the Company's operating cash flows.

## 23. Finance Income, net

An analysis of finance income and expenses is as follows:

| | 2020 | 2019 |
|---|---|---|
| Finance income: | | |
| Interest on cash equivalents | MXN 155,214 | MXN 186,870 |
| Foreign exchange gain | 342,190 | 91,051 |
| | 497,404 | 277,921 |
| Finance expenses: | | |
| Interest expense | ( 6,695) | ( 6,569) |
| Foreign exchange loss | (315,276) | ( 92,618) |
| Interest expense on leases agreements | ( 5,249) | ( 3,227) |
| | (327,220) | (102,414) |
| Finance income, net | MXN 170,184 | MXN 175,507 |

## 24. Operating Segments

The Company has five operating segments, which represent its business units. The business units offer different services and are managed separately as they each require different strategies and technologies. Management reviews the reports prepared by each business unit at least every quarter. The main trading of each of the operating segments are described below:

*Stock exchange* - Stock exchange for entities registered in accordance with the Mexican Securities Market Law (the Law). This business segment is operated by BMV.

*Financial derivatives* - Exchange for futures and options, including facilities and other services to enable these transactions. This business segment is operated by MexDer.

*Clearing* - Clearinghouses for capital markets and derivatives, operated by CCV and Asigna, respectively.

*Brokerage* - Financial brokerage service with debt instruments registered in the National Securities Registry (RNV). This business segment is operated by SIF ICAP.

*Central Securities Depository* - Securities management services related to clearing of securities in terms of the Law and the CNBV's general rules. This business segment is operated by Indeval.

Some operating activities require the interaction of various operating segments. This interaction primarily involves technology services and shared personnel services. Inter-segment prices are determined on the basis of prices that are similar to the prices that would have been used with or between independent parties in comparable transactions.

The profits of each segment are used to measure performance, since Management considers this information to be the best approach to assessing the results of each segment compared to other entities engaged in the same lines of business as the Company. Below is an analysis of the results of the operating segments for the years ended December 31, 2020 and 2019.

| | 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Local revenue | Foreign revenue | Subtotal | Intercompany revenue/(expense) | Net profits | Operating profit/(loss) |
| **Cash Equities** | MXN 239,577 | MXN 289,827 | MXN 529,404 | MXN - | MXN 529,404 | MXN 115,519 |
| Cash equities trading - BMV | 8,070 | 289,827 | 297,897 | - | 297,897 | - |
| Cash equities clearing - CCV | 231,507 | - | 231,507 | - | 231,507 | - |
| **Issuers** | 579,425 | - | 579,425 | - | 579,425 | - |
| Listing fees - BMV | 66,538 | - | 66,538 | - | 66,538 | - |
| Maintenance fees - BMV | 512,887 | - | 512,887 | - | 512,887 | - |
| **Derivatives** | 144,245 | 53,715 | 197,960 | ( 1,807) | 196,153 | 80,376 |
| **MexDer** | 61,125 | 16,179 | 77,304 | ( 1,339) | 75,965 | - |
| Derivatives trading | 61,125 | - | 61,125 | - | 61,125 | - |
| Data Sales-MexDer | - | 13,876 | 13,876 | ( 526) | 13,350 | - |
| Other | - | 2,303 | 2,303 | ( 813) | 1,490 | - |
| **Derivatives Clearing - Asigna** | 83,120 | 37,536 | 120,656 | ( 468) | 120,188 | - |
| Derivatives Clearing | 80,075 | 37,536 | 117,611 | - | 117,611 | - |
| Data sales – Asigna | 871 | - | 871 | - | 871 | - |
| Other | 2,174 | - | 2,174 | ( 468) | 1,706 | - |
| **Over-the-counter (SIF ICAP)** | 322,696 | 318,164 | 640,860 | ( 5,024) | 635,836 | 235,836 |
| SIF Icap México | 122,897 | 56,875 | 179,772 | ( 697) | 179,075 | - |
| SIF Icap Chile | 152,871 | 261,289 | 414,160 | - | 414,160 | - |
| SIF ICAP data sales | 6,077 | - | 6,077 | ( 4,327) | 1,750 | - |
| Other | 40,851 | - | 40,851 | - | 40,851 | - |
| **Central Securities Depository** | 1,221,076 | - | 1,221,076 | ( 19,106) | 1,201,970 | 857,492 |
| Trading | 1,212,338 | - | 1,212,338 | ( 10,712) | 1,201,626 | - |
| Other | 8,738 | - | 8,738 | ( 8,394) | 344 | - |
| **Information Services** | 603,074 | - | 603,074 | ( 12,554) | 590,520 | 86,013 |
| Price vendor - Valmer | 181,823 | - | 181,823 | ( 10,216) | 171,607 | - |
| Data sales | 421,251 | - | 421,251 | ( 2,338) | 418,913 | - |
| **Colocation** | 23,144 | 876 | 24,020 | ( 2,570) | 21,450 | - |
| **Other BMV** | 145,630 | 20,972 | 166,602 | ( 26,462) | 140,140 | - |
| **Other** | 1,106,452 | - | 1,106,452 | ( 1,087,629) | 18,823 | 38,694 |
| **Income** | MXN 4,385,319 | MXN 683,554 | MXN 5,068,873 | MXN ( 1,155,152) | MXN 3,913,721 | MXN 1,413,930 |

