

2020 ANNUAL REPORT



COMISIÓN NACIONAL
BANCARIA Y DE VALORES



MESSAGE FROM THE PRESIDENT	4	
	6	ABOUT THE CNBV
EXECUTIVE SUMMARY	10	
	14	25 YEARS OF THE CNBV
CHAPTER 1. RESPONSE TO THE CONTINGENCY CAUSED BY COVID-19	24	
	36	CHAPTER 2. REGULATION
CHAPTER 3. SUPERVISION	58	
	120	CHAPTER 4. AUTHORIZATIONS
CHAPTER 5. LEGAL ISSUES	130	
	144	CHAPTER 6. THE CNBV'S LINK TO ITS ENVIRONMENT
CHAPTER 7. MANAGEMENT	160	
	186	ANNEXES
GLOSSARY	274	
	284	ACKNOWLEDGEMENTS

CONTENT

MESSAGE FROM THE PRESIDENT

2020 was an unusual year marked by the effects the COVID-19 pandemic had on the economy, as well as in the way we work and interact with each other, both domestically and globally. In this context, in the CNBV we experienced one of the most trying times in its recent history, facing the risks and implementing actions to regulate and supervise the financial system in light of the conditions caused by the contingency.

We carried out various actions in coordination with the SHCP (Ministry of Finance and Public Credit) and Banco de México (Mexico's Central bank); among these, one that stands out is the establishment of various agreements defining regulatory and administrative measures, fixed term and exceptional in nature, which allowed financial institutions to comply with their obligations and curb the economic effects of the emergency.

In this sense, supervisory actions were reinforced, and supervision priorities were revisited, following up on the main risks for financial entities. In addition, we took internal actions to adapt our tasks to the provisions issued by Health authorities, to avoid contagion among our personnel, make remote working easier and continue with the Commission's operations.



"The experience and professionalism of the personnel that has been a part of the CNBV team throughout these 25 years, is the very foundation that explains the strength and institutional recognition the Commission holds."

In addition to addressing the contingency and in terms of our daily activities, 31 regulatory general provisions were issued and modified, among which the following stand out: the adjustments focusing on aligning regulations with international standards such as the IFRS9, remote contracting of bank customers (digital onboarding), and opening accounts to minors aged fifteen and older, without any intervention from their parents or legal guardians. On the other hand, the provisions regarding standardized application programming interfaces (APIs) were published, in which the standard of open data for ATMs was issued; it allows for users of financial services to know the benefits of the Open Banking / Open Finance scheme.

In terms of supervision, various relevant topics were addressed, such as reviews to commercial banking institutions (IBMs) and multi-purpose financing companies (SOFOMs) linked to credit



institutions, the execution of operations with related persons and relevant related persons; the follow-up on the progress made implementing provisions to prevent identity theft; review of the entities' internal control system to ensure their operations are carried out backed by sound safety standards to prevent, detect and curb the risk of fraud.

The Guide to the early request for the calculation of capital requirement due to operational risk with the new business indicator method or the standardized measurement approach (SMA) was also published, consistent with the Basel standards, and the compliance guides of AML/CFT obligations for non-regulated multi-purpose financing companies (SOFOM E.N.R.), investment advisors and money transfer companies were issued.

In our country, the popular finance sector is made up of entities that address the demand for savings and loan services of populations



and communities that are unattended by traditional banking. Among the actions aimed at strengthening financially and consolidating this sector, we addressed topics that dealt with the authorization of commission agents, carrying out stress exercises, reviewing regulatory compliance, as well as monitoring and following up on the corrective actions and measures required from popular financial companies (SOFIPOs) that were placed under early warnings.

As to the adoption of technological supervision (Suptech), the CNBV developed the ability to

receive the information from regulatory reports of financial technology institutions (FTIs) that are starting to operate; to upload and send the information from AML/CFT visits, as well generate dashboards to automatically process the information from regulatory reports.

With regard to authorization processes, in 2020 we authorized six new participants in the financial system; a company that manages systems to facilitate operations with securities and the first financial technology institution started operating; and as to the stock market, we issued stock authorizations for an estimated amount of \$373.15 billion MXN. This way, the options for financial services and products continue to grow. On the other hand, we revoked the authorizations of four entities due to breaches to regulations: one IBM, one SOCAP (savings and loan cooperative), one SOFIPO and one credit union.

In terms of financial inclusion, what stands out is the CNBV's participation in issuing a new National Policy for Financial Inclusion (PNIF), valid for the 2020-2024 period, led by the National Council for Financial Inclusion (Conaif), whose purpose is to strengthen the financial soundness of the Mexican population, by increasing the access to and the efficient use of the financial system, by developing the population's economic-financial skills, and by empowering users.

The Commission not only achieved the breakthroughs described, but also coped with the challenges resulting from the pandemic thanks to the abilities, responsibility and willingness of all the persons that work together every day in the entity.

Finally, I would like to mention that in 2020 the CNBV celebrated the 25th anniversary since its foundation, reaching this significant milestone as a solid institution constantly updating and working for the stability and development of the financial system for the wellbeing of the population.

The experience and professionalism of the personnel that has been a part of the CNBV team throughout these 25 years, is the very foundation that explains the strength and institutional recognition the Commission holds.

ABOUT THE CNBV

The National Banking and Securities Commission (CNBV) is a decentralized body of the Ministry of Finance and Public Credit (SHCP), with technical autonomy and executive powers.

Its purpose is to supervise and regulate in its field of competence, the entities that constitute the financial system in Mexico (SFM), in order to protect its stability and proper function, as well as maintain and promote the sound and balanced development of said system as a whole, safeguarding the interests of the public.

Its goal is also to supervise and regulate natural persons and other legal entities, when they carry out activities foreseen in the laws related to the financial system.

VISION

To be an efficient, modern and respected authority that seeks the stability and development of the financial system in Mexico, for the wellbeing of the population.

MISSION

To supervise and regulate the entities that constitute the Mexican financial system, as well as the natural persons and other legal entities when they carry out activities foreseen in financial laws, in order to protect the stability, proper function, as well as maintain and promote the sound and balanced development of said system as a whole, safeguarding the interests of the public.

VALUES AND PRINCIPLES

The CNBV is governed by a Code of Conduct, whose pillars are the following institutional values and principles:

VALUES

- Integrity
- Respect
- Leadership

PRINCIPLES

- Legality
- Loyalty
- Honesty

THE CNBV AT A GLANCE

REGULATES

31 general provisions and amending resolutions

AUTHORIZES

6 new participants in Mexico's financial system
\$373.15 billion MXN in stock issuances

SUPERVISES

4,978 entities supervised, grouped into **72** legal figures

SANCTIONS

376 sanctions imposed for over **\$183** million MXN

COMPRISES

1,408 public officers



EXECUTIVE SUMMARY

The CNBV presents its 2020 Annual Report, which states the main actions carried out and the results obtained in accordance with its attributions, to regulate and supervise Mexico's financial system. The following is a description of the relevant aspects in each chapter.

RESPONSE TO THE CONTINGENCY CAUSED BY COVID-19

In order to address the risks and challenges associated with the contingency resulting from COVID-19, the CNBV, in its field of competence, issued various agreements to establish fixed-term and exceptional measures, as well as the suspension of some deadlines for the financial entities and companies subject to its supervision. Likewise, in coordination with the SHCP, special accounting criteria (CCEs) and COVID accounting facilities (FCCs) were issued, aimed at all financial entities, allowing them to offer their borrowers the deferral on payments to protect their assets, and allowing credit institutions to implement restructuring programs for the benefit of customers.

On the other hand, during the contingency period the supervision has focused on the follow-up to the entities' proper implementation of the regulatory facilities issued, and the assessment of their impact, as well on the strengthening of extra situ supervision by implementing reinforced monitoring measures, that include additional information requests, close communication with the entities supervised, intensive monitoring of financial and operational indicators, risks, vulnerabilities and corporate management.

REGULATION

The CNBV issued 31 general provisions and amending resolutions, applicable to the financial entities and subjects supervised, which covered various topics with the purpose of improving and strengthening the regulatory framework that governs over the financial system.

Among the topics regulated, the following stand out: the convergence on international regulations in terms of financial instruments and other IFRS 9 financial information standards; modification to the tripartite rules on derivatives, in terms of financial derivatives (SHCP, Banxico and CNBV); updating of the regulation for remote identification of bank customers (digital onboarding); issuance of the new business indicator method or standardized measurement approach (SMA), for the calculation of capital requirement due to operational risk by banks; incorporation of rules to open bank deposit accounts to minors aged fifteen and older, and adjustments to the debt limits for infrastructure and real estate trusts.

On the other hand, new general provisions were issued, applicable to price suppliers, as well as the ones regarding standardized application programming interfaces.

SUPERVISION

By the end of 2020, the Commission was supervising 4,943 entities, grouped into 72 legal figures. Supervision is carried out through inspection, monitoring, prevention and correction, and its purpose is to evaluate the risks they are subject to, their control systems and the quality of their management, in order to ensure these entities maintain adequate liquidity, are solvent and, in general terms, conform to the provisions that govern them, as well as to the uses and sound practices of financial markets.

In 2020, as a result of the contingency, the CNBV adapted its operations to the operational restrictions due to social distancing measures, and adjusted its supervision strategy, in order to strengthen remote supervision and maintain an intensive monitoring of the financial entities' main risks. Accordingly, 105 inspection visits were carried out, of which 80% were ordinary visits, 17.1% investigation visits and 2.9% special visits. In addition, as part of the reinforced monitoring, remote reviews were performed on 95 entities.

Based on the visits and monitoring processes that were completed throughout the year, the CNBV issued 56,337 observations and recommendations and ordered 1,442 corrective actions and measures.

On the other hand, specific supervisory activities were carried out, highlighting the following topics: 1) completion of yearly exercises of capital adequacy assessment among credit institutions and brokerage firms, as well as one exercise on a representative sample of the entities from the popular finance sectors; 2) follow-up on the reports on the implementation of the provisions to prevent identity theft, forwarded by the entities supervised; 3) review of the entities' internal control systems, to assure their customers they can perform operations backed by solid safety standards, for the prevention, detection and mitigation of the risk of frauds; 4) financial strengthening and reinforcement of popular sectors as to authorization of commission agents, stress exercises, regulatory compliance reviews, and monitoring and follow-up on the corrective actions and measures required from SOFIPOs that were placed under early warnings; 5) generating and publishing the Guide on early requests for the calculation of capital requirement due to operational risk with the SMA, consistent with the standards of Basel.

As to the adoption of technological supervision (Suptech), APIs were developed for the reception of information from regulatory reports issued by FTIs that are starting to operate, as well as a module for uploading and forwarding the information gathered in the AML/CFT visits, and analytics dashboards that will allow to automatically process all the information contained in the regulatory reports.

AUTHORIZATIONS

The organization and function of a SOFIPO was authorized, and the start of operations of a company that manages systems to facilitate operations with securities was registered. Likewise, an electronic payment funds institution (EPFI) started operations and five banking commission agents were authorized.

We followed up on the authorization process of companies that filed their request to operate as FTIs and to operate innovative models, in the terms established by the LRITF.

On the other hand, 41 new registrations and 34 renewals were granted to operate as currency exchange centers and money transfer companies. Likewise, 12 investment advisors were registered. As to the stock market sector, authorizations were issued for an estimated amount of \$373.15 billion MXN.

MANAGEMENT

In terms of the contingency, various actions in accordance with the provisions issued by the corresponding authorities were implemented, in order to prevent infections among the staff and provide continuity to the Commission's operations by working remotely.

LEGAL AFFAIRS

A total of 376 administrative sanctions were imposed, corresponding to admonitions, fines, suspensions of operations and registry cancellations, due to conducts infringing the regulations and presented by the financial institutions supervised, as well as by other natural persons and legal entities. By the end of 2020, the aggregate total amount of fines imposed was more than \$183 million MXN.

In addition, 97 offense opinions were issued, concerning conducts that allegedly constituted a financial crime, of which 12.4% is associated with irregular deposit-taking activities and 87.6% with various other conducts.

As to addressing information requirements formulated by federal financial, judicial and administrative authorities, throughout the year we received 133,786 requirements from various authorities, issuing roughly 5.4 million official letters addressed to financial entities, and 160,000 official letters responding to the authorities; as well as a total of 121,227 requirements completed by the end of 2020. Furthermore, with the purpose of improving the process to address requirements from the authorities, we automated the two-way information exchange between authorities, the CNBV and financial entities.

THE CNBV'S LINK TO ITS ENVIRONMENT

On the international stage, actions were carried out to reinforce the CNBV's relation with international bodies, highlighting the following: 1) participation in task forces focusing on the compliance with Sustainable Development Goals (SDGs) from the United Nations 2030 Agenda and with the Global Compact's sustainability goals from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS); 2) coordination of various technical assistance projects with international bodies, and 3) subscription of cooperation instruments with various international authorities.

With regard to the research and economic studies on the Mexican financial system and other topics related to the CNBV's mandate, various reports and internal analysis were generated, including the following that stand out: 1) Weekly follow-up report on the market indicators related to the evolving status of the contingency resulting from COVID-19; 2) Perspectives of the financial sector in Mexico, and 3) Report on financial savings and financing, among others.

Finally, in terms of financial inclusion what stands out is the approval of a new National Policy, valid for the 2020-2024 period, by the National Council for Financial Inclusion (Conaif). Likewise, the first edition of the Award for the Essay on financial inclusion was carried out.

25 YEARS OF THE CNBV

MAIN MILESTONES OF THE CNBV

During the last decade of the 19th century and the first decade of the 20th century, the Mexican Financial System was formally created. Back then the first provisions were established to regulate the various entities that provided financial services such as credit institutions, insurance companies, surety companies, bonded warehouses and, to a certain extent, stock exchanges and stockbrokers.

From then on and up to the last decade of the 20th century, different modifications, integrations, mergers, regulations and laws were carried out, which were created and applied through various entities. The purpose of these new rules was to foster the safe development of the different financial entities which, with the resources at their disposal, would favor the country's economic growth.

Thus, the history of the Commission began in 1924, with the creation of the National Banking Commission and in 1946 with the National Securities Commission. In 1970, supervision of the insurance sector was incorporated into the banking sector's, with the creation of the National Banking and Insurance Commission, which was then divided in 1989 to constitute the National Banking Commission and the National Insurance and Bonding Commission. Finally, in 1995, with the merger of the National Banking Commission and the National Securities Commission, the CNBV was constituted.

Milestone of the CNBV: Creation of the CNBV from the merger of the CNB and the CNV

Milestone of the SFM: Start of operations of the first credit information bureau

1995

1997

Milestone of the CNBV: AML/CFT Supervision of entities supervised

1998

Milestone of the SFM: Start of operations of the derivatives market and the clearing house

1999

Milestone of the SFM: The stock market becomes electronic, and the trading floor of the stock exchange is shut down

Milestone of the CNBV: Transfer of powers over conflict management between the public and financial institutions to CONDUSEF (National Commission for the Protection of Users of Financial Services)

2001

Milestone of the SFM: Enactment of the Law on Investment Funds and the Law on Popular Savings and Loan

Milestone of the CNBV: Supervision of popular savings and loan entities

2003

Milestone of the SFM: Entry to the global market through the access of investors to the International Quotation System of the stock exchange

2004

Milestone of the CNBV: Establishing *Circulares Únicas* in order to integrate the regulations into one single instrument per sector

Milestone of the SFM: Start of operations of the central securities counterparty

Milestone of the SFM: Enactment of the new Securities Market Law

2005

Milestone of the CNBV: Risk-based supervision approach

2009

2008

Milestone of the CNBV: Authorization and supervision of operations with commission agents

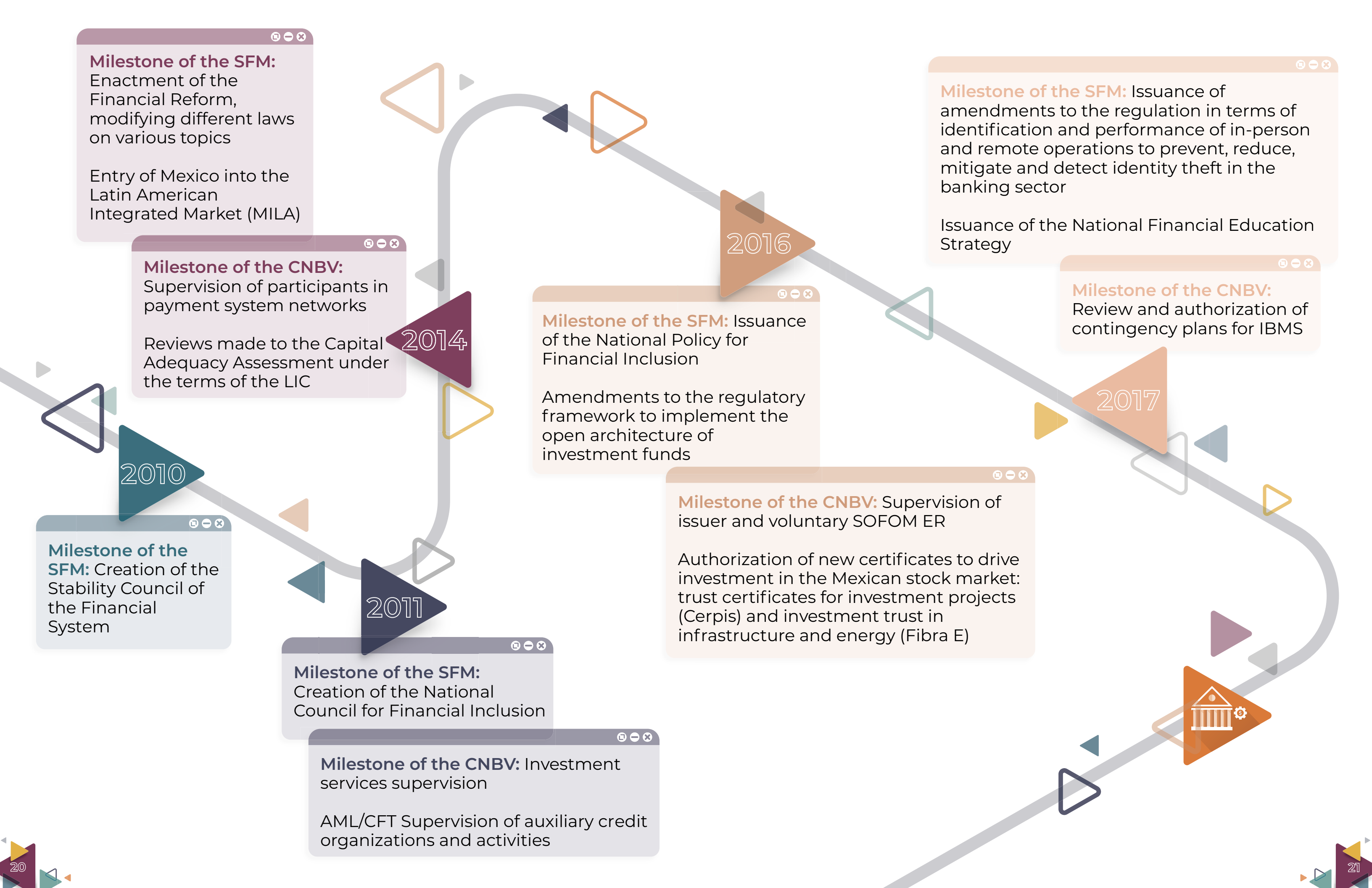
Milestone of the SFM: Addition of the figure of commercial commission agents

2007

Milestone of the SFM: Enactment of the Law for the Transparency and Regulation of Financial Services

2006

Milestone of the CNBV: Capacities for authorization of financial intermediaries (banks and brokerage firms, among others)



Milestone of the SFM:

Enactment of the Financial Reform, modifying different laws on various topics

Entry of Mexico into the Latin American Integrated Market (MILA)

Milestone of the CNBV:

Supervision of participants in payment system networks

Reviews made to the Capital Adequacy Assessment under the terms of the LIC

Milestone of the SFM:

Issuance of the National Policy for Financial Inclusion

Amendments to the regulatory framework to implement the open architecture of investment funds

Milestone of the SFM:

Issuance of amendments to the regulation in terms of identification and performance of in-person and remote operations to prevent, reduce, mitigate and detect identity theft in the banking sector

Issuance of the National Financial Education Strategy

Milestone of the CNBV:

Review and authorization of contingency plans for IBMS

Milestone of the SFM:

Creation of the Stability Council of the Financial System

Milestone of the SFM:

Creation of the National Council for Financial Inclusion

Milestone of the CNBV:

Investment services supervision

AML/CFT Supervision of auxiliary credit organizations and activities

Milestone of the CNBV:

Supervision of issuer and voluntary SOFOM ER

Authorization of new certificates to drive investment in the Mexican stock market: trust certificates for investment projects (Cerpis) and investment trust in infrastructure and energy (Fibra E)

Milestone of the SFM: Enactment of the Law to Regulate Financial Technology Institutions (Ley Fintech)

Start of operations of a second stock exchange in Mexico

2018

Milestone of the CNBV:

Supervision of external auditors

Supervision in terms of cybersecurity

Supervision, authorization and regulation of FTIs and innovative models

Milestone of the CNBV: Implementation of reinforced monitoring measures, resulting from the COVID-19 emergency

25 years CNBV

2020

Milestone of the SFM: Issuance of fixed-term and exceptional measures, because of the contingency resulting from COVID-19

Start of operations of the first Electronic Payment Funds Institution (EPFI)

Issuance of the new National Policy for Financial Inclusion and the new National Financial Education Strategy



RESPONSE TO THE CONTINGENCY CAUSED BY COVID-19



Regulatory and administrative facilities

In the context of the contingency resulting from COVID-19 in Mexico, and in order to address the risks and challenges associated with it, the CNBV issued various agreements to establish fixed-term and exceptional measures in regulatory and administrative matters (Annex A. Regulatory and administrative measures), among which the following stand out:

- Issuance of eleven special accounting criteria (CCEs) with their respective scope, addressed to all financial entities, allowing them to offer their borrowers full or partial deferral on payments, free of additional interests or charge of fees, without considering this as restructured loans, with the subsequent benefit of not having the loan being reported as non-performing before credit information bureaus (SIC).
- Issuance of five COVID accounting facilities (FCCs) for all financial entities, with their respective scope, in order to protect the assets of borrowers, by reducing their outstanding installments or extending the due dates. In addition, regulatory facilities were issued so that credit institutions would implement institutional restructuring programs, allowing the use of soft credit checks in the credit bureau for performing loans and current loans, for the benefit of customers.
- Issuance of other measures that include facilities regarding capital adequacy assessment exercises of credit institutions, as well as extended deadlines for generating capital requirements due to operational risk, flexibilizations calculating the liquidity ratio, use of the capital buffer and facilities to acquire loans and opening accounts remotely.
- Issuance of the Resolution establishing the fixed-term and exceptional measures and suspending certain deadlines meant for the financial entities and companies subject to the CNBV's supervision, because of the coronavirus called COVID-19, published in the Official Gazette of the Federation (DOF) March 26 2020, which was extended on account of the agreements published April 17 and 28, May 29 and June 29 of 2020.
- Issuance of the Resolution establishing the administrative measures for carrying on the CNBV's activities when dealing with matters that are filed before this Commission, throughout the health contingency caused by COVID-19, published in the DOF July 15 2020, amended by means of the agreement published in the DOF November 23 2020.
- In terms of operational and technological risk, a series of recommendations and measures in line with international practices was disseminated, so that the entities maintained their business continuity plans up to date to mitigate the risks of an operational contingency.

As a result of the administrative facilities, which consisted in continuing to consider restructured or renewed loans as performing portfolio, more than 8.6 million loans worth roughly 1.4 trillion MXN were benefited, which is 15.5% of the loan portfolio belonging to commercial banks, to development banks, to promotion bodies and to the popular savings and loan sector.

This also contributed to maintaining the banking sector stable and properly capitalized, and prevented delinquency from growing significantly. By the end of 2020, the banking system's delinquency represented 2.56% of the total portfolio, with an increase of 0.36 percentage points compared to 2019. Meanwhile, the capitalization index of commercial banks was 17.7%, above the required minimum of 10.5%.



Supervisory actions resulting from the COVID-19 contingency

In order to tackle the risks and challenges linked to the contingency resulting from COVID-19, the CNBV, in its field of competence, performed various actions regarding the supervision to the financial system in Mexico (SFM), with the purpose of protecting its stability and proper function.

Redesign of the 2020 annual program for visits and reinforced monitoring measures resulting from the COVID-19 contingency

In 2020, as a result of the contingency, the CNBV adapted its operations to the operational restrictions resulting from social distancing measures, and adjusted its supervision strategy, notably the allocation of resources and distribution of inspection and monitoring activities, in order to strengthen remote supervision and maintain the monitoring of the financial entities' main risks.

Based on the pandemic mitigating actions enforced by the Federal Government, the supervision areas implemented reinforced supervisory actions, which consisted in performing various specific remote reviews replacing inspection visits, conducting additional information requests, maintaining close communication with the entities supervised and carrying out intensive monitoring of financial and operational indicators, as well as the assessment of the economic and operational impact caused by said health contingency.

Main supervisory actions

In order to address the risks and challenges linked to the contingency, the follow-up to the operational and financial performance of entities has been strengthened highlighting, among others, the following activities:

- Ongoing follow-up to the proper implementation of the facilities issued, as well as in some cases, verifying the regulatory adherence in the creation and registry of additional preventive reserves. In addition to this, we conducted ongoing monitoring of the different regulatory indicators required from entities, in terms of capital as well as liquidity, in accordance with the supervision priorities determined for this exercise.

- Follow-up on proper management regarding the desired risk profile (PRD) of IBMs, ensuring coherence vis-à-vis their business model and strategic planning.

- Consideration of fixed-term and extraordinary measures implemented by credit institutions to perform their operations, consistent with the lockdown measures and social distancing.

- Follow-up on the functionality of the contingency plans (PCs) implemented by commercial banking institutions (IBMs), given that they contain the set of actions that must be carried out to reestablish their financial situation in light of adverse scenarios that could affect their solvency and liquidity.

- Prioritization of authorization processes for banking commission agents, so that credit institutions would broaden their channels of access to the public and this way prevent bank branches from saturating.

- Assessment of the impact of regulatory reforms subsequent to the contingency, including the experience associated with the COVID-19 impact.

- Participation in the design of initiatives for cross-sectional financial policy.

- Daily follow-up on the liquidity and solvency of entities from the popular finance sector, with information from their flows of placement, deposit-taking and funding, as well as the restructured loan portfolio under the protection of CCEs, assessing the potential impact on their solvency.

- Monitoring of the risks and vulnerabilities resulting from the contingency that may affect the popular finance sector's ability to recover, in order to design a short- and medium-term supervision and policy strategy.

Follow-up on the impacts of the COVID-19 contingency in the card payment system

Follow-up was given to the operations of the card payment system, based on the information provided by the clearing houses. Likewise, follow-up reports were generated on the operations' daily evolution by type of card (debit or credit), mode of operation (with the card at hand or without it), and line of business, in order to monitor the risks that appeared along the different stages of the contingency, allowing for a swift approach with the supervised entities and companies by identifying any kind of unusual behavior or pattern.

The Pulso COVID-19 Questionnaire (COVID-19 Feedback)

As of April 2020, every month the Pulso COVID-19 Questionnaire (COVID-19 Feedback) has been applied to IBMs, with the purpose of obtaining regular follow-up on readiness and response actions when facing an operational contingency of the "infectious diseases" scenario, with special focus on the closing of branches, the existence of business continuity plans (PCNs), actions for the return to offices, as well as online banking facilities that enable customer access through digital channels.

Measures to ensure the proper function of the stock market in Mexico

In the context of the contingency, various measures were implemented to ensure the proper function of the stock market in Mexico, such as:

- Daily follow-up on both the inflow and outflow of clients and on the compliance with the trading limits established in the investment leaflets, in light of the risk of deterioration of the liquidity of investment funds.
- Implementation of processes that allow the timely issuance of short-term bonds, on the understanding that this remains an option for the financing of issuers' working capital.
- Implementation by price suppliers of new methodologies to generate curves; among these, the curve for the 1-day interbank offering rate (TIIE) published by Banco de México (Banxico, Central Bank of Mexico) as of January 16 2020, as well as the curve of the SOFR (Secured Overnight Financing Rate) replacing the LIBOR (London Interbank Offered Rate).

SIC Observation codes

With the purpose of complementing the benefits granted by the regulatory facilities published by the CNBV as a result of the contingency, modifications were made to the observation codes that are reported to SICs. The credits that underwent restructurings resulting from the contingency will be reported with a modified code, which will be used as a "soft" credit check in the customers' credit information bureau files.

Follow-up on information security with the entities

Throughout 2020, notifications concerning different threats to information security were addressed, threats that could have become attacks on different services and channels of entities in the financial system.

Specifically, we detected an increased number of threats by phishing aimed at remote work systems and at video conferencing platforms, of financial entities as well as of their customers and users. These situations confirm that cybersecurity threats to the financial system have increased, and the assailants are more and more organized.

In light of these threats, the CNBV has followed up on identification, containment and solution actions in order to prevent incidents from happening and strengthening the financial system's information security.

New regulatory reports and validators of information resulting from CCEs

As a consequence of the issuance of CCEs, FCCs, regulatory facilities for institutional restructuring programs and special accounting criteria due to natural disasters, the Commission carried out the design and implementation of new regulatory reports, as well as adjustments to the catalogues of regulatory reports on portfolio and capitalization.

On the other hand, we implemented new validators of information resulting from the contingency and from the aid programs based on CCE. For the housing portfolio, 22 new validations were generated, applicable to the information starting April 2020.

Supervisory measures adopted in terms of anti-money laundering and combating the financing of terrorism (AML/CFT)

Due to the legal and material impossibility of performing inspection visits, a plan was executed with the purpose of implementing reinforced monitoring remotely. Likewise, continuity was given to all the supervision and support tasks that the Commission performs on the financial entities and companies subject to its supervision in AML/CFT terms.

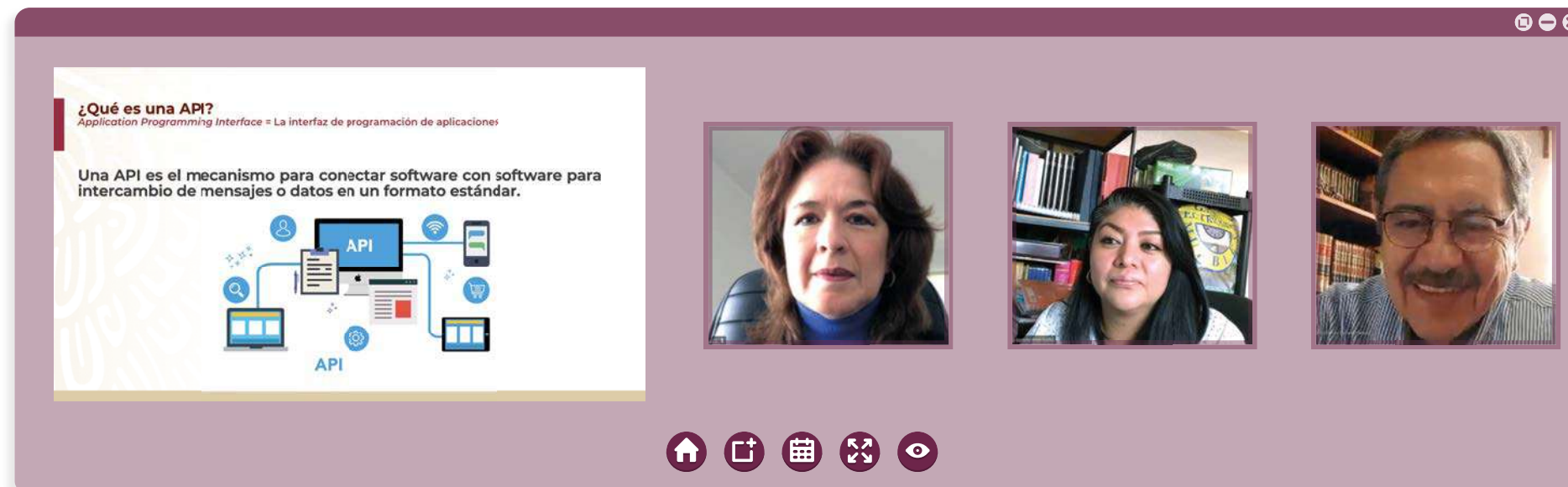


Other actions

Adaptations in the CNBV's daily activities in light of the contingency

In addition to the measures established by the health authorities, such as measuring body temperature, mandatory use of masks and social distancing, among others, the Commission followed up on the staff infected. Likewise, the CNBV encouraged its personnel to work remotely, except for the personnel that, due to the nature of their functions, was required to perform them at the Commission's facilities.

In order to continue operating remotely, VPN links (Virtual Private Network links) were activated, and communication tools and information channels with the entities supervised were implemented.



On the other hand, even though the Central filing office remains closed because of the contingency, mailboxes were provided for the authorities, entities supervised and public in general, so that the correspondence that used to be delivered physically could be received electronically, thus reaching the pertinent areas at issue, under the terms of the administrative measures directed at continuity in the CNBV's activities and published in the DOF.

Participation in international task forces

The CNBV maintained an active participation in international bodies in charge of developing international standards and ensuring the stability of the global financial systems, such as the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB), especially in connection with the measures adopted by the financial authorities to mitigate the effects of the COVID-19 pandemic and in terms of compliance with international standards under these circumstances.

Software improvements to attend requirements from authorities

Requirements that the competent authorities request from the CNBV were dealt with through a process 25% systematized at the beginning of the year. In order to include in the process to address requirements the modifications resulting from the contingency, as well as to strengthen the management of said requirements and implement a better service for the soliciting authorities exercising their powers, improvements to the software tools were carried out.

With this effort, in October 2020 the systematization of the entire process was achieved. In turn, this entailed suppressing expenses in various items, such as: stationary, printing, photocopying, courier services, central filing office and archives.

This was made possible thanks to the support from the financial entities and competent authorities, which adhered to the efforts and helped adopt various mechanisms that would guarantee the continuity of the exchange of financial information, also ensuring that the operational limitations and restrictions resulting from the health contingency would not hinder addressing requirements from judicial, tax, administrative and justice authorities.

REGULATION

2.1. Introduction

The CNBV possesses powers to expedite general provisions that must be followed by the entities that constitute the SFM (Mexican financial system) and that are part of its scope of competence, such as natural persons and legal entities that carry out activities foreseen in financial laws, as well as other legally bound subjects under its supervision.

Likewise, it holds the faculties to act as a consultive body for the Federal Government in financial matters, in accordance with what the applicable laws establish.

This section summarizes the main activities performed throughout 2020, regarding the enactment of general provisions and amending resolutions, as well as of the regulations that govern over the CNBV's own internal organization.

2

Main regulated topics

The CNBV issued and published in the DOF (Official Gazette of the Federation) 31 regulatory documents, made up of new general provisions, as well as amending resolutions to already existing provisions, applicable to the different sectors and subjects regulated and supervised.

This was carried out to improve and strengthen the regulatory framework that governs the financial system, in addition to including national and international best practices, which are listed in the following table:

Sectors regulated		Resolutions/ Provisions
	Banking	7
	Stock market	2
	Brokerage firms	1
	Investment funds	1
	Popular savings and loan	2
	Auxiliary credit organizations and activities	1
	Promotion bodies and entities	1
	National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development (FND)	1
	Participants of the derivatives market	2
	Financial technology institutions	1
	Cross-sectoral	12
Total		31

In accordance with the CNBV's regulatory policy guidelines, the regulations issued and modified throughout 2020 covered different topics, emphasizing as follows:

Amendments to the General provisions applicable to credit institutions

For the purpose of adjusting the General provisions applicable to credit institutions (Circular única de bancos, CUB) in different matters, various amending resolutions were issued and published:

• IFRS 9 (International Financial Reporting Standards). As a result of the enactment of the international standard for financial information IFRS 9 Financial Instruments, the Consejo Mexicano de Normas de Información Financiera, A.C. (Cinif, Mexican Board of Financial Reporting Standards) published ten new financial reporting standards (NIFs) that came into force January 1 2018. Based on these, the CNBV initiated the adaptation process for the regulation applicable to supervised entities to the new international framework. Consequently, it was deemed necessary to update the accounting criteria applicable to credit institutions, to make them consistent with national and international NIFs, which will allow having financial information that is transparent and comparable with other countries. In step with this, in order to have a methodology that includes the best international practices, the one regarding the rating of loan portfolio for credit institutions was reformed, modifying the concept of performing and non-performing portfolio, with portfolio in stages one, two or three. This will allow credit institutions to have greater control over the loan risk they are subject to and establish, consistent with the loan risk, the preventive estimates for loan risks. The aforementioned reforms will reflect in the financial information that credit institutions are required to send periodically to the CNBV, which is why the corresponding reporting forms were modified.

• Updating of the regime for remote contracting of bank customers (Digital Onboarding). The procedure for opening level-four bank accounts was established, for customers and applicants (future customers), as well as for granting commercial and consumer loans without having an established limit, as long as during this procedure the biometric identity of the customers and applicants is validated before any authority providing said service. As part of the changes that were carried out, we found that:

• The onboarding becomes more expedite if the applicant is already a customer of the credit institution.

• Proof of life is requested.

• The security of the identity verification process is reinforced by requiring the image capture of the customers' ID documents.

• The biometric verification of customer information cross-checked against official databases administered by the Mexican authorities is planned.

• Legal entities are authorized to open bank accounts remotely through their legal representatives, using the company's electronic signature.

The regulation also grants greater flexibility to banks by allowing them to implement a video recording made by the customer himself/ herself on online banking platforms, as well as the use of artificial intelligence tools for the identification process.

• Business indicator method for the calculation of capital requirement due to operational risk in banks.
So that credit institutions are able to determine their capital requirements due to operational risk, the so-called business indicator method or standardized measurement approach (SMA) was added: a method that is more accurate and sensitive to the size of the institutions and to the risks they are exposed to in their operation. Consistent with the international standards of Basel, this method will become the only one applicable to obtain capital requirements due to operational risk as of 2023, thus eliminating the other methods currently in force. This ensures maintaining a capital framework for the SFM in line with the international prudential standards issued by the BCBS. Should they choose to do so, credit institutions will be able to adopt this regulation in advance, after proper authorization from the CNBV.

• Except for the regime for loans granted by banking commission agents that are paid through promotion bodies.
All promotion bodies supervised by the CNBV were included in the exceptions of the loan-granting regime through banking commission agents, with the purpose of strengthening efficiency and advancing equality in the regulatory treatment of the promotion bodies supervised, and so that customers of credit institutions can pay bank loans through the Housing Fund of the Institute of Social Security and Services of State Workers (Fovissste, Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado) and the Institute for the National Fund for Consumption of Workers (Infonacot, Instituto del Fondo Nacional para el Consumo de los Trabajadores), in addition to the Institute for the National Fund for Housing for Workers (Infonavit, Instituto del Fondo Nacional de la Vivienda para los Trabajadores). In addition, precisions were also made to the definition of mobile payment.

• Opening of accounts for minors in banks.
With the purpose of giving continuity to the National Policy for Financial Inclusion and promoting the reduction in the use of cash, the Law on Credit Institutions (LIC) and the Federal Civil Code were reformed, allowing the possibility of opening bank deposit accounts for teenagers aged fifteen and older, without the need for their mother, father or legal guardian to intervene. Accordingly, the CUB was reformed in order to include said possibility, as well as establish that the mother, father or legal guardian of the minor will be notified of the opening of the account and will be able to request and consult the bank statements and movements.

Provisions regarding standardized application programming interfaces

The General provisions regarding the standardized application software programming interfaces referred to by the Law to Regulate Financial Technology Institutions (LRITF) were published, with the purpose of meeting compliance requirements from LRITF's Article 76, which establishes the obligation for financial entities, companies authorized to operate with innovative models and money transfer companies to exchange information through the use of standardized application

programming interfaces, also known as APIs, with the same entities and with third parties specialized in information technologies.

Accordingly, the open data standard for ATMs was issued, establishing the products and services available in each one, as well as their location. The referred to standard is made up of general provisions, guidelines for data safety, architecture and lexicon. The standard will allow helping users of financial services understand and learn about the benefits of Open Banking / Open Finance.

As part of the guidelines that legally bound subjects are required to implement, we have the following: 1) have a security policy that considers controls such as safe infrastructure settings, encryption, incident management processes, vulnerability scans and backups; 2) have an API infrastructure, and 3) request authorization from the CNBV to charge compensations.

Debt ceiling for infrastructure and real estate trusts (Fibra)

The General provisions applicable to securities issuers and to other participants of the stock market (Circular única de emisoras, CUE) were adjusted, with the purpose of advancing the development of the issuers of real-estate trust certificates whose trust property is at all times composed of assets, properties or rights. In this sense, the legal framework that these issuers will have to comply with was made more flexible, when obtaining receivables, loans or financing charged to the property of the trust.

Likewise, the regulatory maximum debt ceiling was eliminated, authorizing the general meeting of holders of these issuers to establish the debt ceiling and the coverage index of service of the debt they plan to take on, in accordance with the regulatory methodology.

Tripartite rules on derivatives

The tripartite rules in terms of financial derivatives were reformed, issued jointly by the SHCP, Banxico and CNBV, so that the central securities counterparties and the Mercado Mexicano de Derivados, S.A. de C.V. (MexDer) could share directly the data from the operations with the foreign repositories of information that have been acknowledged by Banxico and other authorities with whom they have entered an information exchange agreement, without having to do this through the financial authorities.

New regulation for price suppliers

Given that the provisions applicable to price suppliers in force were issued by the CNBV under the protection of the previous Securities Market Law (LMV), it was deemed necessary to generate new provisions that gathered those elements of the current regulation in force that are indispensable to establish the regulatory framework of the suppliers and, on the other hand, that added the requisites and rules that will ensure their best performance.

Likewise, resulting from the international financial crisis in 2008, the group of the 20 industrialized and developing nations (G20) declared, as part of its recommendations, the need to examine the adverse dynamics associated with the appraisal at market value and expedite efforts to reduce the diversity of accounting rules to shift towards one single set of accounting rules. Consequently, the financial standard IFRS 13 Fair value measurement was published. Meanwhile, the Cinif issued the NIF B-17 Determination of the fair value, which was also added to the accounting framework of the entities regulated by the CNBV, applicable as of January 1 2022 or else 2023, depending on the sector at issue.

Accordingly, to ensure more transparent services provided by price suppliers, the information they will have to use was specified, as well as the mechanisms available to adjust the prices updated for appraisal, so that the establishment, calculation and provision or supply of prices updated for the appraisal of securities, derivative financial instruments and indexes, comply with a standardized technique; in addition to establishing the terms under which price suppliers will have to deliver their users the information generated on the aforementioned establishment of the price updated for appraisal.

Deadline extension for compliance with NIFs (Financial reporting standards)

As a result of the sanitary measures adopted due to the contingency resulting from COVID-19, which have led the different entities and bodies regulated by the CNBV to reduce their operational capacity, without the feasibility to specify when human and technical resources can be allocated to implement the entry into force of NIFs issued by the Cinif, mainly referring to financial instruments, various amending resolutions on the general provisions were published, applicable to the following sectors: 1) credit institutions; 2) brokerage firms; 3) investment funds, investment fund management companies and distributing companies of investment fund shares; 4) bonded warehouses, currency exchange offices and credit unions; 5) public funds and trusts constituted by the Federal Government for economic promotion that carry out financial activities referred to in Article 3 of the LIC, Infonacot, Infonavit and the Fovissste; 6) National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development (FND); 7) savings and loan cooperatives (SOCAP); 8) popular financial companies (SOFIPO) and community financial companies (SOFINCO); 9) rural financing integration bodies (OIFR), and 10) participants of the financial derivatives market.

Through the abovementioned resolutions on previous sections 1) to 6), except for credit unions, the entry into force was deferred to January 1 2022, whereas for the entities referred to in numerals 7) to 10), as well as for credit unions, the entry into force is planned for January 1 2023.

Fixed-term and exceptional measures, as well as the suspension of some deadlines for financial entities and companies subject to the CNBV's supervision, due to the contingency resulting from COVID-19

An agreement was enacted to establish fixed-term and exceptional measures, as well as the suspension of the CNBV's deadlines to deal with matters, due to the contingency resulting from COVID-19; this same agreement was extended on various occasions.

On the other hand, an agreement was enacted to establish administrative measures to resume the counting of deadlines regarding the proceedings and procedures initiated before the CNBV, enabling electronic means.



Summary of provisions issued

Below, we present a table containing the summary of all the provisions, resolutions and agreements published by the CNBV throughout 2020, identifying the sector each one pertains to; also included here are the publications through which the Commission addressed the relevant topics previously mentioned.

FIRST QUARTER	Banking	Month: 3 # of publications: 1
	Topic: Update of the provisions to match international and national regulations related, among other topics, to financial instruments (IFRS 9).	Accounting regulation
	Cross-sectoral	Month: 3 # of publications: 1
	Topic: Communication addressed to the financial entities and companies subject to the CNBV's supervision, as to the decisions adopted as a consequence of the COVID-19 contingency.	Compliance with legal obligations

Banking

Month: 4 # of publications: 1

Topic: Establishing new conditions so that credit institutions are able to comply with the obligation to implement procedures and mechanisms to validate the identity of their customers.

Improvement of regulations

Cross-sectoral

Month: 4 # of publications: 1

Topic: Extension which entails the suspension of the deadlines regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV until April 30 2020.

Compliance with legal obligations

Cross-sectoral

Month: 4 # of publications: 1

Topic: Extension, until May 30 2020, which entails the suspension of the deadlines regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, as a consequence of the COVID-19 contingency.

Compliance with legal obligations

Cross-sectoral

Month: 5 # of publications: 1

Topic: Extension, until June 30 2020, which entails the suspension of the deadlines regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, as a consequence of the COVID-19 contingency.

Compliance with legal obligations

Financial technology institutions

Month: 6 # of publications: 1

Topic: Enactment of the provisions that regulate the exchange of data made by financial entities, money transfer companies and the companies authorized to operate with innovative models, through the use of APIs, in compliance with the content of Article 76 of the LRITF.

Financial innovation

Participants of the derivatives market

Month: 6 # of publications: 1

Topic: Reform to the rules in terms of financial derivatives issued jointly by the SHCP, Banxico and CNBV, so that the central securities counterparties and MexDer can share in a timely manner, and directly with foreign entities and authorities, information from derivative transactions without having to go through the financial authorities.

Improvement of regulations

Banking

Month: 6 # of publications: 1

Topic: Amendment to the provisions applicable to credit institutions to allow opening accounts to minors.

Improvement of regulations

Cross-sectoral

Month: 6 # of publications: 1

Topic: Extension, until July 15 2020, which entails the suspension of the deadlines regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, also considering the obligations that need to be relayed or presented before the SHCP, by way of the Commission.

Compliance with legal obligations

Cross-sectoral

Month: 7 # of publications: 1

Topic: Communication about resuming the counting of deadlines regarding the proceedings and procedures initiated before the CNBV, as of July 16 2020, enabling electronic means to this effect.

Compliance with legal obligations

Stock market

Month: 8 # of publications: 1

Topic: Enactment of secondary regulations applicable to price suppliers, under the terms of the LMV, with the purpose of, among others, updating the regulatory framework in line with current practices for establishing the prices updated for appraisal in accordance with international standards.

Improvement of regulations

Banking

Month: 8 # of publications: 1

Topic: Extension of the contracting regime for banking commission agents in order to include within the exceptions all the promotion bodies supervised by the CNBV.