| | 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Local revenue | Foreign revenue | Subtotal | Intercompany revenue/(expense) | Net profits | Operating profit/(loss) |
| Cash Equities | MXN 485,226 | MXN - | MXN 485,226 | MXN - | MXN 485,226 | MXN 105,491 |
| Cash equities trading - BMV | 272,248 | - | 272,248 | - | 272,248 | - |
| Cash equities clearing - CCV | 212,978 | - | 212,978 | - | 212,978 | - |
| Issuers | 614,675 | - | 614,675 | - | 614,675 | - |
| Listing fees - BMV | 93,672 | - | 93,672 | - | 93,672 | - |
| Maintenance fees - BMV | 521,003 | - | 521,003 | - | 521,003 | - |
| Derivatives | 163,102 | 16,643 | 179,745 | ( 1,667) | 178,078 | 34,811 |
| MexDer | 59,410 | 15,485 | 74,895 | ( 1,250) | 73,645 | - |
| Derivatives trading | 41,146 | 15,485 | 56,631 | - | 56,631 | - |
| Data Sales-MexDer | 5,160 | - | 5,160 | ( 774) | 4,386 | - |
| Other | 13,104 | - | 13,104 | ( 476) | 12,628 | - |
| Derivatives Clearing - Asigna | 103,692 | 1,158 | 104,850 | ( 417) | 104,433 | - |
| Derivatives Clearing | 101,598 | 1,158 | 102,756 | - | 102,756 | - |
| Data sales – Asigna | 2,094 | - | 2,094 | ( 417) | 1,677 | - |
| Over-the-counter (SIF ICAP) | 170,399 | 414,840 | 585,239 | ( 4,495) | 580,744 | 194,885 |
| SIF Icap México | 119,552 | 69,479 | 189,031 | ( 587) | 188,444 | - |
| SIF Icap Chile | - | 345,361 | 345,361 | - | 345,361 | - |
| SIF ICAP data sales | 45,475 | - | 45,475 | - | 45,475 | - |
| Other | 5,372 | - | 5,372 | ( 3,908) | 1,464 | - |
| Central Securities Depository | 1,013,720 | - | 1,013,720 | ( 19,350) | 994,370 | 701,239 |
| Trading | 1,004,509 | - | 1,004,509 | ( 10,757) | 993,752 | - |
| Other | 9,211 | - | 9,211 | ( 8,593) | 618 | - |
| Information Services | 287,019 | 271,286 | 558,305 | ( 12,230) | 546,075 | 90,522 |
| Price vendor - Valmer | 142,074 | 45,655 | 187,729 | ( 10,082) | 177,647 | - |
| Data sales | 144,945 | 225,631 | 370,576 | ( 2,148) | 368,428 | - |
| Colocation | 3,909 | 17,231 | 21,140 | ( 2,033) | 19,107 | - |
| Other BMV | 152,182 | 15,827 | 168,009 | ( 28,993) | 139,016 | - |
| Other | 1,083,668 | - | 1,083,668 | ( 1,064,430) | 19,238 | 747,506 |
| Income | MXN 3,973,900 | MXN 735,827 | MXN 4,709,727 | MXN ( 1,133,198) | MXN 3,576,529 | MXN 1,874,454 |

## 25. Commitments and Contingent Liabilities

### *Commitments and payment obligation*

The Company's subsidiary, Indeval, has entered into agreements with foreign custodians who bill their services in foreign currency (primarily U.S. dollars and euros) based on the Central Securities Depository volume and transfers of securities. Indeval in turn bills this consideration, plus a markup, to its customers as part of its service fees.