Improvement of regulations

Cross-sectoral

Month: 9 # of publications: 1

Topic: Completion of specifications to the timetable in the processes for obtaining and renewing the AML/CFT certificate throughout 2020.

Compliance with legal obligations

Banking

Month: 10 # of publications: 1

Topic: Update of the remote contracting regime to ease the process of contracting credits and opening bank accounts.

Improvement of regulations

Brokerage firms, investment funds, participants of the derivatives market, SOFIPO, SOFINCO, OIFR, SOCAP, FND, promotion bodies and entities, bonded warehouses, currency exchange offices and credit unions

Month: 11 # of publications: 8

Topic: Deadline extension so that institutions may apply the provisions established by various NIFs issued by the Cinif.

Accounting regulation

Cross-sectoral

Month: 11 # of publications: 1

Topic: Establishing the electronic mean and the official form to inform the CNBV of the subscription of agreements between entities belonging to the same financial group for the information exchange on those operations performed with their customers or users, and whose purpose is to strengthen the measures to prevent and detect acts, omissions or operations that could be updated by the circumstances described in Articles 139 Four and 400 Bis of the Federal Criminal Code.

Compliance with legal obligations

Banking

Month: 11 # of publications: 1

Topic: Adoption of the business indicator method in the regulation.

Improvement of regulations

Cross-sectoral

Month: 11 # of publications: 1

Topic: Determining the dates on which the deadlines will be resumed, allowing continuity in the proceedings for the registry renewal in the Registry of currency exchange centers and money transfer companies; start of operations of new entities and the updating of the authorization to act as trader or legal representative.

Compliance with legal obligations

Cross-sectoral

Month: 11 # of publications: 1

Topic: Announcement of the call, which establishes the timetable and the rules and conditions to participate in the process for obtaining and renewing the AML/CFT certificate.

Compliance with legal obligations

Banking

Month: 12 # of publications: 1

Topic: Amendment to the entry into force of the accounting criteria applicable to credit institutions, to match them with the national and international (IFRS 9) NIFs, as well as those NIFs contained in Annex 33.

Improvement of regulations

Cross-sectoral

Month: 12 # of publications: 1

Topic: Roster of the days of the year 2021 the entities subject to the CNBV's supervision will have to close, suspend operations and provide their services to the public.

Compliance with legal obligations

Cross-sectoral

Month: 12 # of publications: 1

Topic: Roster of the days that deadlines and timetables will not run, regarding the administrative acts and procedures that are carried out before the CNBV.

Compliance with legal obligations

Stock market

Month: 12 # of publications: 1

Topic: Easing of the legal framework when the Fibra obtain, charged to the property of the trust, receivables, loans or financing, and eliminate the regulatory maximum debt ceiling.

Improvement of regulations

Resolution 123 that amends the CUB, published in the DOF March 13 2020

The accounting criteria applicable to credit institutions were modified, to make them consistent with national and international NIFs, which will allow having financial information that is transparent and comparable with other countries (IFRS 9).

In order to count on a methodology that incorporates the best international practices, it became essential to reform the one used to rate the loan portfolio of credit institutions, modifying the concept of performing portfolio and non-performing portfolio, with portfolio in stages 1, 2 or 3, allowing credit institutions themselves to have greater control over the loan risk they are subject to and establish, consistent with those loan risks, the preventive estimates for loan risks.

Resolution 124 that amends the CUB, published in the DOF April 9 2020

As a consequence of the contingency resulting from COVID-19, new conditions were established so that credit institutions were able to comply with the obligation to implement procedures and mechanisms to identify the person hiring with said institutions active, passive transactions or services, or else, performing certain operations, in order to help prevent, deter, mitigate and, where appropriate, detect any unlawful conduct whose objective would be identity theft.

Resolution 125 that amends the CUB, published in the DOF June 9 2020

Modifications were made with the purpose of allowing the opening of deposit accounts to teenagers aged fifteen and older, without the need for their mother, father or legal guardian to intervene.

Resolution 126 that amends the CUB, published in the DOF August 21 2020

The provisions were reformed for the purpose of extending the exceptions to the contracting regime for banking commission agents too, in order to include all promotion bodies, so that customers of credit institutions can make the payment of credits through bodies such as the Fovissste and to the Infonacot, given that all of them are promotion bodies that are already being supervised by the CNBV, and given that this exception already existed for the Infonavit.

Resolution 127 that amends the CUB, published in the DOF October 12 2020

The regulatory framework applicable to credit institutions was modified in terms of the remote identification of their customers and applicants when entering into a contract to open level 4 bank accounts, as well as for consumer and commercial loans. Likewise: 1) the scope of the regulation was extended to legal entities; 2) the importance of verifying the identity of customers through their biometric information was stressed; 3) the limits in loan granting and in deposits for deposit-taking accounts were made more flexible; 4) tools such as artificial intelligence were introduced so that customers themselves could carry out their own identification process, and 5) the contracting was made more expeditious whenever the applicant was already a customer of the credit institution.

Resolution 128 that amends the CUB, published in the DOF November 19 2020

The business indicator method was added to the regulation; this method is more accurate and sensitive to the risk credit institutions are exposed to in their operation, for the purpose of determining their minimum requirements of net capital due to operational risk, eliminating for 2023 the other methods currently in force and, at the same time, maintaining the SFM's capital framework aligned with the international prudential standards issued by the BCBS. Early adoption of the regulation was taken into account, for those credit institutions that choose to do so, in which case authorization from the CNBV will be required.

Resolution 129 that amends the CUB, published in the DOF December 4 2020

Given the sanitary measures adopted by the contingency resulting from COVID-19, which have led the different entities and bodies regulated by the CNBV to reduce their operational and human resources capacity, without the feasibility to specify when human and technical resources can be allocated to implement the accounting criteria applicable to credit institutions, to make them consistent with the national and international (IFRS 9) NIFs published in the modifications applied to the CUB March 13 2020, as well as the economic impacts that could have said institutions in light of the affectations caused by the contingency, it was deemed necessary to postpone the entry into force of the referred modifications as well as those NIFs contained in Annex 33, modified as a consequence of the changes to the oft-cited provisions of December 27 2017.

Brokerage firms

Amending resolution 51 of the Resolution that modifies the General provisions applicable to brokerage firms (Circular única de casas de bolsa, CUCB), published January 4 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2022 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 5 Accounting criteria for brokerage firms.

Investment funds

Amending resolution 20 of the Resolution that modifies the General provisions applicable to investment funds and to the individuals that provide services to them (Circular única de fondos de inversión, CUFI), published January 4 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2022 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 5 Accounting criteria for investment funds, Annex 6 Accounting criteria for investment fund management companies and Annex 7 Accounting criteria for distributing companies of investment fund shares.

Stock market

General provisions applicable to price suppliers, published in the DOF August 21 2020

For the purpose of reforming the regulatory framework of price suppliers, provisions were issued, ensuring a service provision that is more transparent, where the establishment, calculation and provision or supply of prices updated for the appraisal of securities, derivative financial instruments and indexes, comply with a standardized technique. Likewise, the terms were established, under which price suppliers will have to hand over to the CNBV the information generated on the establishment of the price updated for appraisal, as well as the one related to their users.

Resolution 38 that amends the CUE, published in the DOF December 10 2020

Amendments were made to the provisions, in order to eliminate the regulatory debt ceiling of Fibras, making the holders meeting the body that defines said debt ceiling.

Likewise, the number of quarters to calculate their liquidity indicator was reduced, with the purpose of offering more leeway to plan real-estate investments, improving the wedge of the investments with their funding sources and, therefore, lower financial costs and the possibility of negotiating facilities with the lessees, which ultimately represents a higher return for the holders.

Participants of the derivatives market

Resolution 10 that modifies the Rules participants of the derivatives market listed in the Stock Exchange will need to abide by, published in the DOF June 8 2020

Amendments were made to the rules to allow the sharing of information on operations resulting from contracts listed in derivatives markets and from contracts entered into through negotiating platforms or foreign platforms, to the foreign exchanges of acknowledged derivatives markets, as well as to financial supervision and regulation bodies from other countries, without having to go through the financial authorities.

Amending resolution 7 of the Resolution that modifies the General provisions that establish the accounting criteria participants of the derivatives market will need to abide by, published January 4 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2023 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 1 Accounting criteria for clearing houses and Annex 2 Accounting criteria for liquidating partners.

Financial technology institutions

General provisions regarding standardized application software programming interfaces referred to by the LRITF, published in the DOF June 4 2020

A new provision that establishes the guidelines for data safety, architecture and lexicon was issued, so that the legally bound subjects defined in the first paragraph of Article 76 of the LRITF, may establish APIs to exchange open data from ATMs with the same legally bound subjects and with third parties specialized in information technologies authorized by the CNBV.

Popular savings and loan

Amending resolution 28 of the Resolution that modifies the General provisions applicable to popular savings and loan entities, integration bodies, SOFINCO and OIFR, referred to by the Law on Popular Savings and Loan (LACP) (Circular única de entidades de ahorro y crédito popular (CUEACP)), published January 23 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2023 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex E Accounting Criteria for SOFIPO, SOFINCO and OIFR.

Amending resolution 12 of the Resolution that modifies the General provisions applicable to the activities of SOCAPs (Circular única de SOCAP, CUSOCAP), published January 23 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2023 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex E Accounting criteria for SOCAP.

National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development (FND)

Amending resolution 8 of the Resolution that modifies the General provisions in prudential and accountable matters and for the information requirement, all applicable to the FND, published January 4 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2022 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 10 Accounting criteria for the FND.

Promotion bodies and entities

Amending resolution 9 of the Resolution that modifies the General provisions applicable to promotion bodies and promotion entities, published January 4 2018, published in the DOF November 9 2020

The deadline was extended to January 1 2022 for the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 37 Accounting Criteria for promotion entities and the Infonacot, and Annex 38 Accounting Criteria for the Fovissste and Infonavit.

Auxiliary credit organizations and activities

Amending resolution 33 of the Resolution that modifies the General provisions applicable to bonded warehouses, currency exchange offices, credit unions and regulated multi-purpose financing companies (SOFOM E.R.) (Circular única de intermediarios financieros especializados, CUIFE), published in the DOF November 9 2020

The deadline was extended to January 1 2022 for bonded warehouses and currency exchange offices, whereas for credit unions it was deferred to January 1 2023, regarding the application of NIFs B-17 Determination of the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 1 Accounting criteria for bonded warehouses, Annex 4 Accounting criteria for credit unions and Annex 5 Accounting criteria for currency exchange offices.

Cross-sectoral

Resolution that establishes the fixed-term and exceptional measures and suspends certain deadlines involving financial entities and companies subject to the CNBV's supervision, because of the coronavirus called COVID-19, published in the DOF March 26 2020

New conditions were established so that credit institutions are able to comply with the obligation to implement the procedures and mechanisms to identify the person hiring with said institutions active, passive transactions or services, or else, performing certain operations, in order to help prevent, deter, mitigate and, where appropriate, detect any unlawful conduct whose objective would be identity theft.

Resolution that extends the end of the period in which the deadlines are suspended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, as well as suspending the effects of other considerations contained in the agreement establishing the fixed-term and exceptional measures and suspending certain deadlines involving financial entities and companies subject to the CNBV's supervision, because of the coronavirus called COVID-19, published March 26 2020, published in the DOF April 17 2020

The end of the period in which the deadlines are suspended was extended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV to April 30 2020, or until the date said deadline is once again extended by agreement ordered by the President of the CNBV.

Resolution that extends the end of the period in which the deadlines are suspended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, as well as suspending the effects of the other considerations contained in the agreement establishing the fixed-term and exceptional measures and suspending certain deadlines involving financial entities and companies subject to the CNBV's supervision, because of the coronavirus called COVID-19, published in the DOF April 28 2020

The end of the period in which the deadlines are suspended was extended to May 30 2020, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, because of the contingency resulting from COVID-19.

Resolution that extends the end of the period in which the deadlines are suspended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, as well as suspending the effects of the other considerations contained in the agreement establishing the fixed-term and exceptional measures and suspending certain deadlines involving financial entities and companies subject to the CNBV's supervision, because of the coronavirus called COVID-19, published in the DOF May 29 2020

The end of the period in which the deadlines are suspended was extended to June 30 2020, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, because of the contingency resulting from COVID-19.

Resolution that extends the period of the suspension of deadlines and activities in the CNBV that are processed before the Commission, during the COVID-19 pandemic, published in the DOF June 29 2020

The end of the period in which the deadlines are suspended was extended to July 15 2020, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV, also considering the obligations that need to be relayed or presented before the SHCP, by way of the Commission.

Resolution that establishes the administrative measures for the continuity of the CNBV's activities addressing the matters and dealings that are processed before the Commission, during the health contingency caused by COVID-19, published in the DOF July 15 2020

It was announced that, as of July 16 2020, the counting of deadlines regarding the proceedings and procedures initiated before the CNBV was resumed, enabling electronic means to that effect.

Resolution 1 that amends the Call for the certification in terms of AML/CFT, published in the DOF September 23 2020

Specifications were made to the timetable for the processes of obtaining and renewing the AML/CFT certificate throughout 2020.

Resolution that establishes the electronic mean and issues the official form that will have to be used to inform the CNBV of the subscription of information exchange agreements between entities from the same financial group, published in the DOF November 13 2020

The electronic mean and the official form to inform the CNBV were established, regarding the subscription of the agreements between entities belonging to the same financial group for the information exchange on those operations they carry out with their customers or users, and whose purpose is to strengthen the measures to prevent and detect acts, omissions or operations that could be updated by the circumstances described in Articles 139 Four and 400 Bis of the Federal Criminal Code.

Resolution that amends the previous agreement, establishing the administrative measures for the continuity of the CNBV's activities addressing the matters and dealings that are processed before the Commission, during the health contingency caused by COVID-19, published July 15 2020, published in the DOF November 23 2020

The dates on which the deadlines will be resumed were established, allowing continuity in the proceedings for the registry renewal in the Registry of currency exchange centers and money transfer companies; start of operations of new entities, and the updating of the authorization to act as trader or legal representative.

Call for the certification in terms of AML/CFT, published in the DOF November 30 2020

The call, rules, conditions and dates were announced, regarding the process of certification in terms of AML/CFT of compliance officers, independent external auditors, internal auditors and other professionals that provide their services in financial entities and other individuals subject to the CNBV's supervision.

General provisions that state the days of the year 2021, on which the financial entities subject to the CNBV's supervision will have to close and suspend operations, published in the DOF December 10 2020

We announced the days of the year 2021 the entities subject to the CNBV's supervision will have to close, suspend operations, and provide their services to the public.

Resolution that determines the days that will be considered as non-working for purposes of the administrative acts and procedures that are processed or that need to be processed before the CNBV, by the entities and companies subject to the supervision of said Commission, as well as by the authorities and public in general, published in the DOF December 10 2020

The entities, persons subject to supervision, authorities and public in general are informed of the days on which the deadlines and timetables as part of the procedures that are carried out before the CNBV will not run.

SUPERVISION

3.1. Introduction

One of the substantive functions of the CNBV is the supervision of the entities that constitute the SFM (the financial system in Mexico), as well as that of natural persons and legal entities when they carry out activities foreseen in the applicable laws, in its field of competence. This is a paramount task to secure the stability of said system, encourage its sound development and proper function.

In the following sections the most relevant topics and activities of 2020 are explained; they stand out because of the effort and resources allocated to supervision tasks, as well as the most important initiatives that have strengthened said process to make it more and more efficient.

Finally, we follow up on the tasks of substantive, specialized and support supervision, anti-money laundering and investigation visits.

3

Entities supervised by the CNBV

By the end of 2020, the CNBV was supervising 4,978 operating entities, grouped into 72 legal figures. From this universe, 2,227 entities were object of comprehensive supervision, whereas 2,751 were exclusively subject to supervision in terms of AML/CFT.³

The information updated on the entities supervised and operating can be found on the CNBV website, through the Supervised Entities Registry (PES).

Supervised entities	
Sector	Nr. of operating entities
Entities supervised in a comprehensive manner	
Holding companies of financial groups	21
Commercial banking institutions (IBM)	50
Development bank institutions (IBD) and promotion entities	16
SOFOM E.R. ¹	42
Bonded warehouses	15
Currency exchange offices	8
Credit unions	82
SOCAP	155
SOFIPO	38
Other entities from the popular savings and loan sector ²	7
Brokerage firms	35
Investment funds	716
Securities rating agencies	6
Issuers	613
Stock exchanges and derivative exchanges	3
Central counterparties	1
Institutions for the deposit of securities	1
Other participants of the securities and derivatives market ³	50
Participants in relevant payment system networks	131
Credit information bureaus (SIC)	3
Investment advisors	134
Financial technology institutions (FTI)	1
Other entities supervised ⁴	99
Entities exclusively subject to supervision in terms of AML/CFT	
Multi-purpose financing companies, non-regulated entities (SOFOM E.N.R.) ⁵	1,754
Currency exchange centers	947
Money transfer companies	50
Total	4,978

Notes:

1 Two entities were formalizing their merger processes by the end of 2020, which is why they were not operating.

2 Federations of popular savings and loan entities, Assistant Supervisory Fund of SOCAP and for the Protection of its Savers (Focoop), Fund for the Protection of SOFIPO and the Protection of its Savers (Prosofipo) and SOFINCO.

3 Makers of the derivatives market, traders participating in the derivatives market, liquidating partners participating in the derivatives market, self-regulatory bodies of the stock market, companies that manage systems to facilitate operations with securities, clearing houses of the derivatives market and price suppliers.

4 Representative offices and agencies of foreign banks, representative offices of brokerage firms, companies providing complementary or affiliated services (financial groups, banking, auxiliary credit organizations and brokerage firms), bank-owned real estate companies and brokerage firm-owned real estate companies and sub holding companies of financial groups.

5 The number of SOFOM E.N.R. supervised by the CNBV was determined based on the information shown on the website of the National Commission for the Protection of Users of Financial Services (CONDUSEF) regarding the entities that renewed or registered, in accordance with the LGOAAC.

Source: PES, at the end of December 2020.

Relevant topics of the year

Capital adequacy assessment

Throughout 2020, capital adequacy assessment processes (ESC) were carried out for the IBM and for the brokerage firm sectors; as well as stress exercises for IBDs and for the institutions that constitute the popular savings and loan sector.

Along with the institutions that constitute said sectors, we carried out a review of different scenarios that might have an impact on them, as well as a review of the risk management tools they could implement, so that they would have at all times an adequate level of capital, regarding their PRD (desired risk profile), business expectations and behavior of the economy.

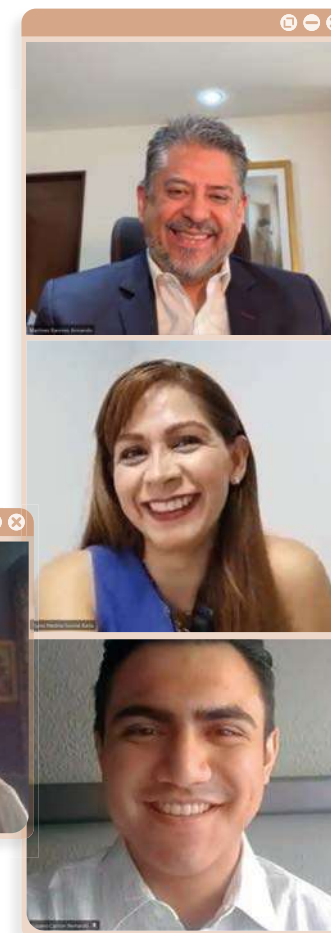
For the IBM sector (Commercial Banking Institutions), the analysis of the internal scenarios-ESC (ESC-EI) 2019-2021 was completed, with the purpose of ensuring the entities have an adequate level of capital in connection with their PRD, as well as making sure that their net capital is sufficient to cover possible losses they might face under different scenarios.

From the analysis performed it was determined that, compared to previous exercises, improvements were made, such as: 1) more insight in the explanation of the qualitative document on internal scenarios and more congruence between these and current macroeconomic conditions;

2) alignment of the PRD with the PCs (contingency plans), and 3) adjustments in the ESC deliveries, with the financial planning, stress exercises and contingency financing plans sent by IBMs.

Likewise, IBMs were required to perform the exercises for the 2020-2022 ESC, with the purpose of pursuing the measurement corresponding to the banks so that the banks themselves identify and measure their levels of capital in scenarios with different degrees of adversity. Therefore, as of September 2020, the analysis of mentioned exercise was launched, considering the information from June 2020 as the basis date for the financial projections. It is worthwhile mentioning that, due to the contingency resulting from COVID-19, the CNBV issued administrative facilities that IBMs could temporarily adopt, among which the following stands out: the possibility of performing the exercise with at least one scenario.

On the other hand, a representative sample of entities from the popular finance sectors was required to carry out an ESC for 2021 (consistent with the one required from IBMs), so that they apply best practices in their capital planning process and add to their



management decisions, different potential risks, identifying potential inconsistencies among their projections, the economic setting and the strategies proposed by the entities. This was done in order to strengthen risk management, by means of a tool that allows entities to assess the risks they face in terms of capitalization, based on their business objectives and projections of financial statements, taking into account macroeconomic scenarios, defined by the CNBV.

Evaluation and monitoring of liquidity indicators

Throughout 2020, we kept constant and permanent monitoring of the information shed by the indicator for liquidity coverage ratio (LCR), reported on a daily basis by IBMs, as well as its publication on the CNBV webpage, with the purpose of detecting possible liquidity constraints. Reviewing this indicator was done in a much more thorough manner during the contingency, thus allowing to carry out prospective analysis of potential liquidity issues in light of the negative effects of COVID-19, among bank depositors, as well as in the finances of the institutions themselves.

In addition, we monitored the appropriate application of exceptions to the liquidity provisions issued by the Committee on Bank Liquidity Regulation⁴, published as extraordinary measures during the contingency.

Despite the macroeconomic situation our country experienced throughout 2020 because of the lockdown forced by the contingency, only one institution was facing a liquidity scenario different from scenario I, which is why to resolve said deviations the Commission conducted acts of authority in accordance with its powers. The rest of the institutions even presented levels that were significantly higher than the regulatory minimum levels.

As to the net stable funding ratio (NSFR), which monitors the maturity profile for liabilities, throughout 2020 we followed up on the implementation process in terms of its estimate, and we monitored a preliminary estimate, while the corresponding provisions to define their entry into force are issued.

4/ Made up of the Minister of Finance and Public Credit, who is Chair of the Committee, the Governor of Banco de México, the Deputy Minister of Finance and Public Credit, the President of the CNBV y two Deputy Governors of Banco de México.

Strengthening in the compliance reviews of operations with related persons and relevant related persons

Compliance reviews were made to IBMs and SOFOMs linked to credit institutions, in terms of operations with related persons and relevant related persons. We identified omissions to consider operations when calculating regulatory limits and in the deductions that must be carried out in the key equity, for items that imply deferral of expenses or costs that are not short-term (one-year or longer), as well as for investments whose counterparts had not been identified as related persons.

These findings are letting the entities know about areas of opportunity in terms of controls that need to unify the different areas participating in the same process, to verify compliance with regulatory exposure limits, as well

as the quality of their regulatory capital. On this matter, the corresponding acts of authority with the supervised entities were carried out.

It is worthwhile mentioning that the procedures regarding related persons were updated with regard to 1) identification of related persons; 2) approval of operations, and 3) loan portfolio operations through trusts, derivatives and balance-sheet accounts. Likewise, instructions were specified as to the proper sending of the form corresponding to operations with related persons and relevant related persons.