To carry out its activities, Indeval must have open accounts in its name in European central securities depositories (such as Clearstream and Euroclear) so as to deposit securities owned by its customers at their request. Indeval therefore has cash accounts with these foreign depositories, primarily to receive payments of principal and interest for securities. Clearstream and Euroclear can apply a reversal process for payments of principal and interest, which involves reversal of the credits made to Indeval's cash accounts, without any justification being provided by the central depositories. These reversals are usually caused by the issuer's financial agent providing incorrect or late information. In these cases, Indeval must ask its depositors in Mexico to whom the payments of principal and interest that were reversed in full or in part were made to return the corresponding amounts. Although to date Indeval has recovered the amounts claimed from its depositors when cases of this kind have arisen, there is no guarantee or certainty that this will continue to occur in the future.

### *Lawsuits and litigation*

The Company is party to several lawsuits and labor claims arising from its normal course of business. Company management does not expect the outcomes of these lawsuits to have a material effect on the Company's financial position or its future operating results.

### *Tax contingencies*

In accordance with the current Mexican tax laws, the Company’s income tax returns are open to review by the tax authorities for a period of five years from the date they are filed.

In accordance with the Mexican Income Tax Law (MITL), companies that carry out transactions with related parties are subject to tax restrictions and obligations with respect to the determination of the prices charged, since such prices should be similar to the prices that would have been used with or between independent parties in comparable transactions. Should the tax authorities review and reject the Company’s intercompany pricing, they may demand payment of the omitted taxes, plus restatements and surcharges, as well as fines for amounts of up to 100% of the restated omitted taxes.

## 26. Sustainability (unaudited information)

The financial statements must include comprehensive and relevant financial information of the Company and also include information on Sustainability issues, as follows:

**Alliances to strengthen financial education in Mexico**

- As of 2013, **the Company has been part of the global Sustainable Stock Exchanges (SSE) Initiative** and of the World Federation of Exchanges (WFE), which promotes sustainable development.
- The Company adheres to the **10 principles of the United Nations** Global Compact.
- The Company is a member of the **Sustainability Committee of the Iberoamerican Federation of Stock Exchanges** (FIAB by its acronym in Spanish), which promotes best ASG practices in the industry.

**The Company fosters a financial and inclusive culture in Mexico** as part of its social commitments through the following initiatives and programs:

- Mexican Stock Exchange School (more than 20,000 students benefitted and 90 courses in 2020).
- Stock Exchange Museum - MUBO (More than 100,000 visitors since its opening in April 2019).
- Exchange Thursdays – free conferences given by industry experts.
- Corporate Communications (Blog, podcasts, website and social media)

**Social development:**

- Corporate Volunteering Program, managed by Grupo BMV employees.
- Fundación Cultural BMV, promoting arts and culture.
- Donations to public charitable organizations.

**Creation of ASG products and services**

- **Indexes:**

  In 2011, the Company created the "Sustainable IPC" index in order to improve the visibility of issuers with the best ASG performance. This was the first index of its kind in Mexico and the second in Latin America, and it led the way to position Mexico as a country with a stock market committed towards sustainability.

  New **S&P/BMV Total México ESG** index, which evolves into a new generation of indexes with the highest assessment standards and a new methodology that puts greater emphasis on ASG factors.

- **Labeled green bonds:** During the past 4 years, the Company has issued more than 40 billion Mexican pesos by listing 20 labeled green bonds (5 green bonds, 11 sustainable bonds and 1 social bond), which is a great opportunity to finance the projects and infrastructure that the country needs while meeting its economic, environmental and social sustainability targets.

- **Financial instruments:** Through its International Quoting System (SIC), the Company has listed Exchange Trade Funds (ETFs), which replicate the behavior of ASG indexes and are available for the investing public in Mexico.