Quality reviews on the work of external auditors

With the purpose of verifying that external audit tasks comply with the highest quality standards, and that the information provided by the entities supervised is accurate, transparent and reliable for users of the financial system, as well as for the supervisory authorities, a compliance review was carried out in connection with the provisions on the matter⁵, to the external audit firms that provide services evaluating financial statements to credit institutions and SOFOMs linked to these, as well as to bonded warehouses and currency exchange offices. This is done by applying a questionnaire on policies and procedures to external audit firms, and by reviewing the manuals on policies and procedures implemented by them, to evaluate the quality control systems implemented by the auditing firms and that are subject to CNBV supervision.

Likewise, we reviewed the compliance of the obligations of the supervised entities themselves with the regulations that apply to them, and we verified the notes to the financial statements in terms of paramount aspects of disclosure.

As a result of said reviews, the Commission conducted acts of authority, in accordance with its powers, to resolve the deviations found.

5/ General provisions applicable to entities and issuers supervised by the CNBV that hire external auditing services for basic financial statements.

Implementation of Provisions to prevent identity theft

In order for all IBMs to be able to comply with the referred obligation, on April 9 2020 the Amending resolution from August 29 2017 was reformed, establishing November 30 2020 as the deadline to perform biometric identity verifications; however, due to the fixed-term and exceptional measures established by the CNBV because of the contingency, compliance was extended to March 19 2021.

In that regard, in 2020 we followed up on the progress reports on the implementation of the provisions, presented by the supervised entities every two weeks, with the purpose of verifying the progress made on their work plans that were authorized by the CNBV and the adherence of each one of the institutions to regulatory compliance, and determining the corresponding status.



Review of fraud prevention and detection

We made sure that the objectives and guidelines of the entities' internal control system ensure that their customers can carry out operations in the SFM backed by solid safety standards, with the purpose of verifying the strength and ability of the entities to prevent, detect and mitigate the risk of fraud, mainly digital, such as phishing, vishing and smishing.

Likewise, among IBMs we reviewed the corporate management of fraud prevention, to analyze the strategy that defines their operating model, indicators, systems, processes, monitoring actions, warnings and policies that the area of fraud prevention has established, with a preventive approach and covering external as well as internal fraud.

In addition, the procedures and methodologies within the Commission were updated and in terms of the projects carried out in order to improve: 1) the regulation; 2) personnel skills to broaden the scope in the reviews and observations the CNBV might issue, and 3) the information systems, such as control panels.

- Monitoring and follow-up. Of the companies that were placed under early warnings due to their category in capitalization levels, ordering corrective actions and measures, such as capital conservation and restoration plans, as well as additional measures to maintain the sector's stability and solvency; including the order for federations to modify the publication of the capitalization level (Nicap) and the category of the companies that did not reflect the adjustments resulting from acts of authority of the CNBV in their financial information.

- Supervision of the protection fund of SOFIPOs and their savers. Throughout 2020, we monitored the corrective actions and measures ordered to the fund, that resulted in a renewal of its governing bodies, as well as changes in its operation and compliance with its function, for the purpose of applying mechanisms for orderly exit, as well as the settlement and payment of a revoked entity's secured obligations.

Support for financial strengthening and consolidation of popular sectors

In the popular sector, we have worked and made progress on the authorization of commission agents, allowing them to participate in debt collection and deposit-taking (Oxxo, Telecom and Chedraui), as well as services of the Interbanking Electronic Payment System (SPEI), through the transfers and payments system (STP) and Digital Collection services (CoDi) to mitigate the risks of mobility and delinquency.

On the other hand, as of 2020 we added to the periodic reports of the Stability Council of the Financial System (CESF) the analysis on loan, liquidity and market risks development banks, promotion entities, SOCAPs, SOFIPOs and credit unions are exposed to, as well as the stress exercises for these sectors.

In addition, actions were implemented to examine those entities that have not complied with the regulations applicable to them; in consequence, they were ordered to perform adjustments in their capitalization levels, as well as actions and measures necessary to strengthen their capitalization; failing that, we proceeded with the revocation or conversion to mitigate higher risks they might incur at the expense of the savers.

The SOFIPO sector was strengthened, financially speaking, and consolidated, by means of the following actions:

- Process reviews. Of the implementations based on financial technology that companies have carried out to mainstream contributions to future capital increases or authorizations associated with capital stock increases, capitalized interests and reviews of files from entities with possible acquisitions by new investors.

Regulatory reports on market monitoring

As to the monitoring of markets through the regulatory reports R03 E-0302 Information of operations carried out in the stock exchanges, R03 E-0304 Assignments and R03 E-0305 Orders sent by brokerage firms, stock exchanges and credit institutions, a series of analysis was carried out to detect non-compliance in the delivery of information, to provide inputs to the supervisors in charge of said entities so that the corresponding sanctions can be applied. We also helped activate 596 validators for them, in order to review aspects such as format and structure; and, given the new obligation to report orders and assignments coming from IBM and IBD, we launched the analysis of the information contained in said reports.

Improvements in the information reception process

To improve the reception process of the regulatory reports with financial and operative information from the entities supervised, in 2020 efficiency in the handing/taking over process was encouraged, improving the quality of the information received, as well as complying with the established delivery times. Among the main results obtained, the standards were reinforced with the following:

- Validation to verify the consistency of the information included in the regulatory reports sent through the Inter-institutional Information Transfer System (SITI).

- Quality assessment, improving the standards in the different sectors and types of information contained in the regulatory reports.

Guide to the early request for the calculation of capital requirement due to operational risk with the SMA

We generated and published the Guide to the early request for the calculation of capital requirement due to operational risk with the SMA, consistent with the international standards for operational risk established by the BCBS; also, we took part in generating the regulations and calculation exercises focused on the use of the SMA for credit institutions.

Progress in the CNBV's technological supervision

The CNBV has established the adoption of technological supervision (Suptech) as a strategic priority, with the purpose of achieving a more effective and pro-active monitoring of the risk and of regulatory compliance.

In this sense, we have worked on the implementation of Suptech through three main tracks: 1) technological infrastructure, by developing Suptech platform for the reception, storage and processing of information; 2) analytics, by generating dashboards of descriptive analytics to process large volumes of information coming from regulatory reports or from inspection visits, and 3) developing capabilities for advanced analytics.

Through the Suptech platform, progress has been made in terms of data collection by developing APIs for the reception of information from the regulatory reports of FTIs that are starting operations. In this sense, we completed construction of a safe means of communication based on API, which was tested with three FTIs. Throughout December, we received and processed the forwarding of information from the first FTI authorized to operate by CNBV, by means of the SITI API website, made up of thirteen reports (seven accounting and six operational reports).

We also worked on developing a module for uploading and forwarding the information gathered in the AML/CFT visits. On the other hand, we are developing analytics dashboards that will allow to automatically process the information contained in the regulatory reports.

In addition, we have worked on developing capabilities for the instrumentation of advanced analytics models, so that by processing large volumes of information and by using artificial intelligence tools, we can help detect and prevent anomalous activities, that result in a more efficient and pro-active monitoring of the risk and of regulatory compliance of the financial institutions supervised.

From November 2019 to March 2020, the CNBV developed a project with the technical assistance of the Inter-American Development Bank (IADB), to address the challenge of developing capabilities for the use of Suptech tools, and to identify the different stages for developing advanced analytics, starting with a pilot project with the SOFIPO sector, for: 1) defining business objectives (prediction, classification, segmentation); 2) preparing data (selecting reports to be used and analysis of the quality of the information), and 3) selecting analytics tools suited for supervisory objectives.

In the last quarter of 2020, we launched a project with the World Bank, to pursue efforts in advanced analytics focused on AML/CFT, fraud prevention and loan risk, as well as to strengthen broader internal capabilities.

6/ Remtech is a body that acknowledges innovative solutions from all over the world in financial matters.

In November 2020, the CNBV received the Remtech award⁶ for the Suptech supervision platform, for being an anti-money laundering digital tool.

Issuance of compliance guides for AML/CFT obligations

Various guides were published in 2020; they seek to guarantee proper compliance with the obligations of its subjects supervised in terms of AML/CFT, in topics such as training, anti-corruption, strengthening of warning scenarios resulting from emerging risks, remote identification for SOFOM E.N.R., investment advisors and money transfer companies, among others.

National Supervision Strategy

In February 2020, the Unit of Financial Intelligence (UIF) and the CNBV agreed to propose the members of the Task Force for Standardizing Criteria in Supervisory Matters⁷ to incorporate this Task Force into the National Public Security Strategy, so as to create a “National Supervision Strategy”, whose base line are the challenges the country is facing, like the criminal activities that include a wide range of crimes associated with money laundering, such as: corruption, human trafficking, kidnapping, migrant smuggling, drug trafficking and arms trafficking, extortion, injuries, homicide, siphoning of funds, fraud, bribery, embezzlement; as well as criminal offences committed specifically by public officers such as: abuse of authority, misappropriation of public funds for electoral purposes, abuse of public office and others related to the violation of human rights.

In that sense, in June 2020 the CNBV disseminated a preliminary version of the Strategy, highlighting the following topics:

- Standardizing supervision criteria with a risk-based approach.
- Integration of Suptech mechanisms.
- Imposing sanctions that are efficacious, proportionate and deterrent, among others.
- Support of the subjects supervised.
- Strengthening the role played by the Mexican supervisor within the Financial Action Task Force (FATF).
- Implementing supervision of new technologies.

7/ The group is composed of the CNBV, the National Commission for the Pension System (Consar), the National Insurance and Bonding Commission (CNSF), the Tax Administration Service (SAT), and the Units of Development Banks, of Banking, Securities and Savings, and of Insurances, Pensions and Social Security of the SHCP.

In light of the above, in September 2020 the UIF presented the final version of the document as part of the National Strategy for Combating Money-laundering and the Financing of Terrorism.

Supervisory actions

3.4.1. Supervision follow-up

In 2020, because of the contingency resulting from COVID-19, the CNBV adjusted its supervision tasks in accordance with operational restrictions from the social distancing measures, adjusting its supervision strategy, especially the allocation of resources and distribution of inspection and monitoring activities, focusing on strengthening remote supervision and on monitoring the financial entities' main risks.

Accordingly, 105 inspection visits were carried out, of which 80% were regular visits, 17.1% investigation visits and 2.9% special visits (Annex B. Visits). In addition, as part of the reinforced monitoring, remote reviews were carried out based on information requests to 95 entities whose visits were cancelled.

This way, the CNBV strengthened its monitoring activities and ensured reaching its supervisory objectives, mainly by having more depth and outreach in its supervisory actions.

Supervision priorities were reconsidered, with more stress on emerging or growing risks in the financial system, especially on these: credit, liquidity, solvency, operational continuity and cybersecurity. This way, we followed up on the financial entities' main risks, in order to preserve the soundness of the SFM in a context of uncertainty and volatility.

As a result of the inspection visits and the monitoring processes completed in 2020, the CNBV issued 56,337 observations and recommendations and ordered 1,442 corrective actions and measures, considering the entities that are supervised in a comprehensive manner and the ones supervised only in terms of AML/CFT (Annex C. Observations, recommendations and corrective measures).

3.4.2. Substantive supervision

As part of the ongoing responsibility to supervise the legal entities and the natural persons that make up the financial system, supervision tasks were carried out throughout the year, with the purpose of ensuring the stability and the proper functioning of the entities, safeguarding the interests of the public.

3.4.2.1. Commercial banking institutions

Composition of the sector

At the end of the period there were 50 operating IBMs, one less than in 2019, as a result of the revocation of the authorization for Banco Ahorro Famsa on June 30 2020.

Main indicators

1/ Capitalization index
2/ Liquidity coverage ratio
3/ Delinquency rate
4/ Adjusted delinquency rate
5/ Coverage index
6/ Return on equity

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

ICAP ¹	CCL ²	IMOR ³	IMORA ⁴	ICOR ⁵	ROE ⁶
17.70	217.99	2.56	5.20	160.10	8.96

Supervisory activities

The main supervisory activities carried out in 2020 focused on the CNBV's response to the contingency resulting from COVID-19, namely the ongoing monitoring of PCNs (business continuity plans), liquidity, loan portfolio and solvency.

In this sense, the IBMs' performance and the quality of the assets and liabilities was reviewed, as well as their risk exposure, such as loan, market, operational and liquidity risks, maintaining a strict monitoring on the intermediaries' capital adequacy to face said risks.

Likewise, follow-up meetings were carried out every two weeks with the IBMs to detect emerging risks in a timely manner and implement mitigation actions.

In addition, based on the profile of each institution, the following activities were carried out:

LOAN PORTFOLIO

- Review and follow-up of 1) loans that followed the CCEs; 2) behavior of loans once the deadlines established in the facilities are over, and 3) restructuring strategies determined by the banks, either their own or in adherence to the facilities issued, as well as for write-offs of the loan portfolio.

- Monitoring of the IMOR, IMORA indicators and verification of regulatory adherence as to the creation and registry of preventive estimates for loan risks and for non-performing portfolio risks.
- Authorization for the use of internal rating methodologies for loan portfolio.

CAPITAL ADEQUACY AND PCS (CONTINGENCY PLANS)

- Evaluation of relevant movements presented in the components of the ICAP, and follow-up on the distribution of dividends and regulatory facilities issued.
- Verifying coherence of the established PRD, vis-à-vis the strategic business plans and their suitable interaction with the PCs and PCNs defined by each institution.

LIQUIDITY

- Review of the contingency financing plans for fiscal year 2020 and ongoing monitoring of LCR information, reported by IBMs on a monthly and daily basis, as well as of the regulatory facilities issued on this matter.
- Monitoring of the behavior of credit lines not used by their credit consumers and unusual outputs of deposits, with the purpose of anticipating potential liquidity issues.

- Purchase of portfolio from Banco Ahorro Famsa.

- Issuance of opinions to the Federal Economic Competition Commission (COFECE) in relation to the notices presented by the institutions that were declared winners of the bids to acquire the loan portfolio of Banco Ahorro Famsa, due to the revocation of its authorization.
- Follow-up on the registry and acknowledgement of said acquired portfolio in the balance sheets of the institutions.

- Operational risk. Consideration of the documentation presented in connection with the use of SMA for the calculation of capital requirement due to operational risk.

- Authorization for the adjustments made by IBMs on their Reception and allocation systems (SRA), as well as on the corresponding manuals. Among other aspects, the adjustment to the SRA of the corresponding broker was taken into account, by interconnecting systems and agreeing to brokerage contracts for their operations with brokerage firms, as well as incorporating the best execution criterion.

- Remote contracting and hiring of suppliers. Approvals regarding the remote contracting for granting credit lines and using online banking, as well as for contracting with third parties services to manage call centers, databases (public clouds and remote opening of credit lines), generate bank statements and fraud prevention.

- Information security. Information requirement in terms of information security in order to: 1) measure and evaluate the indicators, and 2) verify the entities' solution plans in terms of security, as well as of electronic means, and information of the events that are considered losses due to operational risk.

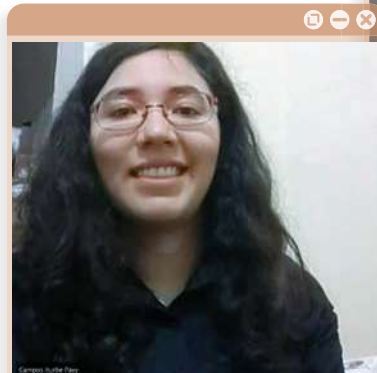
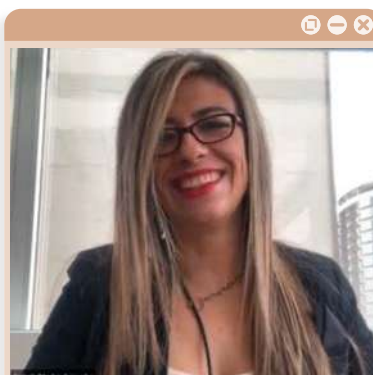
3.4.2.2. Development banks and promotion entities

Composition of the sector

The CNBV supervises various entities whose mission is to boost the country's development through financial activities. Among the main functions of said entities, we have granting commercial loans (preferably as second-tier banking) and guarantees; provide technical advice and other kinds of assistance; give housing mortgage or consumer loans to workers of the country's formal economy and, finally, promote savings and support the popular savings and loan sectors.

Included among said entities are IBDs, promotion bodies and public trusts that, based on the applicable regulation, are part of the SFM.

In addition, since December 2014, one SOFOM E.R. is also supervised, from the moment said entity established an asset-related tie with a development bank.



Composition of the sector of development banks and promotion entities				
Sector served	Type of entity			
	Development bank institutions	Promotion bodies	Public trust funds	SOFOM E.R.
Agricultural and rural	NA	Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FND) ¹	Fideicomisos Instituidos en Relación con la Agricultura (FIRA) ²	NA
Savings and consumer	Banco Nacional del Ejército, Fuerza Aérea y Armada (Banjército) Banco del Bienestar (antes Bansefi ³)	Instituto del Fondo Nacional para el Consumo de los Trabajadores (Infonacot)	NA	NA
Industrial, governmental and infrastructural	Nacional Financiera (Nafin), Banco Nacional de Comercio Exterior (Bancomext), Banco Nacional de Obras y Servicios Públicos (Banobras)	NA	Fideicomiso de Fomento Minero (Fifomi)	NA
Housing	Sociedad Hipotecaria Federal (SHF)	Instituto del Fondo Nacional de la Vivienda para los Trabajadores (Infonavit) Housing Fund of Issste ⁴ (Fovissste)	Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)	Metrofinanciera, Sociedad Anónima Promotora de Inversión (S.A.P.I.) de C.V., SOFOM E.R.

Notes:
 NA: Not applicable.
 1 As of January 11 2014, its name changed; it was formerly known as Financiera Rural.
 2 Made up of four trusts: Fondo de Garantías y Fomento para la Agricultura, Ganadería y Avicultura (Fondo), Fondo Especial para el Financiamiento Agropecuario (FEFA), Fondo Especial de Asistencia Técnica y Garantías para Créditos Agropecuarios (FEGA), and Fondo de Garantía y Fomento para las Actividades Pesqueras (FOPESCA).
 3 Banco del Ahorro Nacional y Servicios Financieros (Bansefi).
 4 Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE).

Main indicators

Development bank institutions			
ICAP	IMOR	ROE	ROA ¹
19.68	1.91	-0.94	-0.08

Promotion entities			
IFP ²	IMOR	ROE	ROA
16.51	13.86	6.77	1.31

1/ Return on assets
 2/ Financial strength index
 Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Relevant events of development banks

- Bancomext increased its participation in the capital stock of Desarrollo Inmobiliario Especializado, S.A. de C.V. property company, a subsidiary of Bancomext, which provides services mainly to this developing bank.
- Bancomext was authorized to consider UNIFIN Financiera, S.A.B. de C.V. (UNIFIN) as a financial entity, under the terms of Annex 20 of the CUB.
- NAFIN was authorized to classify NR Finance México, S.A. de C.V. (NRFM) as a financial entity, under the terms of Annex 20 of the CUB.

Relevant events of promotion entities

- Fovissste carried out two stock issuances for \$6 billion MXN and \$8 billion MXN. Among their main features, the following stand out: 1) estimated deadline of 29 years; 2) initial capacity of 25%; 3) the rating agencies Moody's and HR Ratings both gave each of them the rating AAA.mx, and 4) the housing fund yielded 27,723 credits to the trust, worth \$18.68 billion MXN. These operations confirmed that Fovissste is the main issuer of trust certificates (CBFs) in Mexico, which are backed by mortgage loans, as well as that the housing fund is a recurring issuer in the Mexican market of mortgage-backed bonds.
- In December 2020, the Organic Law of the Infonavit was amended; the following are some of the modifications that stand out: 1) the coverage of beneficiaries increases: the pool of beneficiaries with no active work relationship with a credit balance in the Housing sub-account; 2) extends the options of acquiring property through financing: purchase of land and self-construction, remodeling, repairs and extension; 3) widens the range of credit products: mortgage loan and loan for acquiring land; 4) increases financing options: paying debts and refinancing loans acquired with financial institutions, and 5) removes restrictions in access to loans: access to additional loans for housing with no restrictions on the financial institutions granting the loans. This means that the general provisions applicable to promotion bodies and entities will need to be amended in 2021, to comply with the modifications previously described.
- In October 2020, FIRA issued the first gender social bond worth \$3 billion MXN, with a variable rate, with a three-year maturity. Likewise, it issued once again in June 2020 a green bond worth \$3 billion MXN for projects involving sustainable agriculture, energy efficiency, renewable energy and efficient water use.

Supervisory activities

It is worth mentioning that throughout 2020, the institutions in general maintained a reasonably stable situation, based on adequate levels of solvency, liquidity and profitability, as well as on satisfactory management of the loan process, of the internal control system and of comprehensive risk management.

As part of the supervisory activities, the following inspection and monitoring activities stand out:

- Follow-up on restructured loans under the protection of CCEs, the regulatory facilities issued by the CNBV and the financial situation of IBDs, promotion entities and bodies every week and every two weeks, monitoring solvency and liquidity through ICAP, LCR and IMOR. In addition, weekly talks were held with each institution to follow up on relevant topics.

- Evaluation of the notices on contracting third parties for service provision and database management, to achieve operational strengthening in IBDs.

- Authorization granted to two promotion bodies to use an internal model to determine the stability of the housing sub-account balance; evaluation of a development bank's increase in its participation in the capital of a property development company, and authorization of a development bank's internal model on stability of deposits.

- Generating reports for Congress, regarding the financial situation and the risk level of each one of the IBDs, the FND and public trusts for economic promotion.

- Application of three reviews of specific reinforced monitoring, mainly assessing: 1) the loan process in its stages of evaluation and approval of operations contained in the corresponding manuals, with the purpose of guaranteeing origination standards and following up on the commercial loans portfolio, including restructurings; 2) implementation of the CCEs issued due to the health contingency caused by COVID-19; 3) adequate functioning of corporate management and its different control bodies and support, audit and internal comptroller areas, and 4) the process for developing and applying new products.

- Generating quarterly reports on financial and risk analysis, which evaluated the entities' risk level through the CEFER methodology (risk-based rating matrix of financial entities), and followed up on relevant events, risks and operations that took place in the entities.

- Follow-up on the corrective actions resulting from the inspection visits carried out from 2018 to 2019, as well as the ones issued as a result of the monitoring activities.

- Review of the content of reports and opinions from external auditors, as well as compliance with the disclosure requirements, through the entities' webpage.

3.4.2.3. Brokerage firms

Composition of the sector

By the end of 2020, the brokerage firm sector was made up of 35 operating intermediaries, of which eighteen are part of financial groups and seventeen are independent.

Main indicators

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

ICAP

26.62

ROE

11.26

Brokerage firms operating

35

Supervisory activities

- During the first quarter of 2020, the inspection visits focused on the functioning of the reception and allocation systems, compliance with the best execution duty, strengthening of the internal control system and IT security.

- With the contingency, more monitoring was implemented; it was named extended reinforced monitoring, focusing on the monitoring of capitalization levels, balances in custody, number of accounts (brokerage agreement, CIB), liquidity index, financial information, operational contingency events, stock claims and fraud prevention.

3.4.2.4. Investment funds

Composition of the sector

The investment fund sector was made up by 716 entities, which presented a 1.80% reduction compared to the year before. Details of these variations are shown in the corresponding section of Annex D (Summary of financial situation of the sectors supervised).

Main indicators

Total assets (trillion MXN)	% of GDP ¹	Operators	Funds	Distributors	Others ²
2.62	10.52	35	609	67	7

1/ Percentage of Gross Domestic Product (GDP) that total assets of investment funds represent.
2/ Includes two electronic mechanisms for information disclosure, one electronic mechanism for trading shares, two limited operators and two limited operators authorized to appraise shares.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Supervisory activities

- Authorization was granted for the incorporation and function of 20 investment funds, of which four correspond to debt instruments and sixteen to variable income (equity).
- Likewise, eight mergers of investment funds were authorized, of debt instruments as well as of variable income (equity).
- We carried out regular inspection visits to one investment fund management company and four to distributing companies of investment fund shares.
- During the period, 150 authorizations of modifications to the information leaflets directed at investors were carried out: 55 of debt investment funds and 95 of equity investment funds.

3.4.2.5. Auxiliary credit organizations and activities

In accordance with the LGOAAC, the CNBV is the supervising authority for bonded warehouses, currency exchange offices and SOFOM E.R. (regulated multi-purpose financing companies). The latter can be of four types:

1. Those that maintain asset-related ties to a credit institution.
2. Those that have said ties to other regulated entities such as SOFIPO, SOFINCO, SOCAP (with operation levels I to IV) and credit unions.
3. Those that issue debt securities under their charge registered in the National Securities Registry (RNV), in accordance with the Securities Market Law (LMV).
4. Those that willfully adopted the regulatory regime.

Below, information on the supervision of the aforementioned sectors is presented.

BONDED WAREHOUSES

Composition of the sector

The sector consists of sixteen bonded warehouses with authorization from the SHCP, of which only fifteen are currently operating. The information of thirteen of them is considered here: two entities are not included given that their information is currently under review and the remaining one is not operating.

Main indicators

ROE	ROA	Use of legal capacity to certify ¹
6.18	1.43	24.10%

1/ Use of the legal capacity to certify = negotiable deposit certificates (CD) in enabled warehouses / legal capacity to certify (30 times the stockholders' equity).
Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Supervisory activities

Due to the negative effects of the contingency, inspection activities were reassigned towards monitoring; the objective is to strengthen the supervision of these entities, in order to learn about and detect in a timely manner the problems that could be caused by their storage activity and that could compromise the quality, quantity and inventory of the stored merchandise, guaranteed by deposit certificates (CD) they issue, which is why supervision efforts focused on the following activities:

- Since there were no conditions to perform the programmed visits, supervision processes were strengthened with reinforced monitoring through additional information requests, close communication with the entities supervised, by means of conference calls, e-mails, analysis of information on operations, business continuity and follow-up.
- Monitoring indicators on regulatory compliance.
- Generating quarterly institutional analysis reports to help in the identification, disclosure, evaluation and analysis of the risks that affect the financial and operational situation.
- Analysis and review of the CEFER matrix's net risk trend, regarding aspects of the risk inherent to their activity, their mitigating factors, expert opinion and their solvency and profitability.
- Follow-up on the results of the inspection that warehouses carry out to their enabled warehouses, with special emphasis on verifying the performance of the Enabling unit mitigating the risks of missing merchandise; and compliance with the functions of the Enabling committee, incorporated by the Governing body, in the analysis, approval, monitoring and control of operations with enabled warehouses.

CURRENCY EXCHANGE OFFICES

Composition of the sector

By the end of fiscal year 2020, the sector was made up of eight entities, of which Única Casa de Cambio, S.A. de C.V. announced its early dissolution. To this effect, in accordance with Article 87, section IV of the LGOAAC, it requested the SHCP to revoke the authorization granted in December 2019. In June 2020, the CNBV notified the SHCP it had no objections to the referred currency exchange office to go ahead with the revocation, whose approval is still pending.

Main indicators

ROE	ROA
4.50	3.27

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Supervisory activities

Because of the contingency, efforts were aimed at strengthening the monitoring as follows:

- Review of regulatory compliance regarding the minimum capital registered and paid without right of withdrawal, amounting in local currency to 8,657,000 investment units (UDIs), which has to be fully registered and paid, no later than on the last business day of the year in question.
- Generating quarterly reports on financial analysis, which included evaluating the operations volume, the entities' risk and their main financial indicators: liquidity, profitability and solvency.
- Review of adequate information disclosure through the entities' webpages.
- Verification of the operations in adherence to the regulatory framework.
- Opinions and inquiries to authorize capital increases and corporate restructurings, modification of statutes and revocation processes.
- Verification of compliance indicators, also ensuring that the entities had sufficient liquid resources to meet their immediate payment obligations.
- Review of the information related to the compliance with the General provisions applicable to the entities and issuers supervised by this CNBV, that hire external auditing services for basic financial statements.
- Validation of the information from the accounting systems matching the published financial statements and regulatory reports.
- Verification of proper conformation of the governing bodies.

Corresponding actions ensued from the analysis performed on the preceding points, in terms of information requests, observations, corrective actions and measures to the entities.

On the other hand, to stay informed on the operation of currency exchange offices during the contingency resulting from COVID-19, these were required to periodically report the amount of the weekly and monthly operations they carry out. Likewise, information was required as to the accounts that make up the balance sheet and the income statement, to follow up on the continuity of operations, liquidity and solvency of said entities. Periodic conference calls were also held with the entities, to learn about the difficulties inherent to the sector and their performance.

MULTI-PURPOSE FINANCING COMPANIES, REGULATED ENTITIES

Composition of the sector

By the end of 2020, the sector of the SOFOM E.R. was made up of 42 entities, one less than in 2019, given that throughout the year one entity was incorporated and two merged, as specified below:

Mergers

- Sólida Administradora de Portafolios, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte, in August 2020, merged with Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R.
- Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México, in December 2020 merged with Santander Vivienda, S.A. de C.V., SOFOM, E.R., Grupo Financiero Santander México.

One entity was incorporated

- Arrendadora Bancrea, S.A. de C.V., SOFOM, E.R. was formally registered in January 2020, and started operating.

It is worth mentioning that fourteen SOFOM E.R. consolidate their figures with the IBMs they belong to:

SOFOMER	IBM
Financiera Ayudamos	BBVA Bancomer
Financiera Bajío	Banco del Bajío
Finanmadrid	CI Banco
Sabcapital	Banco Sabadell
Arrendadora Afirme	Banca Afirme
Start Banregio	Banco Banregio
Sofom Inbursa	Banco Inbursa
FC Financial	
Santander Consumo	Banco Santander
Santander Inclusión	
Invex Consumo	Banco Invex
Arrendadora Bancrea	Banco Bancrea
Tarjetas Banamex	Banamex
Arrendador Base	Banco Base

Main indicators

ICAP		ROE		ROA		IMOR	
Linked	20.18	Linked	1.21	Issuers	10.96	Linked	0.30
					2.08		
					2.49		2.08

LINKED SOFOM E.R.

Supervisory activities

The linked SOFOM E.R. have the financial or operational support within the framework of a financial group or IBM. Their supervision is focused on detecting in a timely manner their inherent risks and the controls in place to minimize these, which is why the objective of the supervisory actions was to contribute to the balanced development of the sector, in the following topics:

COMMERCIAL PORTFOLIO

- Supervision of the loan process, which included investment projects with their own sources of finance, rating of the commercial portfolio, as well as the supervision of a sample of loan files to verify their documentation and guarantees.
- Evaluation of the proper application of the different accounting facilities issued by the CNBV (CCE, CCE due to exceptionally heavy rains and institutional restructuring programs (PIR)) and the creation of additional estimates due to unforeseen variables in the methodology foreseen in the regulations.

CAPITALIZATION

- Verification of compliance with regulatory limits established for the ICAP and review of the process and inputs that generate it, including: 1) concepts that constitute the core capital; 2) weighting of the assets subject to loan risks (ASRC) and assets subject to market risks (ASRM), and 3) estimation of operational risk requirements.
- Follow-up on the proper application of the facility in terms of capital.

CONSUMER LOAN PORTFOLIO

- Verification of the loan origination process, of the rating of payroll, personal and automotive portfolios, as well as follow-up and control over these in terms of crops, deterioration and recovery strategies.
- Evaluation of the proper application of the different accounting facilities issued by the CNBV and the creation of additional estimates due to unforeseen variables in the methodology foreseen in the regulations.

- Additional estimates. Because of the sanitary restrictions, the SOFOM E.R. forwarded notices to generate additional estimates, in order to consider unforeseen risks in the current rating methodologies for portfolios in force.

- External auditors. Review of the elements necessary to qualify as an independent auditor, as well as evaluation of reports and working papers including: 1) audit proficiency and scope; 2) procedures applied to perform the audit; 3) release of various statements and reports, and 4) generation of the disclosure matrix.

- Follow-up on the corrective actions and measures required from the entities, resulting from the inspection visits made in 2019.
- Remote contracting and hiring of suppliers. Approvals regarding the remote contracting for granting credit lines and using online banking, as well as for contracting with third parties services to manage call centers, databases (public clouds and remote opening of credit lines), generate bank statements and fraud prevention, among others.
- Information security. Requirement of diverse information in terms of information security in order to measure, evaluate the indicators and verify the entities' solution plans in terms of security, as well as of electronic means and information of the events that are considered as losses due to operational risk.
- Operational risk. Consideration of the documentation presented in connection with the use of the SMA for the calculation of capital requirement due to operational risk.

ISSUER SOFOM E.R.

Supervisory activities

As to SOFOM E.R. that issue debt securities under their charge, registered in the RNV, as far as compliance with the ICAP is concerned, this does not apply to them, in accordance with section V of Article 87 D of the LGOAAC. These entities comply with the CUB, solely for the following matters:

- Rating of loan portfolio and creation of preventive estimates based on loan risk, as well as the creation of additional estimates due to unforeseen variables in the methodology foreseen in the regulations.
- Evaluation of the proper application of the different accounting facilities issued by the CNBV (CCE, CCE due to exceptionally heavy rains and PIR).
- Disclosure and presentation of financial information and external auditors.
- Accounting.
- Prevention of transactions with resources that are likely to have an illicit origin.

Supervisory activities for issuer SOFOM E.R. focused on:

- Generation of quarterly reports resulting from financial analysis, which include the evaluation of operations volume, follow-up on the entities' risk and on the main financial indicators.
- Review of adequate information disclosure through the Internet.
- Follow-up on the operations of entities and verification of their adherence to the regulatory framework.
- External auditors. Review of the elements necessary to qualify as an independent auditor, and evaluation of reports and working papers including: 1) audit proficiency and scope; 2) procedures applied to perform the audit; 3) release of various statements and reports, and 4) generation of the disclosure matrix.

3.4.2.6. Credit unions

Composition of the sector

8/ Credit unions are classified in three operation levels, based on the minimum capital registered and paid. The authorization to operate on levels II and III is processed before the CNBV, in accordance with Article 43 of the Law on Credit Unions (LUC). To carry out factoring operations and financial leasing, as well as to grant financing to other credit unions, these must be authorized to operate as level II or III. To conduct operations as a trustee in guarantee trusts, they must be authorized to operate with level III.

By the end of 2020, the sector was integrated by 82 entities: (69 with operation level I and 13 with operation level II⁸). In April 2020, one entity became a SOFOM, E.N.R., whereas in December another credit union's authorization to operate was revoked.

Main indicators

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

IMOR	ICOR	ROA	ROE	ICAP
4.22	68.22	0.89	4.88	22.03

Supervisory activities

In addition to the monitoring supervision, which encompasses, among other elements, the analysis of the financial information forwarded by financial entities, in order to determine proper compliance with regulation indicators, as well as to assess the risks to which they are exposed, and given the contingency, four regular inspection visits and six monitoring procedures were carried out, thus covering ten of the eighteen (55.5%) reviews foreseen for 2020.

As a response to the contingency, the following actions were implemented:

- Specific reinforced monitoring. In light of the impossibility to perform inspection visits, six processes of specific reinforced monitoring were developed, with an outreach similar to the one of a regular inspection visit, encompassing, among other elements, the analysis of the financial information required from financial entities specifically for the period in reference, in order to determine proper compliance with regulations, as well as to carry out a remote review of the main items, risks and mitigating factors.

- Strengthening of the communication with the entities. Close follow-up has been given to the impact of the contingency on the entities' operational and financial performance; this has been carried out in various ways: the analysis of daily cash flows, the application of special accounting criteria (CCEs) and COVID accounting facilities (FCCs), issued by the CNBV, as well as the subsequent performance of the restructured or renewed loans under said temporary authorizations.

Likewise, we continued carrying out the following activities to strengthen the sector:

- Capital adequacy exercises. In order to provide a tool that allows the entities to evaluate the risks they face in terms of capitalization, a sample of entities representing 25% of the sector's assets was required to carry out a capital adequacy exercise. We expect this will strengthen risk management, based on their business objectives and on the projections of their financial statements, taking into account macroeconomic scenarios, as defined by the CNBV.

- Reinforcing the evaluation of mitigating factors. Continuity was given to the evaluation of risk mitigating factors for the CEFER matrix as a consequence of the implementation of external audit provisions, and of principles or best practices, and follow-up was given to the evaluation of counterpart, market and operational risks.

- Outreach with the sector. The frequency in the communication with the entities was increased, meetings with the sector were once again held, and online events were generated, regarding guidance in terms of application of CCEs and FCCs issued by the CNBV.

- Follow-up on compliance with the internal control system (SICOI). Compliance with the SICOI was verified, by reviewing the internal control policies, procedures and reports, in order to ensure that the entities adhere to the regulations applicable to them.

3.4.2.7. Popular finance

The popular finance sector provides financial services to the low-income and popular sectors unattended by traditional banking, thus offering an alternative for financial inclusion. In order to provide adequate protection to the users that save in the institutions that make up the sector, the Commission has strengthened the supervision mechanisms, and has promoted schemes to address in a timely manner the entities in trouble.

SAVINGS AND LOAN COOPERATIVES

The SOCAP operate under the protection of the Law to Regulate the Activities of Savings and Loan Cooperatives (LRASCAP) and are part of the social sector's economic activity; their objective is to meet the demand of financial products and services of the population unattended by the banking sector.

Composition of the sector

By the end of fiscal year 2020, 155 entities continued operating; they report assets worth \$191.89 billion MXN and service little over 7.8 million partners. In September 2020, the Governing Body of the CNBV unanimously agreed to revoke the authorization granted to one of the entities to further conduct savings and loan operations as a SOCAP as required by the Law to Regulate the Activities of Savings and Loan Cooperatives (LRASCAP), derived from non-compliance with the capitalization requirements, under the terms of Article 84, section III of the referred law.

Main indicators

1/ Capitalization level

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Nicap ¹	ROA	ROE	IMOR
298.45%	1.67%	9.43%	4.84

Supervisory activities

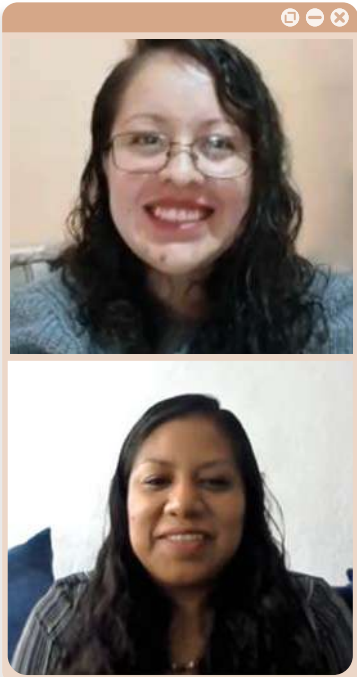
The monitoring activities and the inspection visits were conducted to verify compliance with the legal and regulatory framework applicable to SOCAPs, as well as the evaluation of the risks to which they are exposed, including discretionary and non-discretionary risks, in addition to the functioning of the internal control system, the level of profitability and capital adequacy. Also, corporate management and its different bodies and support and audit areas were evaluated, with the purpose of learning the degree of adherence of these entities to principles or best practices, to determine the risk rating based on the CEFER methodology.

Likewise, resulting from the sector's vulnerability, supervisory actions were carried out in terms of fraud prevention and detection, by reviewing inactive accounts, in order to raise awareness among the entities supervised as to the following aspects: 1) risk exposure due to identity theft and unauthorized charges; 2) detection of unusual operations that could point to fraud or manipulation of information; 3) verification of mechanisms capable of preventing the completion of unjustified operations and/or outside of service hours, and 4) verification of balances from deposit-taking operations at the branch and loan operations on site.

On the other hand, ESC exercises were carried out for the popular sectors throughout 2020 and five SOCAP took part in them so that these entities would implement best practices in their capital planning process and add to their management decisions, different potential risks. Likewise, the purpose was to identify possible defaults with the 10.5% ICAP, projecting them for 2021 and 2022, for base as well as for adverse scenarios. Although this type of exercises is not mandatory for said sectors in the corresponding provisions, the entities supervised have been briefed as to the importance of including them as part of their capital planning process, with the purpose of raising awareness among them in terms of implementing strategies to preserve and strengthen their solvency and the sustainability of their business models.

In order to address the risks associated with the contingency resulting from COVID-19, the CNBV took the following actions:

- Monitoring of the risks and vulnerabilities resulting from the contingency that may affect the popular finance sector's resilience.



- Completion of a reinforced monitoring procedure, in light of the physical impossibility of conducting inspection visits.

- Participation in the design of cross-sectional financial policy initiatives.

- As a result of the issuance of CCEs, and so that the sector's entities could implement various aid programs to mitigate the economic effects associated with the contingency, by the end of 2020 115 entities applied said programs, benefitting more than 339,000 credits to individuals whose sources of finance were affected, with an outstanding balance of over \$15.22 billion MXN. In this context, follow-up was given to the liquidity, solvency indexes and to the portfolio awakening of those entities that adhered to the CCEs, evaluating the potential impact on their financial situation.

- As a result of the issuance of FCCs in October 2020, in order to create incentives for the sector to offer restructurings and renewals to their partners with credits, as well as in terms of reserves and capital requirements, by December 2020 three entities have applied said accounting facilities: in one case, restructuring and renewal facilities were implemented, and in two cases, only for new credits did they adhere to the regulatory facilities in terms of capital and reserves regarding the adjustments of weights due to loan risk. Consequently, the implementation of FCCs was monitored, evaluating the impact on the solvency and liquidity of those entities these accounting facilities were applied to.

In this setting and as a result of the supervision tasks, the following activities stand out:

- Permanent supervision of the monitoring tasks, with a preventive and early-warning approach.

- Rating of the CEFER matrix, taking into account the counterpart, market and operational risks, which were evaluated every quarter, as well as the mitigating factors and principles associated with prudential level, for all the supervised entities.

- Meetings with the entities supervised, in order to present the CEFER methodology, which allowed an outreach with their main managers.

- Generating quarterly institutional reports for the entirety of the authorized entities.

- Calculation of the standard deviation for variations in the Nicap for SOCAPs, to determine which ones of them were at risk of reducing said indicator, which in turn could place them in category 2 or higher, under a stress scenario.

• Collaboration mechanisms with other bodies such as the sector's professional associations and the Focoop, with the purpose of strengthening monitoring processes, avoiding duplications and generating economies of scale, among which the following stand out: work meetings, seminars and information exchange, mainly in relation to best practices in supervision with risk-based approach, interpretation of accounting and regulatory criteria, verification of financial information from regulated entities and schemes of sector consolidation, among others.

• Publication in the CNBV website of the Nicap of each one of the SOCAPs that constitute the sector, as well as of the entities with basic level that were classified in D by the Focoop.

POPULAR FINANCIAL COMPANIES

SOFIPOs are entities, incorporated as variable capital corporations, oriented towards promoting popular savings and loan, among customers and public at large from low-income and social sectors that are unattended by other financial intermediaries.

Likewise, they are supervised by the CNBV and, in an auxiliary capacity, by the federations, which are public interest institutions, with legal personality and own capital.

Composition of the sector

By the end of fiscal year 2020, the sector was made up by 38 operating entities. The sector's financial situation was not favorable in this fiscal year, given that most entities have not reached the break-even point, showing negative profitability (ROE of -11.4%), low quality of the loan portfolio and high management expenditure.

Despite the fact that the sector's Nicap reached 216.26%⁹, the sector is very sensitive to the impacts of an adverse scenario in the economy, such as a drop in the rhythm of the economic activity, deterioration in the level of employment and increased inflation, which makes the solvency level very volatile.

In addition, the sector is exposed to reductions of liquidity and flights of savers, given that it has few alternative sources of finance and shows a state of concentration in the main customers.

9/ This value is equivalent to an ICAP of 17.3%.

Main indicators

Nicap	IMOR	ICOR	ROA	ROE	ILIQ ¹
216.26	9.02	122.71	-2.20	-11.40	65.45

¹/ Coeficiente de liquidez
Fuente: CNBV, con información al cierre de 2020, proporcionada por las entidades en abril de 2021.

Supervisory activities

Among the main supervisory activities carried out, the following stand out:

• Generating quarterly reports focused on finances and risks for the entirety of the entities that make up the sector, as well as updating the CEFER matrix for all the entities. In addition, follow-up was given to the events, risks and relevant operations that took place in the entities.

• More accurate disclosure of the information regarding the entities' capitalization level and category, in cooperation with the federations performing auxiliary supervision, pointing out the cases that did not present pending adjustments or special circumstances that may affect their level and category.

• Completion of one regular inspection visit at the beginning of the year and one additional inspection visit towards year's end, given the complex operational and financial situation of one entity in particular. To make up for the suspension of regular visits due to the contingency, reinforced monitoring reviews were carried out for most entities contemplated in the annual program, based on their risks.

• Early warnings. In 2020 corrective actions and measures were applied, corresponding to the entities whose capitalization level showed indicators below 131%, requiring SOFIPOs ranked in category 2 to present their capital conservation plans for approval and follow-up; capital restoration plans for category 3, and the measures specified in the LACP for category 4. Among the corrective measures required, in some cases partial suspension of credit and deposit-taking operations was included.

• Consolidation of the sector. Implementation of actions to consolidate the sector with regard to those entities that have not complied with the regulations applicable to them. As a result of this, the Commission completed the revocation of one entity, and applied adjustments that have had an impact on the capitalization levels of said entities, which is why these entities will have to carry out the actions and measures necessary to strengthen their capitalization processes.

3.4.2.8. Investment advisors

Composition of the sector

The CNBV regulates and supervises natural persons or legal entities that, without being stock market intermediaries, provide on a regular and professional basis management services of securities portfolios, and that offer consultancy in securities investment, analysis and investment recommendations in a customized manner. They have the obligation to register themselves before the Commission as investment advisors.

In this sense, by the end of 2020, the sector was integrated by 134 investment advisors and was showing a 10% increase in the number of advisors registered compared to the previous year. During this period, the Commission contributed to registering twelve new investment advisors, of which three were natural persons and nine were independent legal entities.

1/ GDP amount: \$23.12 trillion MXN at current prices 2020 annual. Source: National Institute of Statistics and Geography (INEGI)
2/ Source: Registry of Investment Advisors (RAI) of the CNBV

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Assets managed (billion MXN)	Customers	% of GDP	Advisors registered
639.39	13,914	2.7 ¹	134 ²

Supervisory activities

Among the main supervisory activities carried out, the following stand out:

- Completion of one regular inspection visit to one investment advisor (independent legal entity), before the contingency resulting from COVID-19.
- Completion of various analysis of the portfolios that investment advisors manage, in order to detect unusual changes in their constitution, as well as proper classification of the contracts by type of customers and services, in terms of investment services.
- The extra situ supervision has been strengthened by implementing reinforced monitoring measures that establish intensive monitoring of operational, economic, financial and administrative indicators, as well as through information requirements. Based on the results of said supervision, 49 observations were issued to investment advisors.

3.4.2.9. Financial technology institutions

Financial technology sector

The Fintech ecosystem is starting to flourish, launching the start of the financial system's transformation all over the world; and Mexico is no exception to this. Society in general, as well as various companies and institutions, are adopting this new transformation, to a greater extent due to high Internet penetration, the interconnection between users and the growing digitalization of services in several sectors, mainly in the banking and financial sector, paramount for a country's growth.

The business models that are being developed based on disruptive technologies cover a broad spectrum, from products that facilitate the completion of payments and electronic transfers between individuals through a mobile device, to obtaining credits or loans expeditiously and with relative ease, for productive projects that help improve the living standards and foster the financial capacity of all segments of the population. In this sense, in addition to offering benefits to society, technological innovations in the financial sector promote financial inclusion by providing new options to access financial products and services.