- **New solutions for issuers:** In order to meet the needs of its stakeholders, the Company is working on a solution that will allow issuers to disclose and communicate their ASG strategy more transparently and effectively through a technology platform.

  On the other hand, companies listed on the BMV are being encouraged to strengthen their governance. One such example is the "Sustainability Guide", which helps companies identify, implement and measure their ASG strategies, as well as inform the investing public about their performance.

**The Company is a leading player in green stock markets**

- In 2013, the **MÉXICO2** platform was created to help develop environmental markets by driving the voluntary carbon market and selling certified emission reductions, which to date have been used to offset more than 21,000 tCO2e.

- Since 2016, **the Company has been a founding member of the Green Finance Advisory Board** (CCFV by its acronym in Spanish) in collaboration with the British Embassy in Mexico and the Climate Bonds Initiative. It comprises Financial Associations, commercial, multilateral and development banks, rating agencies and issuers, aimed at promoting sustainable finances and dialogue within each sector by developing market principles and standards, and public policies that will have an influence on investment practices, mandates and regulations, and centered on financial awareness, training and education. The CCFV has promoted 2 Investor Statements in favor of green investments and ASG-related disclosures, with the participation of more than 70 signing institutional investors.

- **Creation of capabilities:** Capabilities on labeled green bonds in Mexico and Latin America for public and private companies, carbon market simulations, etc.

- As of 1 January 2021, **MexDer and Asigna**, Grupo BMV entities, contribute 4% of their operating revenue towards developing projects that will generate a positive environmental impact.

**Governance fortifies the Company's strategy**

Sustainability is reflected in an 8-dimension Model that **has allowed the Company to deliver added value to all stakeholders by enhancing investment practices and setting the standard for the development of financial markets in Mexico.**

These 8 dimensions are: 1. Governance; 2. Products and Services; 3. Human factor; 4. Technology; 5. Environment; 6. Social/Relationships; 7. Intellectual; and 8. Economic.

On the other hand, a materiality analysis was performed to identify and prioritize those matters relevant to the Company itself and its stakeholders, based on the level of maturity and risk in order to properly channel efforts under this strategy in future years.

Based on this model, Governance strengthens the Company's strategy and must ensure that the highest standards of accountability, independence, transparency and equality are met, enabling a fair and unbiased decision making. The Company strictly adheres to the Code of Principles and Best Practices for Governance and has strengthened those aspects related to internal control, regulatory compliance and business continuity.

In 2020, the Company recognized tax balances totaling Ps. 754 million, which represents a significant contribution to the Mexican economy. The companies of Grupo BMV pay special attention to tax compliance. This is aligned with the Tax Policy, which establishes the tax guidelines for group companies.

**Our talent… the key to our success**

The Company has built a culture where every employee is able to realize their maximum potential in an inclusive and diverse working environment. The Stock Exchange is a company that does not discriminate on account of gender, age, structure, expertise and ideologies. Anyone who wants to grow professionally can do so without facing any limitation or discrimination whatsoever.

There are organizational development plans and learning platforms available 24/7.

During the SARS-CoV-2 (COVID-19) contingency, the Company is supporting its employees by implementing a remote work scheme. Currently, 95% of its employees are working remotely.

In addition, 21% of employees received a payroll advance with flexible repayment options.

In recent months, the Company invested more than 3 million pesos in refurbishing its facilities and reinforcing protocols for an eventual safe return to work.

On the environmental aspect, Grupo BMV has started to manage its carbon footprint to reduce its environmental impact and establish improvement goals, thus developing a strategy for energy efficiency.

This strategy includes replacing the lightbulbs in the whole building with efficient and sustainable lamps. In addition, in 2021, waste separation bins will be placed across the facilities. Also, Grupo BMV's fleet vehicles are now 20% hybrid.

**These actions have positioned it as "Mexico's Sustainable Stock Exchange", driving value for our country through its services, promoting international best governance practices, leading in sustainable finance and building a better financial culture.**

## 27. Subsequent Events

On 21 January 2021, the Company contributed capital totaling USD 526,505 to LEDMI, equal to 49% equity interest in the investee. This transaction was approved by the Board of Directors on 18 July 2017 and authorized by the CNBV through official document 312-3/66688/2018 dated 5 December 2018.