In light of these new participants in the financial sector and combined with the need to adapt to the new reality with Fintech companies and to technological changes, in March 2018 the LRITF was published in the DOF. This Law contemplates two types of entities:

- Crowdfunding institutions (CFI). They bring into contact persons from the public at large, through software applications, interfaces or webpages, with the purpose of providing resources to fund a loan to a person or to a business (debt); subscribe shares from a company (capital), or contribute to financing a project, in exchange for a part of the profit or for an economic benefit generated from the development of the project (co-ownership/royalties). Generally speaking, they are known as crowdfunding platforms.
- Electronic payment funds institutions (EPFI). They offer services that issue, manage, redeem and transfer electronic payment funds, upon receipt of the amount of money they receive from their customers, so that the customer can accumulate resources and thereafter dispose of them, to make payments and electronic transfers.

Composition of the sector

Throughout 2020, the Commission continued to review, in operational, financial and administrative terms, authorization requests presented by the more than 90 entities undergoing the authorization process to constitute and operate as an FTI as established by the current regulatory framework in force.

It is worth stressing that, despite the contingency resulting from COVID-19, during 2020 financial authorities continued with the reviews of the abovementioned requests. Some companies were in a more advanced stage of the authorization process compared to others that only recently presented their authorization request; however, the reviews have been maintained, without under any circumstance affecting the entities' authorization process.

During the reference period and as part of the reviews carried out, the entities have made changes to their shareholder structure, modified their business models and carried out improvements in technological and operational aspects, as a result of the observations made by the authorities, as well as because of the features and natural evolution of the business. These reviews carried out by the authorities that participated, in addition to the CNBV (SHCP through the Banking, Securities and Savings Unit (UBVA), and Banxico), so that the entities could correct the deficiencies identified in the timelines established.

Supervisory activities

Throughout 2020 and despite the contingency, actions were carried out, designed to foster and boost the Fintech sector; specifically, those entities that perform activities established in the LRITF.

- Special inspection visit carried out by the CNBV along with Banxico for the start of operations of NVIO Pagos, remotely, with the purpose of reviewing, verifying, checking and evaluating the operations, organization, functioning, processes, internal control systems, regarding the entity's risk and information management.
- Continuity in the development of methods and procedures for FTI supervision, taking into account the design of the CEFER matrix and the ongoing supervision of the entities that are eventually authorized.
- Virtual meetings with various financial technology platforms to learn about their business models, address their doubts and concerns in terms of the authorization process, among other queries, in order to strengthen the relation between the CNBV and the Fintech sector.

Suptech Platform

Throughout 2020, the Suptech Platform was developed and put into operation, which takes advantage of technological innovations in order to support and modernize the CNBV's supervision process, by dynamically compiling granular data, as input for basic and advanced analytics models that allow detecting, more efficiently, patterns of non-compliance and risks, using APIs and big data.

Likewise, we worked on developing so-called automated control panels, which will automatically process the information contained in the regulatory reports sent by FTIs, so that graphic, statistical and analytical information can be presented in a consolidated way.

On that basis, and as a result of the authorization granted to NVIO Pagos to start operations in November 2020, the Suptech Platform was completed and implemented productively, so that said entity and the subsequent FTIs to receive authorization, are able to send financial information (regulatory reports) that can be monitored and reviewed by the CNBV in real-time.

3.4.2.10. Credit information bureaus (SICs)

Composition of the sector

SICs are the financial entities that offer services for compiling, handling and delivering information related to the credit behavior of natural persons and legal entities, information which is provided by credit grantors.

10/ Asymmetric information refers to one of the parties not having the same information as the other party; in other words, the creditors are not able to know the characteristics of the borrowers, which leads to companies hardening their credit granting policies, causing among other effects, adverse selection and moral risk.

SICs play a relevant role within the credit granting process, given that they help mitigate the risks caused by the asymmetric information¹⁰ existing between the suppliers and the users of credit. This allows for better allocation of the resources directed at credit granting.

Among the main benefits offered by the information advanced by SICs:

- Promotes better risk management. Thanks to the existence of information on the behavior of customers as to their credit obligations, an efficient allocation of credit resources is fostered among credit grantors.
- Incentivizing healthy conducts. Stimulates among credit consumers compliance with their credit obligations, given that these acknowledge the fact that a good credit history gives them access to present and future credits and/or better credit conditions.
- Reasonable credit supply. Fosters credit granting, given that credit grantors have reliable information on the credit behavior of potential customers.

11/ Círculo de Crédito, S.A. de C.V., Trans Unión de México, S.A., and Dun & Bradstreet, S.A. These last two operate jointly under the Buró de Crédito brand.

There are three SICs¹¹ currently operating in the financial system, whose incorporation and operation are regulated by the Law to Regulate Credit Information Bureaus (LRSIC), and that are regulated and supervised by the SHCP, CNBV, Banxico, CONDUSEF and PROFECO (the federal government's consumer protection agency).

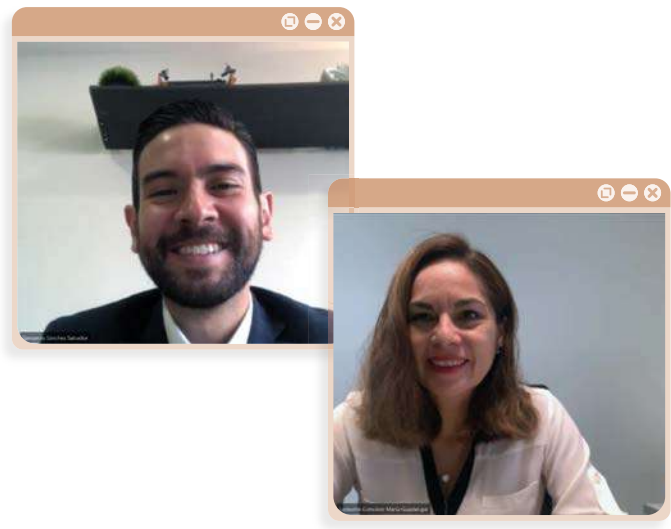
Likewise, the Commission has under its supervision financial entities, as users of SICs, which provide information or carry out inquiries before the latter. By the end of 2020, there were 386 financial entities using SICs¹² subject to the CNBV's supervision.

^{12/} Entities users of SICs: IBM, IBD, credit unions, SOCAP, SOFOM E.R., SOFIPO, public trusts for economic financial promotion and promotion bodies.

Supervisory activities

Among the main supervisory activities carried out, the following stand out:

- One regular inspection visit was completed, and specific reinforced monitoring acts were applied to two financial entities using SICs and subject to the CNBV's supervision, and to two SICs.
- Evaluation of user financial institutions' responses to corrective measures resulting from the different inspection visits carried out in previous fiscal years.
- Query on the credit histories of more than 340 persons that were proposed as advisors and managers of financial entities, so that the CNBV has sufficient elements to verify that the persons partaking in the financial system, comply with the requirement of having a satisfactory credit history.
- Verification of financial entities as credit grantors to ensure they requested from customers their authorization to consult their credit history. Said entities were requested to forward information to the Commission's supervision areas, as a result of audits carried out due to the measures implemented by the contingency, in which they identified possible omissions in said authorizations.
- As a result of the contingency, a follow-up was implemented on the information from the databases managed by SICs, with the purpose of monitoring the number of credits granted in the financial and commercial sector, as well as the status of the payment behavior on performing loans and, where appropriate, arrears. Based on this information, on a weekly basis an analysis and a report of the behaviors observed are generated, in order to identify possible risks that may affect the sector.



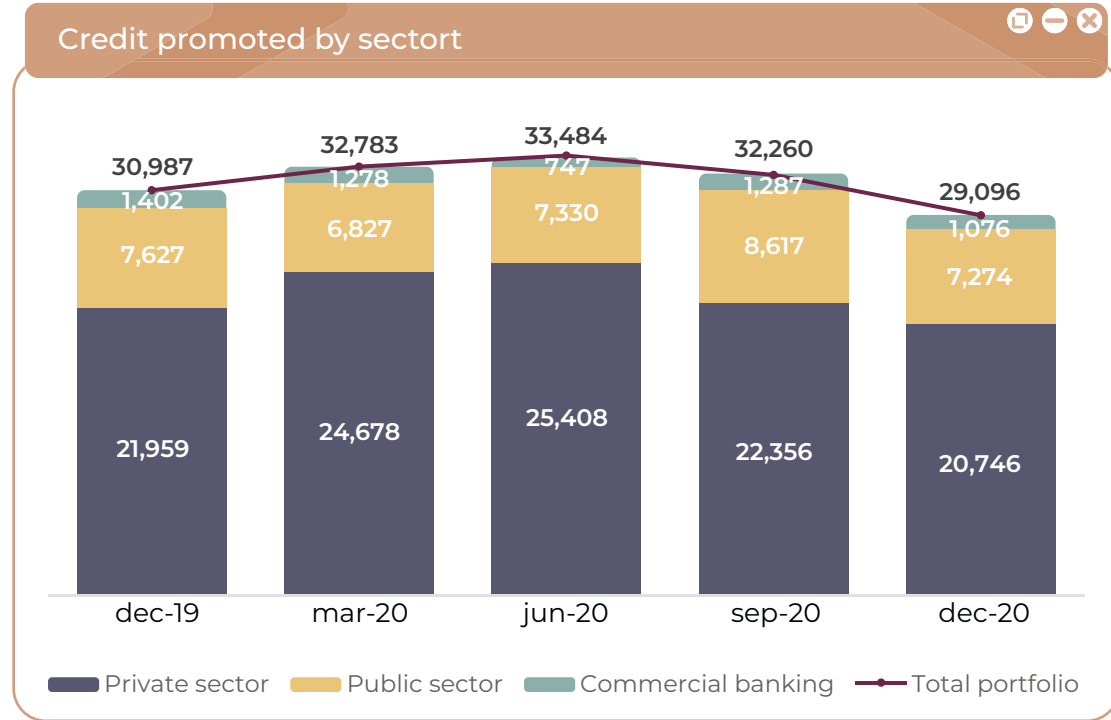
3.4.2.11. Representative offices of foreign financial entities

Representative offices of banks

In the country there are 33 representative offices of banking institutions from eleven different countries, established under the protection of Article 7 of the LIC, of which, 32 offices are currently operating normally, and whose main activity is the promotion of credits from the banks they represent.

Throughout 2020 five offices were revoked, on request, from the following countries: Israel, Canada, United States, Germany and Spain. On the other hand, one office of German origin was authorized to suspend operations, on request of the office itself, in up to a two-year period, in which case, if said office does not resume its activities before the suspension expires, this will be dealt as a revocation, under the terms of the Rules for representative offices of foreign financial entities.

The main sector on which the promotion of credits is focused, is the private sector, which represents 71.30% of the total portfolio promoted, followed by the public sector (25.00%) and the commercial banking sector (3.70%). The representative offices place credits in niche sectors from the private market, such as the automotive, manufacturing, construction and agrobusiness industries. Compared to 2019, the total credit promoted by the representative offices decreased 6.10% in 2020.



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Supervisory activities

Throughout 2020, the supervision focused on monitoring compliance and adherence to the rules established in the regulations and the compliance in the delivery of periodic information, as well as on the analysis of the representative offices' quarterly behavior.

In this period, breaches were detected in three bank representative offices, regarding time-barred delivery of periodic information and omission of notices to the Commission, under the terms of the Rules, which entailed corrective actions requesting the implementation of controls and monitoring from the entities where the deficiencies had been detected. In terms of inspection, eleven regular inspection visits were carried out, in which the Commission did not detect any serious non-compliance with regulations.

Representative offices of brokerage firms

There is only one representative office of foreign financial entities of brokerage firms in Mexico: Morgan Stanley & Co. LLC., Oficina de Representación, whose operations are focused on the management and completion of administrative proceedings, linked to the placement abroad of securities from domestic issuers, in which the financial entity it represents intends to participate.

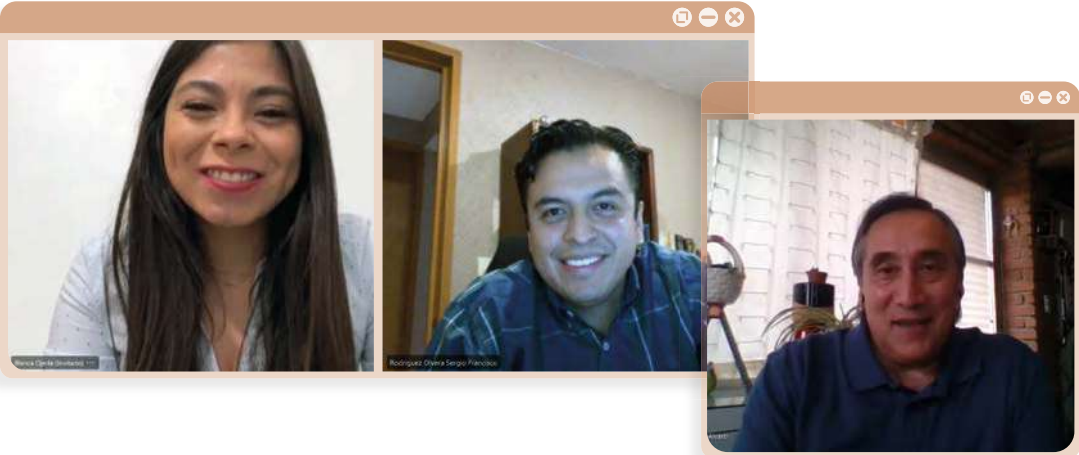
Supervisory activities

Regarding the supervisory activities, the monitoring of the activities carried out by this representative office was conducted based on the quarterly reports received by the Commission.

3.4.2.12. Participants in payment system networks

Composition of the sector

The objective of the supervision of the sector of participants in payment system networks is the review of compliance within the limits of the Law for the Transparency and Regulation of Financial Services and the provisions derived from it, with the purpose of ensuring the transparency, efficiency of the system of payments and protection of the public's interests, as well as ensuring that said participants act based on the principles of promotion of the competition, free access, non-discrimination and protection of the interests of the users.



At the end of the year, the register of participants in payment system networks is integrated as follows:

Relevant participants	Nr. of participants
Issuers	82
Specialized companies	9
Acquirers	23
Aggregators	40
Trademark owners	3
Total of participants	131

Source: CNBV.
Note: One participant can perform more than one activity, which is why the sum by categories may not match the total number of participants.

Throughout 2020, four aggregators, one acquirer and one issuer joined the register of participants in payment system networks, while one acquirer, one aggregator and three issuers stopped operating.

Supervisory activities

Among the main supervisory activities carried out, the following stand out:

• Monitoring the compliance of eighteen participants in payment system networks, verifying their processes for claims, fraud prevention, business continuity and contractual disputes. As a result of said monitoring, information requirements were issued to them, and based on the analysis carried out, the corresponding observations and recommendations were issued. On the other hand, as a result of monitoring acts, thirteen observations were issued to different participants in the card payment network, which were mainly due to non-compliance in the delivery of information of the third and eleventh article of the General provisions applicable to payment system networks.

• Regular inspection visit to one participant in payment system networks that performs activities as a specialized company.

• Request for transactionality in operations with credit cards, made to the clearing houses Prosa and E-global, generating with them the report and daily analysis of the information, with the purpose of maintaining daily monitoring of the pattern of card payments during the contingency to detect any risk in the payments system.

• Acts of reinforced monitoring to four participants in payment system networks; resulting from the contingency and in order to fulfill the 2020 work program, in which the Commission reviewed the processes for claims, fraud prevention, business continuity, contractual disputes and bank statements.

- Definition of the general Principles to promote competition in the payments system that has to do with a clearing house for card payments, in cooperation with Banxico, whose main topics are enhance the interoperability in the payment network, analyze exchange quotas to achieve a more competitive market, as well as add new forms to the card payment network to boost its growth, among others.

- Participation in the sessions of the initiatives that make up the Electronic Payment Means Promotion Program, in cooperation with representatives from various participants in payment system networks and Banxico. The main paths of analysis of this program for the improvement of the payment network are security, innovation, financial inclusion and protection to users, among others. Furthermore, the Commission continued to participate in meetings with Banxico and the members of the Clearing Houses Committee to improve the procedures and protocols in the operation and settlement of card payments.

As a result of the investigation carried out by the COFECE in connection with the probable existence of barriers to competition and free concurrence and/or the existence of essential inputs that may generate anti-competitive effects in the market of the payments system, whose processing has to do with a clearing house for card payments, a technical opinion was issued thereon, in order to provide elements to evaluate the recommendations issued by the COFECE.

3.4.3. Specialized supervision

3.4.3.1. Operational and technological risk

Throughout 2020, nine inspection visits were made to verify the adequate management of the technological risk, including how to address errors in the technological infrastructure. Monitoring was also carried out to one credit institution, in terms of operational risks, to verify the process and measures implemented in adherence to the CUB regarding operational risk management.

- Within the visits made, the technological review was carried out for the first authorized EPFI, NVIO Pagos, as part of the authorization process for the start of operations.

- Regular visits or reinforced monitoring was performed for those entities that required, as part of the identification of risks, specific and detailed supervision in terms of operational and technological risk, attention to frauds and business continuity. Likewise, corrective actions and measures were determined, as a result of the applicable observations, and follow-up was given to these to ensure that adequate corrections to the conducts pointed out are indeed established.

- As to the *in-situ* visits, we verified everything that has to do with compliance of biometric verification, security measures and the review of the technological infrastructure applied, for those entities that started the activities validating the biometric identity of the persons that hire products/ services with them, or else carry out operations.

- Likewise, monitoring was carried out to those entities that presented the work plans to comply with the verification in 2021, in accordance with the second transitory article of the provisions for identification of customer information, which is why they sent the advances they have made on those actions they will implement for the validation of the biometric identity of users. Based on this, every two weeks the Commission has reviewed the scheduled programs presented, which describe specific activities that the credit institutions will perform, as well as the dates of completion for each one of them.

As to authorization proceedings or requests, the following topics stand out:

- Participation in the processes for authorization, opinion and consultations regarding contracting services with third parties, contracting commercial commissions (commission agents) and approvals for remote opening of accounts.

- Participation in the authorization processes of FTIs, with the purpose of reviewing the feasibility in topics related to information security, use of electronic means, automated systems for data processing, technological infrastructure and PCNs (business continuity plans).

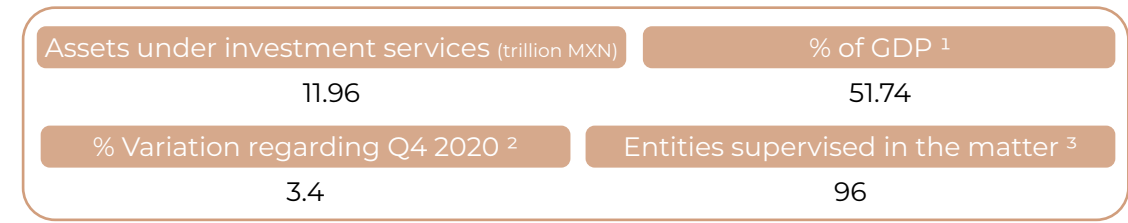
- Issuance of various opinions and inquiries of financial entities and authorities with specific requirements corresponding to operational and technological risk.

3.4.3.2. Cross-sectoral supervision in investment services

This section refers to the supervision of the financial entities providing investment services. The sectors here included are brokerage firms, credit institutions, operators of investment funds and distributors of investment fund shares.

Throughout 2020, the following elements were evaluated: 1) level of compliance with provisions for investment services; 2) compliance of the entities with the integration of periodic information according to their business operations; 3) prevention and detection of conflicts of interest when providing their services; as well as 4) verification of the conduct of investment service providers, among other activities. This led to 26 observations and five recommendations issued to different financial entities.

1/ Variation in percentage regarding Q4 2019
2/ GDP amount: \$23.12 trillion MXN at current prices 2020 annual, Source: INEGI
3/ 34 brokerage firms, 37 credit institutions, 20 operators of investment funds and five distributors of investment fund shares
Source: CNBV, with information from the end of 2020, provided by the entities in January 2021.



Supervisory activities

Among the main supervisory activities carried out, the following stand out:

- Completion of four regular inspection visits: to one IBM and to three brokerage firms. The visits made represent 6.17% of the total value of the portfolios under investment services, integrated by all the sectors that provide these services¹³, and covered 4.08% of the total number of entities supervised.
- Completion of one special visit to one IBM, as part of its process to start operations, in order to verify it has the sufficient internal control mechanisms required to provide investment services associated with this activity.
- Follow-up on the behavior of the entities that provide investment services during the contingency, noticing a 4% contraction of the amount in portfolios compared to the end of the previous year, as well as a 21% increase in the number of contracts.
- Participation, as members of Committee 8 of the International Organization of Securities Commissions (IOSCO), focusing on the conduct of the retail market, participating in the following topics: 1) claims from investors; 2) financial education, and 3) implications of COVID-19 in the behavior and the protection of retail investors. Likewise, through a conference directed at retail investors, the Commission participated in the World Investor Week, in November 2020.
- Attention to authorization processes of remote contracting procedures as the response from the entities to the current conditions.
- Reinforcing the analysis of the bi-annual reports on the findings of the person in charge of monitoring compliance with the provisions in terms of investment services.

¹³/ Credit institutions, brokerage firms, investment fund management companies and distributors of investment fund shares.

3.4.3.3. Supervision of information security

Requirements for compliance with safety regulations

Through requests issued to the regulated entities, the Commission followed up on the proofs that demonstrate compliance with the implementation of controls in terms of information security contained in the CUB, among others:

- Designation of the Chief Information Security Officer (CISO) that, on the one hand, can work independently from operational and technology areas and, on the other hand, that has a second level position.
- Sending to the CNBV reports of intrusive events, with the purpose of preventively informing the sector in a timely manner.
- Generation and follow-up of a Security master plan that integrates and prioritizes the information security projects aligned with the business objectives.
- Completion of vulnerability and pervasiveness tests on critical systems, performed by certified third parties, addressing and solving the findings resulting from these tests.
- Security controls implemented in the technological infrastructure that hosts the CoDi platform.
- Measurement of information security indicators.
- Certifications of security standards of the credit and debit cards industry, including among others: the data security standard (Payment Card Industry Data Security Standard, PCI-DSS), the data security standard for payment application (Payment Application Data Security Standard, PA-DSS) and the security and transaction requirements with the personal identification number (PIN or Personal Identification Number Transaction Security, PIN-PTS) or their equivalents, and certification in accordance with the interoperability standard for credit and debit cards known as EMV (Europay MasterCard VISA). If said certifications are not accounted for, the Commission requests for the Security master plan to establish the projects to obtain the abovementioned certifications.

Communiqués, bulletins and warnings

On a permanent basis, the CNBV is constantly analyzing various threats, vulnerabilities, incidents and other statements it receives from the entities, other authorities and other various sources. As a result of this analysis, the Commission generated three types of statements addressing the entities supervised, professional associations and other financial authorities:

- 15 bulletins: information of interest and of a preventive nature.

- 8 communiqués: information on possible vulnerabilities in infrastructures and software applications.

- 3 warnings: information on incidents that are highly relevant for the sector, and that require immediate actions.

All the cases included recommendations for the identification, prevention or response to events, with the purpose of preventing them from occurring.

Participation in groups to tackle cyber frauds

The CNBV participated in technical task forces with the Pacific Alliance, with the purpose of defining collaboration protocols with the member states of the Alliance, in terms of information security, including the information exchange on security incidents and threats, experiences, supervisory actions and regulation in the matter, cybersecurity resilience in the financial sector.

Likewise, the CNBV participated in the Anti-corruption and Rule of Law Prosperity Fund Programme in Mexico, in cooperation with various government bodies from Mexico, coordinated by the British Embassy in Mexico, in order to define methodologies for the design and mapping of investigation models for the crime of cyber fraud in financial services.

Authorization processes

With regard to the participation in authorization processes involving information security, the following activities were carried out:

- Review and analysis of authorization requests for FTIs, in order to issue an opinion regarding the feasibility of each project in terms of information security.

- Opinions and reply to queries resulting from the authorization processes for the hiring of services with third parties, the hiring of commercial commissions and approvals for the remote hiring of products, all related to information security.

3.4.3.4. Stock markets

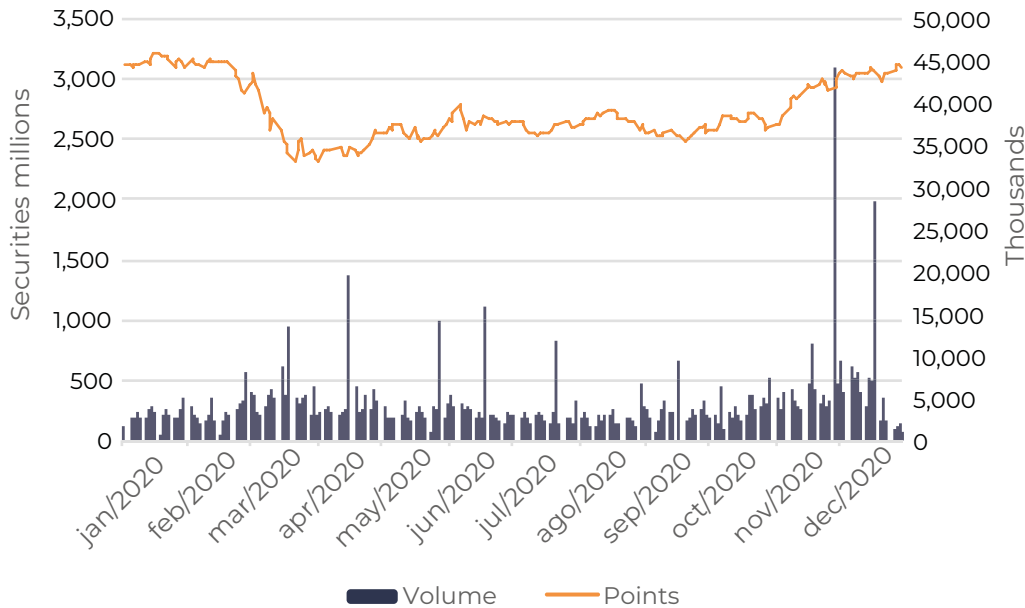
Capital market

Throughout 2020, global markets were heavily impacted by the great lockdown caused by the COVID-19 contingency. Spurred by the concerns and uncertainties of the impact that this new disease might have on the world's social and economic dynamics, as well as by the lockdown measures implemented by various governments, the demand for fuels dropped significantly, producing a generalized price fall to levels never seen before. Financial markets were no exception: the main indexes showed resounding drops in the first half of 2020, and then partial recovery of said losses at the end of the fiscal year, driven by the aid and economic relief policies that the largest economies implemented, as well as with the arrival of vaccines to face COVID-19.

The Mexican Stock Exchange Index (IPC) of the Mexican Stock Exchange, S.A.B. de C.V. (BMV) was no exception either; it fell to levels of 32,964 units, in the first half of 2021 and closed the year in levels of 44,066 units. It is worth mentioning that the impact caused by the contingency affected the various productive sectors differently, to a greater or lesser extent, generating a greater impact on those sectors such as hotels, airlines, airports, etc.

In this context, throughout 2020 the BMV's IPC showed an accumulated nominal loss of 0.83%, which meant a negative variation of 3.98% in real terms.

Performance of BMV's IPC in 2020



As part of the supervision of the Mexican stock market, the CNBV analyzes its evolution and constantly monitors its behavior. Likewise, it verifies the full and timely disclosure of relevant information by the securities issuers registered in the RNV, in line with the corresponding international standards. Below, some of the most outstanding aspects are mentioned:

• Administrative facilities were granted to the issuers regarding the delivery of financial, economic, legal, administrative and accounting information, thus addressing the changes in the dynamics of mobility and grouping persons in closed spaces, and in line with the prevention measures implemented by the health authorities.

• By the end of 2020, the CNBV supervised 641 securities issuers registered in the RNV. The distribution by type of security can be tracked in the following table:

Type of securities	2020
Shares	
Domestic	142
Foreign	5
Debt	
Direct	116
Trusts	214
Fibra ¹	16
Mortgage trust	1
Fibra E ²	5
CKD ³	92
Cerpi ⁴	22
Trac ⁵ (indexed)	22
Optional bonds	4
Structured	2
TOTAL	641

Notes:
1/ Infrastructure and real estate trust
2/ Investment trust in infrastructure and energy
3/ Development capital certificates
4/ Trust certificates for investment projects
5/ Stock-referenced certificates

Source: CNBV, with information from the RNV as of December 2020.

Debt market

The Mexican debt market registered a decrease of roughly 17.66% in terms of amount of debt placed, whereas the number of placements increased by 1.60%, regarding short-, medium- and long-term debt issues. The CNBV maintained an ongoing follow-up on the evolution of the market as a whole, as well as on the performance and regulatory compliance of its various participants.

OTHER PARTICIPANTS OF THE STOCK MARKET

Composition of the sector

Stock market entities are integrated by the market infrastructures, , which are considered systemic: S.D. Indeval, Institución para el Depósito de Valores (Indeval, institute for the deposit of securities), the Contraparte Central de Valores de México S.A. de C.V. (CCV, securities central counterparty) and the clearing house Asigna Compensación y Liquidación (Asigna); the stock exchanges and MexDer, MexDer traders and liquidating partners from Asigna; the price suppliers; the companies that manage systems to facilitate operations with securities (brokers) and the securities rating agencies.

Supervisory activities

- With regard to price suppliers, the Commission verified that their internal policies and their appraisal manuals allowed updating the price vectors in adherence to the current regulations in force, as well as the advances in the implementation of the modifications to the General provisions applicable to price suppliers, which will enter into force as of January 2022.
- At the beginning of 2020, the internal records on the custody and safekeeping of securities in Indeval were reviewed.
- Activities of extended reinforced monitoring were carried out for the sector of brokers, with the purpose of corroborating adherence to the regulations in their operational processes, the quality in the management, as well as their internal control systems.

- In general terms, the monitoring activities focused on the monitoring of operational contingencies and technological incidents.
 - Indeval. The review was carried out, regarding the processes linked to Indeval's obligation to provide the stock exchanges with information associated with the exercise of rights, as well as of the processes to inform on the feasibility of custodies of international securities listed in the international quotation system.
 - CCV. An analysis was made of the new measures and methodologies of the risk management system to determine the guarantees requested by the CCV, resulting from the transactions performed in the stock exchanges. Likewise, procedures were reviewed in terms of the settlement of transactions with securities, default periods and extraordinary settlement.

- Asigna. Specific follow-up was implemented based on the clearing house's resilience indicators, which includes the conformation of resources that make up the safety network, as well as compliance with margin requirements and with extraordinary settlements in cash. In addition, follow-up was given to the conformation of the minimal initial contributions during the contingency resulting from COVID-19.
- Stock exchanges. Follow-up on the operational contingency that took place in October 2020, as well as on the project to implement a common Disaster recovery plan in the BMV.
- Securities rating agencies. Follow-up was given to rating actions, implementation of processes and updating of their rating methodologies in the context of the economic crisis, as well as the rating process and inputs applied.

3.4.3.5. Innovative models

Innovation is one of the principles contemplated in the LRITF, a key element to achieve greater financial inclusion and promote more competition in the SFM. Likewise, the LRITF acknowledges the technological progress and the disruption that new technologies have had when providing financial services, which is why it also considers technological neutrality as a guiding principle, given that it promotes the development of new business models, through the use of different technologies.

The LRITF allows developing new business models, in a controlled setting, with the authority's support, offering regulatory flexibility to test new financial solutions and services under a temporary authorization, before requesting a permanent authorization. In Mexico, this space is known as the innovative model scheme (EMN), also known in the international context as Regulatory sandbox; it is one of the mechanisms that may be implemented in an innovation and modernization strategy for financial markets. To test that these models are in fact offering innovative services, the proposals from entrepreneurs need to be evaluated under certain eligibility criteria, which are part of the requirements established by the LRITF, such as the requirement for the model to offer a regulated financial activity, use technological tools or means, and represent an innovative proposal with solutions different from the ones already present in the market.

Likewise, these models must offer tangible benefits to their potential customers, that, for their development and implementation, take into account restrictions or obstacles under the current regulatory scheme, and that justify the need to operate under the EMN. Likewise, the model will have to contribute to achieving the principles of the LRITF.

During these two years, emphasis has been placed on disseminating this form and the advantages it represents to promote financial innovation.

Activities carried out

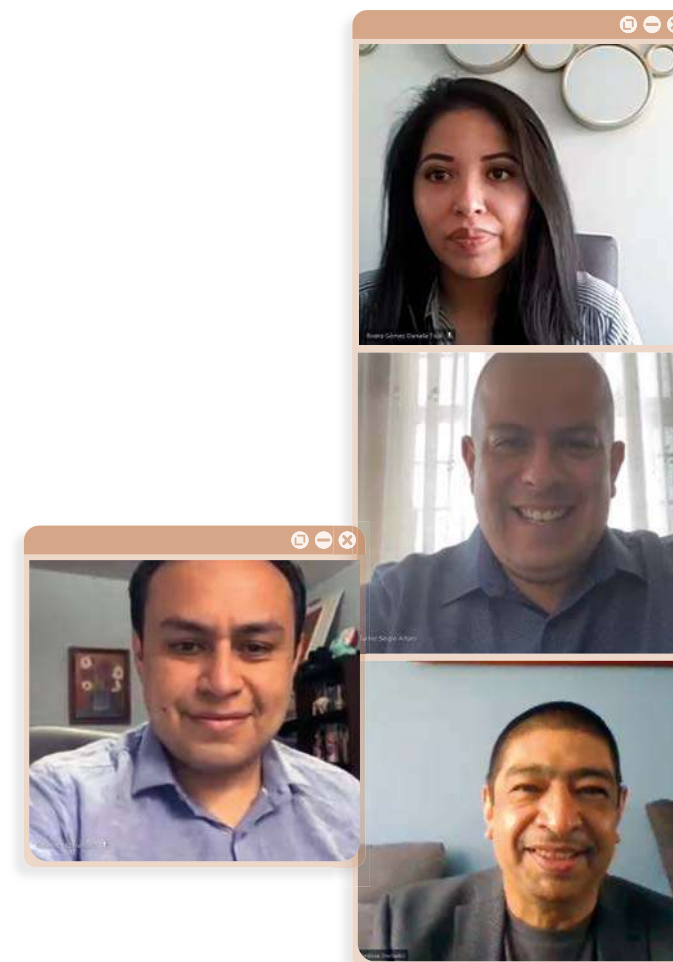
In 2020, various actions were carried out to promote and boost the EMN, as established by the LRITF:

- The Commission addressed the queries and consultations from 40 entrepreneurs interested in operating under the EMN, who were invited to present their business model, or else specific doubts were cleared, with regard to their venture, the EMN or the authorization process. This allowed strengthening the communications channel between entrepreneurs and the CNBV, so as to contribute to innovation in financial services.

- The CNBV is member of the GFIN (Global Financial Innovation Network) since 2019. Throughout 2020, the Commission participated in the quarterly meetings and in different discussion forums, in which member states exchanged their experiences and projects. On the other hand, the Commission participated as an observer in the Cross-border-testing that is been carried out by the GFIN, with the purpose of identifying best practices in terms of the Regulatory sandbox.

- It also participated in and contributed to different surveys, studies and discussion panels from international bodies such as the IADB, other financial authorities from other countries such as United Kingdom and Brazil, and specialized consulting firms, sharing their points of view and experiences in the design and development of the EMN, as well as the challenges and trials associated with the strengthening and implementation of this type of tools for the promotion of financial innovation, and the participation of entrepreneurs interested in said scheme.

- The Commission participated as a guest in the Sandbox Challenge, the first financial innovation contest, as part of the collaboration with the United Kingdom's Prosperity Fund Mexico Financial Services Programme, which was developed throughout 2020. More than 60 entrepreneurs took part in this contest, and after completing a process of documental and technical evaluation, six winning projects were selected as finalists, which received legal advice and business consulting from the contest sponsors, in order to complete their request for temporary authorization to operate as an innovative model.



3.4.4.1. Development of risk methodologies and analysis

The CNBV continued with its efforts to strengthen its risk analysis and develop tools, statistics and methodologies for the supervision and follow-up of the different risks to which the institutions are exposed.

In this sense, the risk measurement methodologies of entities in the financial system were developed and improved, based on international best practices and trends. Likewise, the Commission continued developing internal analysis products that allow identifying the risks to which entities from the SFM are exposed.

Among the main activities carried out, the following stand out:

- Optimization in the information processes to streamline the risk analysis of the entities; generation of detailed reports on the IBM, IBD and brokerage firms positions (liquidity, market and loan) and metrics for calculating their inherent risk, and participation in exercises organized by international bodies to learn about and implement best practices.

- Improvement of the market risk, loan and liquidity reports in terms of grading the entities in accordance with the CEFER matrix guidelines and with identifying risks within the financial system.

- Calibration and adjustment of the models for expected losses applicable to supervision scenarios (ES), in bank and portfolios.

- Sensitivity test for the impact on reserves of the loan portfolio as a result of the contingency resulting from COVID-19, as well as monitoring of the risk of loans registered in the CCE program.

- Update of the commercial portfolio's descriptive and risk reports, so that supervisors can count on a tool for analysis and follow-up in relevant aspects of the institutions they supervise, such as large exposures and their risk profile.

- Development and implementation of a report to follow-up on the limits established in the provisions for operations with related persons, as well as on the evaluation degree for IBMs of local systemic importance.

- Analysis and screening of the information to develop standard methodologies for expected losses applicable to popular savings and loan entities.

- Update of tools to validate the calculation of IBM reserves. Said tools will allow the supervisor to detect in a timely manner inconsistencies or relevant risks in the entities, as well as apply the corrective measures necessary without requiring an inspection visit.

3.4.4.2. Authorization of internal methodologies

Internal methodologies to calculate capital requirements and reserves due to loan risk, the stability of deposits and mortgage loan prepayments allow institutions to have models that reflect more accurately their risk profile, the value of their exposures and their sensitivity to various factors.

Likewise, internal models of housing sub-account for promotion bodies such as Infonavit and Fovissste are reviewed.

In the period reported here, the authorization process of methodologies and internal models was improved, to strengthen the proof of the annual technical evaluation of compliance with the requirements stipulated in the provisions for the use of internal models. This allowed the validation and follow-up of 29 models, which are reviewed and updated every year, possibly needing various information requests on these models.

In addition, in two regular supervision visits specific topics regarding internal models of commercial portfolio were validated, such as the validation of the scorecards and of the calculation of reserves.

With regard to the authorizations of the models, throughout 2020 the following authorizations were granted:

- Loan risk: five IBMs and one SOFOM E.R., for an aggregate of thirteen internal models authorized for different types of portfolios for the calculation of capital requirements and preventive estimates for loan risks.

- Mortgage prepayment: two IBMs.

- Stability of the deposits: nine IBMs and one IBD.

- Stability of the housing sub-account: two promotion bodies.

3.4.4.3. Capital adequacy assessment process

ESC to IBMs

14/ In June 2020, Banco Ahorro Famsa's authorization was revoked, which is why for fiscal year 2020 said institution was no longer considered.

As in previous years, in 2020 the CNBV performed the ESC-ES, which on this occasion included 50¹⁴ IBMs. The objectives of this exercise were the following:

- Encourage entities to incorporate into their management decisions, processes that contemplate comprehensive risk management.

- Verify that the institutions and the system have the sufficient regulatory capital to continue operating when facing adverse macroeconomic scenarios, as well as knowing the institutions' existing risks, growth perspective and operations.

- Raise awareness among institutions as to potential response strategies when facing adverse macroeconomic conditions, as well as create a culture of financial planning when facing these conditions.

Throughout 2020, and in general terms, the assessment maintained the same structure and analysis perspective of the banking business as a whole, directing the CNBV's efforts towards material topics from the viewpoint of supervision and comprehensive risk management. In this sense, the modifications made to the corresponding form sought to address concerns that came up during the previous assessment and the ones obtained from the risk assessment conducted by financial authorities. Below, we present the main modifications compared to the previous year:

- The projection period was maintained for the 2022 supervision scenarios, whereas for the internal scenarios the possibility of using a time window up to 2022 was established, or else using the administrative facility relayed by the CNBV to the institutions, thus projecting up to 2021.

- Information was required with a monthly time window, for the first six months of 2021, applicable for all the institutions under supervision scenarios (ES), and for those institutions that decided to carry out projections up to 2021 for their internal scenarios.

- Sections within the corresponding ESC form were simplified, requesting only non-consolidated information in some sections of the form.

- The information request was modified, regarding cybersecurity, focusing on qualitative information in connection with their mitigation strategies.

Likewise, the following points were incorporated, aligned with the international best practices in terms of cybersecurity:

- Exposure of banks to conditions that considered the economic effects caused by the sanitary and economic measures implemented to face the contingency resulting from COVID-19.

- Standardizing the way to group the registry to estimate the expected losses due to risks associated with cybersecurity.

- Request for qualitative information to learn about identification mechanisms for this type of risks, as well as the preventive measures every institution has, were the risks to materialize.

- Broadening the breakdown of the entities' exposure when facing risks linked to level three cybersecurity, considering: 1) estimation of direct and indirect losses; 2) recovery and mitigating factors in terms of every subclass of events, and 3) estimation of loss of profit and reputation deterioration in terms of type of risk.

Results of the assessment

As part of the results, ten vulnerable institutions were identified, which as a whole represented 0.4% of the system's assets as of December 2020, of which four presented a capital requirement due to capital vulnerabilities (ICAP) and six presented a capital requirement for net capital compliance.

In the results of the 2020-2022 ESC-ES, we observed the following:

- As the main response from IBMs faced to the negative impacts generated by moving macroeconomic variables, we observed a contraction in the portfolio's growth estimates and in other components of the balance sheet, as well as the reduction in the amount of dividends paid out.

- As a whole, resulting from the strategies established by the institutions for risk mitigation, the system showed a resilient capitalization profile, capable of facing macroeconomic conditions under pressure, since it maintained an ICAP above the regulatory minimum (10.5%).

- At the end of the exercise's projection period (December 2022), the ICAP in the base scenario stood at 16.62% and in the adverse scenario at 16.22%. This represented a drop of 1.08 percentage points (pp) for the base scenario and 1.48 pp for the adverse scenario, between December 2020 (last annual closing observed) and the end of the exercise (December 2022). These results can be explained by the different effects that the components of the net capital and of the total assets subject to risk (ASRT) had.

- Even considering said responses from the banking entities, and mainly due to the estimated effect on the portfolio's risk parameters of macroeconomic scenarios, the adverse scenario presented an ICAP lower than the one of the base scenario, as a result of the lower growth in the loan portfolio caused in turn by lower income; this lower ICAP, combined with higher expenditure in preventive estimates for loan risks (EPRC), caused a decrease in the profits generated, which in turn led to a lower net capital.

As in previous years, in 2020 the CNBV performed the ESC-ES exercise for the brokerage firm sector, which on this occasion included 35 entities. The objectives were the following:

- Verify that said entities have sufficient capital to operate, even under adverse economic conditions.
- Identify main vulnerabilities, individually and for the entire sector, as well as learn the entities' growth perspective and operation entities in different scenarios.
- Ensure that the entities incorporate into their management decisions, processes that consider comprehensive risk management.
- Raise awareness among brokerage firms as to potential response strategies when facing adverse macroeconomic conditions, as well as create a culture of financial statement projections in said conditions.

Likewise, modifications were carried out to the exercise, to incorporate improvements and address areas of opportunity detected in 2019:

- Integration of validators of quality in the information into the exercise's official form. This way, brokerage firms now have a tool to review and, where appropriate, to correct the results showing inconsistencies before every delivery, contributing to improve the quality in the information received.
- Incorporation of a section detailing the strategies implemented by the institutions to face the impacts caused by the contingency resulting from COVID-19 and their effects on the financial projections presented.

In the period reported, like in 2019, the CNBV displayed two macroeconomic scenarios for which each brokerage firm projected its financial statements and determined the ICAP's evolution based on the assumptions presented. As to the adverse scenario, specific guidelines were defined to strain the entities' projections, such as: 1) the application of a loss associated with a market shock; 2) restriction to the rise of fees charged for customer trading operations; 3) restriction to the rise of fees charged for financial advisory; 4) limitations to the income from the sales margin, and 5) limit to the decrease of administrative and promotion costs.

Based on the analysis of the exercise, five entities (1.4% of the system's assets in December 2020) were identified with vulnerabilities and will comply with a Preventive Action Plan (PAP):

15/ CUCB Article 10 – At no point in time may the net capital be lower than the minimum capital stock applicable under the terms of this article.
16/ CUCB Article 10 – Minimum capital stock registered and paid of the brokerage firms will be the equivalent in local currency of the amounts in investment units (UDI) specified below, based on the operations they carry out: (I) 3,000,000 UDIs, (II) 9,000,000 UDIs, and (III) 12,500,000 UDIs.

- Capital requirement due to ICAP and to net capital limits¹⁵ compared to the capital stock¹⁶ (one brokerage firm).
- Capital requirement due to limits in net capital compared to the capital stock (three brokerage firms).
- Capital requirement for minimum capital stock to operate (one brokerage firm).

The sector as a whole shows resilience in its projections. The ICAP reached its lowest level in the adverse scenario in March 2021 (20.56%).

The response from brokerage firms in the face of the negative impacts generated by the movements in the macroeconomic variables, such as the contraction of the securities portfolio and lower distribution of dividends, causes for the ICAP in the base scenario to be higher than the one in the adverse scenario.

In addition, the system's net capital is lower in the adverse scenario, given the losses observed in the net result, caused by a decrease in the operation volumes, in turn leading to a drop in the ASRT.

3.4.4.4. Reception, usage and analysis of information

Throughout 2020, the Commission continued optimizing the processes of reception, quality and usage of financial and operational information reported by the entities supervised, with the purpose of also improving its timely and reliable dissemination to the public at large, as well as counting on quality inputs to generate useful tools in the supervision of entities. By doing so, the Commission worked with special emphasis on improving the quality and timely manner with which entities send the information.

The CNBV has focused on promoting more efficient delivery - reception of regulatory information and within the timelines established in the applicable provisions, seeking higher quality in the information received. In this sense, the following stands out:

- Ongoing communication with the entities supervised, seeking to increase the quality of their information and offer solutions for sending regulatory reports.
- Development of new validators of the information sent by the entities, in accordance with regulations and to ensure the quality of the data.

- Strengthening of the methodologies for quality assessment of information, raising standards in the different sectors and incorporating more reports in the assessment.

- Improvement in the quality assessment files and notes of the information received.

- Generation of new regulatory reports for FTIs, as well as collaboration in the implementation of APIs in the Suptech platform, for their forwarding.

- Generation of new regulatory reports so that credit institutions that wish to do so, can adopt the new methodology for the calculation of operational risk.

- Generation of new reports in the SITI, updating fill-out instructions and catalogues so that credit institutions, SOFOM E.R., credit unions, SOCAPs and SOFIPOs could inform the CNBV of the credits that were offered CCEs, FCCs and PIRs, resulting from the contingency.

- Update of the Mexican Financial System Catalogue (CASFIM), in cooperation with the SHCP.

- Issuance of monthly reports on the results of the quality assessment (EVCAS) and observations for the entities supervised.

- Periodic maintenance to catalogues and validations for the reception of information through SITI, system through which the CNBV receives the regulatory reports.

- Update of reports and catalogues with a financial inclusion perspective, disaggregating information by gender, age, marital status, state, municipality and community.

- Update of the CEFER matrix, regarding the quality of the information for the sectors of IBMs, IBDs, credit unions, SOCAPs, SOFIPOs and bonded warehouses.

Usage and publication of information

The CNBV publishes the financial and operational information of the different entities under its supervision, based on the provisions in force, in the Information Portfolio. The information published seeks to be useful, relevant and timely, covering a universe of roughly 2,800 reports with information from fourteen sectors (IBM, IBD, SOFOM E.R., brokerage firms, bonded warehouses, credit unions, FND, investment funds, financial groups, SOCAP, SOFIPO, stock market, service companies and currency exchange offices), and from three that are currently no longer operating (leasing companies, factoring companies and limited-purpose financing companies (SOFOL)). In this sense, the following actions, carried out in the period reported, stand out:

- Changes in the usage tools in terms of CCEs due to COVID-19. In addition, 22 new validations for quality assurance were programmed for housing portfolio, applicable as of April 2020.

- Quarterly generation of the Institutional report of the sectors of financial groups and SOFOM E.R. in an Excel format.

- Information exchange with Banxico and the Institute for the Protection of Bank Savings (IPAB), monthly and bimonthly, based on the agreements to exchange institutional information.

- Improvements in the security of the databases for the usage of the information that the entities send periodically, regarding the 660 regulatory reports currently existing.

- Monthly publication of timely cards and historical series with the information from the entities supervised by the Commission, as well as the quarterly generation of the inputs to produce the Institutional report of the sectors of IBMs, brokerage firms, bonded warehouses, SOFIPOs, SOCAPs, credit unions, financial groups, SOFOM E.R. and investment funds, for its publication in the Technological Platform of Supervision (PTS).

- Optimization of the execution time in the Extract, transform and load processes (ETL) necessary for processing and consolidating the information received, as well as in the processes created to detect and report inconsistencies.

Analysis of information

Periodically, the CNBV generates analysis products to support the supervision and comply with its mandate to publish in a timely manner information from the sectors it supervises. Statistical bulletins, historical series and other analysis tools are produced monthly or quarterly. In this sense, what stands out in the period reported is the generation of press releases for subsequent publication, as well as of statistical bulletins.

Authorization process of FTIs

The Commission participated in the review and analysis process for the FTIs' authorization requests, in order to issue its opinion regarding the financial feasibility of the companies, by analyzing the financial projections and the applicants' business plan.

It also evaluated the projected financial statements and the main business assumptions, as well as simulations of different scenarios that tested their resilience, considering the impact of changes in macroeconomic variables and operative changes in the financial and capital profile of the entities proposed, thus seeking to foster the development of a stable sector.

3.4.5. AML/CFT Supervision

The CNBV supervises the AML/CFT rules of financial entities and other legally bound subjects, such as SOFOM E.N.R., currency exchange centers and money transfer companies, based on what is established in the financial laws and general provisions that derive from them. Throughout 2020, actions were implemented to have a more efficacious supervision in terms of AML/CFT. Details of the main activities carried out are presented below.

Authorization process of FTIs and requests for remote identification

Throughout 2020, the Commission continued issuing opinions in terms of AML/CFT, related to the authorization process of FTIs, which is why it analyzed the authorization requests presented by companies that intend to operate in accordance with the LRITF. In addition, the supervision in terms of AML/CFT of the first authorized EPFI was initiated.

On the other hand, by December 2020 the Commission received a total of 40 requests to carry out remote identification of customers or users, under the terms of the general provisions applicable to the sectors or following the various administrative facilities issued by the CNBV, in accordance with the following:

2020		
	Requests for remote identification	Requests for administrative facilities
Investment advisors	1	-
Money transfer companies	2	-
SOFOM E.N.R.	9	-
Credit institutions	5	8
Brokerage firms	1	3
Investment fund management company	-	1
SOFIPO	4	3
SOFOM E.R.	2	1
Total	24	16

Certification process in terms of AML/CFT

In 2020, the Commission followed up on the process of certification in terms of AML/CFT, which is directed at compliance officers, independent external auditors, internal auditors and other professionals that offer their services in said matter.

In accordance with the call published in the DOF on November 25 2019, two processes were to be carried out in 2020: 1) 1st Evaluation of the certification process, on September 26, with a total of 677 applications accepted, and 2) 2nd Evaluation of the certification process, on November 9, with a total of 551 applications accepted. However, said evaluation was reprogrammed because of the contingency resulting from COVID-19.

As a result of the process carried out, in 2020 279 certificates in terms of AML/CFT were issued.

The total number of people that have obtained their certificate from 2015 to date amounts to 3,789, of which 143 correspond to renewals of the AML/CFT certificate.

Percentage by sector of entities with certified compliance officers

Sector (number of entities)	With certified compliance officer
Bonded warehouses	87.0%
IBD	67.0%
IBM	100.0%
Brokerage firms	97.0%
Currency exchange offices	88.0%
Currency exchange centers	61.0%
FND	100.0%
SOCAP	75.0%
Distributing companies of investment funds	67.0%
SOFIPO	90.0%
Investment fund management companies	75.0%
SOFOM E.N.R.	45.0%
SOFOM E.R.	95.0%
Money transfer companies	88.0%
Credit unions	65.0%

Among the main supervisory activities carried out, the following stand out:

- Issuance of 804 technical opinions (583 for currency exchange centers, 25 for money transfer companies and 196 for SOFOM E.N.R.), to those entities that required them to proceed with their registration renewal.
- Review of 2,165 audit reports, sending 2,165 official letters with 37,695 recommendations to currency exchange centers, money transfer companies and SOFOM E.N.R., with the purpose of identifying deficiencies in their reviews and in the application of general provisions.
- Review of 450 audit reports on the financial entities that are also supervised in prudential terms. A total of 426 information requirements were issued to the legally bound subjects, with the purpose of identifying deficiencies in their reviews and in the application of general provisions, as well as 24 warnings because no findings were presented.
- Issuance of 177 technical opinions (fifteen for currency exchange centers, six for money transfer companies and 156 for SOFOM E.N.R.), to those entities that sought the granting of their registration.
- Analysis of the actions implemented regarding the findings or deficiencies found by the auditors, as a result of the review of the audit reports. This allowed to learn about the actions implemented by the entities to improve the effectiveness of the preventive regime.

3.4.6. Supervision of market behavior

Exercising its powers and supported by technical and legal elements, the CNBV conducts investigations on various acts that allegedly contravene the LMV and its provisions, with the purpose of achieving adequate supervision of the stock market safeguarding investors, and so that the stock market is equitable, efficient and transparent.

The activities that are carried out on different stock market participants for which there were indications of possible breaches considered investigation processes regarding trading and accounting, whose consequences were citation requests involving issuers, one auditor and various natural persons, due to alleged breaches to the LMV and to the CUE.

The breaches detected have to do with topics such as: 1) on several occasions not informing the CNBV of operations with securities above the amount equivalent in local currency to one million UDIs; 2) compliance with requirements when trading shares, and 3) non-compliance with accounting criteria and with auditing rules and procedures acknowledged by the CNBV.



Investigation visits

In addition to the entities supervised, the CNBV is authorized to investigate natural persons and/or legal entities that, without being a part of the financial sector, allegedly conduct activities that infringe financial laws, or else carry out operations and/or activities that require authorization and/or registration in accordance with financial regulation, without having these.

In this context, throughout 2020, considering the administrative measures taken in accordance with the respective agreements, for the continuity of the CNBV's activities during the contingency, 419 affairs were addressed because of indications of the aforementioned irregularities, performing various investigation acts, such as preliminary investigations, fact-finding verifications, technical analysis, reports and/or visits. Standing out here is the issuance of 30 reports of positive results that were sent to the area in charge of offenses and sanctions, as well as the notification of two orders to suspend operations to SOCAPs that did not have proper authorization.



AUTHORIZATIONS

4.1. Introduction

The CNBV has authorization and registrations capacities regarding financial entities, natural persons and legal entities that are part of its scope of competence, as well as companies providing various services. The authorizations granted refer to both the organization and operation of said entities and companies, and to the execution of various acts foreseen in the corresponding financial laws.

By exercising these powers, the CNBV proceeds with strict adherence to the applicable regulations and directs its actions towards guaranteeing the legality of the acts carried out by the entities and companies. This way, it contributes to building a financial system that is efficient, inclusive and open to competition, capable of providing a wider range of products and services based on the population's savings, loan and investment needs, and also promotes the sound and balanced development of the SFM.

Below, the main topics addressed throughout the year are presented, as well as the details of the authorizations the CNBV has issued in accordance with its powers in terms of authorization of new entities, corporate restructurings, corporate bylaws and reforms, operational, legal aspects and new issuances of the stock market.



Relevant topics of the year

Fintech Authorizations

Throughout 2020, conducive actions were carried out to follow up on the authorization process of the companies that filed for authorization in 2019, as well as to process the new requests presented in 2020.

Despite the temporary suspension of the deadlines to address proceedings conducted before the CNBV due to the contingency, the Commission continued performing the operational, financial and administrative reviews of said requests, without affecting the companies' authorization process.

On the other hand, following up on the authorization granted in 2019 for the organization and operation of NVIO Pagos, the Commission's approval was issued for said institution to start operating as an FTI.

In addition, two authorization requests to operate as innovative models were received, in accordance with the LRITF.

• 12 enrollments in the Registry of investment advisors, granting nine to independent legal entities and three to natural persons.

• 41 enrollments in the Registry of currency exchange centers and money transfer companies, of which 36 correspond to currency exchange centers and five to money transfer companies.

• 34 registration renewals in the abovementioned registry, of which 29 renewals were of currency exchange centers and five of money transfer companies.

On the other hand, the Commission officially recorded the start of operations of a company that manages systems to facilitate operations with securities: Bull & Bear Fixed Income S.A. de C.V and of the first EPFI, NVIO Pagos México.

4.3.2. Corporate restructurings

Throughout 2020, various projects of internal reorganization, functional restructuring and changes in the stock structures were completed by many financial entities, in a context of increased competitiveness in the global markets, demand for high-quality services and search for alternatives to reduce costs.

Said projects obtained the CNBV's authorization and included mergers, demergers, changes of control, acquisitions, stock restructurings, equity investments, as well as actions aimed at the integration of financial groups. Likewise, in those cases where it was the SHCP's power to authorize corporate acts, the CNBV issued the corresponding opinions, based on its own capacities.

Below is a summary of the corporate restructurings, whose details can also be found in Annex F (Corporate restructurings):

• 1 IBM was authorized to merge with another company: CIBanco.

• 2 IBM were authorized to demerge: Deutsche Bank and HSBC México.

• 4 IBM were authorized for various indirect share acquisitions: Bank of America, CIBanco, ABC Capital and Consubanco.

• 2 brokerage firms were authorized for various direct and indirect share acquisitions: CI Casa de Bolsa and Evercore.

• 4 opinions to the SHCP regarding the merger of financial groups: one for GF Santander and two for GF Banorte, as well as one opinion regarding the share acquisition of one financial group: GF Ve por Más.

• 1 investment fund management company was authorized for various indirect share acquisitions: CI Fondos.



Regular activities

4.3.1. New financial entities, registrations and recognitions

In accordance with its Law, the CNBV has authorization, registration and renewal capacities regarding different kinds of acts foreseen in the laws of the financial system. Among others, it has the power to authorize the organization and operation or functioning of the entities that constitute its scope of competence, as well as to keep the Registry of currency exchange centers and money transfer companies and the Registry of investment advisors, which is why throughout the year the legal, operational, economic, financial and administrative aspects of the requests presented were analyzed.

This resulted in granting authorization to one new financial entity and granting registrations and recognitions, whose details are included in Annex E (New financial entities and registrations):

• 1 SOFIPO: Préstamo Empresarial Oportuno, S.A. de C.V., S.F.P.

4.3.3. Corporate bylaws and reforms

In 2020, as a result of the verification of compliance with the applicable legal framework, as well as to reflect changes in corporate or company aspects (equity, name, corporate purpose, among others), in their regime or management, 56 statutory reforms were approved to a total of 46 entities from various sectors: 31 reforms to IBMs, five reforms to brokerage firms, seven reforms to investment fund management companies, one reform to a services company, seven reforms to SOFIPOs, one reform to a SOCAP and three reforms to credit unions, based on the content of Annex G (Reforms to corporate bylaws).

4.3.4. Operational and legal aspects

Over the year, authorizations concerning the operational and legal aspects of financial entities subject to the CNBV’s supervision and regulation were issued, as shown in the content of Annex H (Operational and legal aspects):

- 5 new commission agents: three for IBM and two for SOFIPO.

- 2 increases in equity investment from IBM.

- 2 opinions to Banxico.

- 4 authorizations for the substitution of representatives from representative offices.

- 106 authorizations to celebrate service provision contracts: 1) 65 from IBM; 2) two from IBD; 3) five from brokerage firms; 4) three from SOFIPO; 5) fourteen from SOCAP, and 6) seventeen from SOFOM E.R.

- 9 autocorrection programs authorized, eight were declared inadmissible and two were deemed not presented.

- 43 operational and legal authorizations: 1) 25 to the stock exchanges; 2) eight to credit unions; 3) three to SOFIPO, and 4) seven to bonded warehouses

- 19 opinions to the SHCP as part of the review process of acts whose authorization corresponds to the attributions of said agency.

- 5 requests to use reserved terms were denied, in accordance with the Law on Investment Funds (LFI) and one for the use of a reserved term in the name of one SOFOM E.N.R.

- 1 equity investment from a brokerage firm.

- 2 divestments: one to an IBM regarding the capital of a services company, and one to a brokerage firm regarding the capital stock of a property company.

- 2 approvals for remote identification of customers or potential customers of SOFOM E.R. and SOFOM E.N.R., ensuring they are natural persons of Mexican nationality.

17/ The amount does not include optional securities, structured securities, takeover bids, nor securities placed without public offering, nor indexed trust certificates.

In addition, authorizations were revoked, and registrations were cancelled, as specified in Annex I (Revocations and cancellations):

- 7 revocations on request: one to referring distributors of investment fund shares, one to operating companies of investment companies and five to representative offices of foreign financial entities.

- 21 cancellations of registrations on request of the interested party: twenty currency exchange centers and one money transfer company.

- 4 revocations of authorization due to breaches: an IBM, a SOCAP, a SOFIPO and a credit union.

- 1 recognition was revoked for one foreign company that carries out operations similar or equivalent to the companies that manage systems to facilitate operations with securities.

Likewise, the enforcement of the collateral was ordered in relation to the authorization request for the organization and operation of Banco Progreso Chihuahua, S.A., Institución de Banca Múltiple, for not having started operations, as a result of not having obtained the approval of corporate bylaws.

4.3.5. New issuances in the stock market

In accordance with the LMV, it is essential for any loan certificate or security to be registered in the RNV before being publicly offered or intermediated in the Mexican stock market. The CNBV is the authority in charge of organizing the RNV and with the power to carry out the registration of securities, as well as the update, modification, official record, suspension or cancellation of the enrollments carried out.

Likewise, the CNBV has the power to authorize public offerings of securities and public dissemination of the corresponding information by means of prospects, supplements, information leaflets, placement notices and informational notices, among others.

In exercising these attributions, throughout 2020, the CNBV issued stock authorizations for an estimated amount of \$373.15 billion MXN¹⁷, which are presented below and detailed in Annex J (New issuances in the stock market).

Shares

• Cox Energy América, S.A.B de C.V., carried out a primary public offering (initial public offering or IPO), worth \$452.67 million MXN.

• Sana Infrastructure Holdings México, S.A.P.I. de C.V. and CPPIB Infraestructuras Holdings México, S.A.P.I. de C.V. carried out a public takeover bid (OPA) for the shares representing the capital stock of Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V., worth \$50.40 billion MXN.

• Acosta Verde, S.A.B. de C.V. and Controladora Nemark, S.A.B. de C.V., carried out the registration of the shares representing their capital stock in the RNV, without public offering.

• Enverlis, S.A. de C.V. carried out an OPA on the shares of Bio Pappel S.A.B. de C.V. worth \$886.16 million MXN.

• General de Seguros, S.A.B., carried out an OPA on the shares representing its capital stock in order to cancel the registration of the shares in the RNV, for \$34.41 billion MXN.

• 20 updates to the registration of shares in the RNV, mainly as a result of modifications to the structure of the capital stock.



Trust certificates (CBF): development capital certificates (CKD) and real-estate trust certificates (CBFI)

• 1 IPO of CBFI with the FIBRA tax system, worth \$12.04 billion MXN.

• 4 initial placements of CKD for an estimated total amount of \$3.87 billion MXN.

• 80 additional placements made up of follow-on issuances, optional series and capital calls worth \$35.56 billion MXN.

Trust Certificates for Investment in Energy and Infrastructure (CBFE or FIBRA E)

• 2 initial placements of CBFE for an estimated total amount of \$26.48 billion MXN.

Trust certificates for investment projects (CERPI)

• 3 placements of CERPI through IPO with the restricted variation (restricted IPO) for an estimated total amount, corresponding to the initial issuance, of \$1.61 billion MXN.

• 27 additional placements made up of follow-on issuances, optional series and capital calls worth \$14.36 billion MXN.

CERPIs, created in 2016, are private equity investment instruments whose purpose is to carry out investments in projects and/or companies abroad.

Optional bonds and structured securities

• The CNBV registered 778 placements of series of optional bonds, for an estimated total amount of \$45.25 billion MXN, placed by four issuers: BBVA Bancomer, S.A., IBM, Grupo Financiero BBVA Bancomer (BBVA), Citibanamex Casa de Bolsa, S.A. de C.V., Casa de Bolsa, member of the Grupo Financiero Citibanamex, Scotia Inverlat Casa de Bolsa S.A de C.V., Grupo Financiero Scotiabank Inverlat and Banco Santander México, S.A, IBM, Grupo Financiero Santander.

• 21 placements of structured bank bonds for an estimated cumulative amount of \$3.92 billion MXN, by 3 institutions HSBC México, S.A., IBM, Grupo Financiero HSBC, Scotiabank Inverlat, S.A., IBM, Grupo Financiero Scotiabank Inverlat and BBVA.

It is worth mentioning that structured securities are financial instruments which give investors the possibility of obtaining yields higher than those of the market, but whose yield and even recovery percentage of the capital invested (partial or total) depends on the behavior of an underlying asset used as a reference (stocks, interest rates, commodities, foreign currencies, price indexes, among others).

This type of instruments means higher risk, and their demand is linked to the need for a certain type of investors to cover market risks or simply of those investors, among which we have the institutional and qualified ones, that seek higher yields as a reward for running higher risks.

Bank stock certificates (CBB) and certificates issued by State-owned companies and promotion entities

• 9 placements of CBBs carried out by 6 credit institutions, worth \$27.56 billion MXN.

• 4 placements of CBs issued by IBDs under a generic registration for a total amount of \$17.50 billion MXN.

• 3 placements of medium- and long-term CBs, issued by State-owned companies, worth \$10 billion MXN.

• 9 placements of CBs carried out directly or indirectly by promotion entities worth \$36.44 billion MXN.

• Seven placements of long-term CBs were carried out without public offering, worth \$16.45 billion MXN.

Obligations issued by banking institutions

• 1 IBM carried out two issuances of subordinated obligations non-convertible to shares, worth \$730 million MXN.

Other debt securities

• 6 placements of debt issuances guaranteed by the Federal Government for \$28.01 billion MXN, based on the content of Annex J (New issuances in the stock market).

• 1 debt issuance carried out by a multilateral body worth \$2 billion MXN.

Other securities: indexed trust certificates

• 1 issuance carried out by Banco Nacional de México, S.A., part of Grupo Financiero Banamex, Trust Division and BlackRock México Operadora S.A. de C.V., Sociedad Operadora de Fondos de Inversión, as trustor, whose benchmark index is the MSCI Mexico ESG Select Focus Index.

Throughout 2020, the Commission registered in the RNV ten cancellations of securities listing from the BMV to Bolsa institucional de Valores, S.A. de C.V. (BIVA).

Debt market

Short-, medium- and long-term stock certificates (CBs)

• 19 authorizations involving preventive registrations of short-term CBs in the RNV, under the placement program model, for a total of \$74.06 billion MXN.

• 39 placements of medium- and long-term CBs from various non-banking corporate and financial companies for a total of \$73.90 billion MXN.

• 7 placements of medium- and long-term trust CBs worth \$9.46 billion MXN, corresponding to asset-backed securities.

LEGAL ISSUES

5.1. Introduction

This chapter describes the main activities of the CNBV's legal management, which encompass: 1) safeguard adequate internal legal control, through legal counseling, with the purpose of ensuring that the CNBV's acts are properly founded and motivated; 2) issue offense opinions to encourage strict adherence to the applicable regulations by financial entities; 3) sanction them in case of non-compliance with financial laws; 4) represent the Commission to defend the legality of its actions in the legal or administrative proceedings in which it may be involved; 5) address the information and documentation requirements requested by the country's legal, tax or administrative authorities, and 6) conduct visits to the natural persons and legal entities that act against financial laws.

5



Relevant topics of the year

In legal matters, various issues were addressed, including the following that stand out because of their importance:

Fine on HSBC México

Imposition of ten fines to HSBC México, for not forwarding to the SHCP, through the CNBV, a report for every international transfer of funds received or sent by its customers, as well as a fine for forwarding reports for international transfers with errors. The total amount of the fines imposed, which have already been paid, amounts to \$50.2 million MXN.

Irregular financial technology institutions

In addition to the entities supervised, the CNBV is authorized to investigate natural persons and/or legal entities that, without being part of the financial sector, allegedly conduct activities or operations without proper authorization or registration, as established in the financial regulation. In this context, what stands out throughout 2020 is the spread and identification of companies, known as Fintechs that offer financial services, through platforms, applications and webpages, without authorization from the CNBV.

In this sense, investigation acts were carried out, which represented roughly 114 investigation files linked to different legal entities investigated. By having confirmed the allegation that they were acting against financial laws, 20% of said files led to the issuance of offense opinions or administrative sanctions and the remaining 80%, is still being reviewed and/or analyzed, to determine whether there is proof that a conduct infringing financial laws took place.

Revocation of Banco Ahorro Famsa

In the year reported, by means of official letter P329/2020 from June 30, the authorization to constitute and operate as an IBM granted to Banco Ahorro Famsa, S.A., IBM was revoked. Said revocation was contested before the Federal Court of Administrative Justice (TFJA) by members of the Famsa financial group (Grupo Famsa, S.A.B. de C.V., Impulsora Promobien, S.A. de C.V. and Geografía Patrimonial S.A. de C.V.) and is currently being reviewed by the Full Higher Court of said tribunal.

In addition, 27 constitutional guarantees lawsuits filed by savers of said bank were notified; these lawsuits contest the authorization's revocation. In 20 trials the temporary suspension was denied and afterwards in twelve of these trials, the definitive suspension was also denied. The remaining 7 trials are pending resolution.

Ruling of the SCJN with regard to state liability trials

18/ Art. 78 LACP. When according to the Commission there are irregularities of any kind in the SOFIPO, and it is determined that the interests of the savers are at risk, or else, when its stability, or its solvency in a significant manner, are being jeopardized, the president of the Commission will be able to immediately declare an intervention in management and designate the natural person that will take charge of said SOFIPO, as controller-manager. The controller-manager will have to inform the Committee for the Protection of Bank Savings, of the state in which the SOFIPO finds itself, in order for the controller-manager to adopt one or several of the mechanisms referred to by Article 90 of this Law.

The Second Court of the Supreme Court of Justice of the Nation (SCJN) ruled that the power contained in Article 78 of the LACP is a discretionary power of the CNBV, which is relevant, given that this represents the mitigation of a real risk for this authority to be sentenced to severance payment to the users of the financial system because of the alleged irregular activity when exercising its discretionary powers.

Likewise, SCJN issued its ruling confirming the Commission's regular activity, in the revocation of the authorization granted to Ficrea, S.A. de C.V., S.F.P. (Ficrea) to constitute and operate, given that, based on this, it is likely that the CNBV will not be sentenced in none of the cases of the SOFIPO and in other similar cases.

Follow-up on the bankruptcy filing and State liability claims related to Ficrea

The CNBV followed up on the bankruptcy proceeding filed by various savers.

Presided in the Fourteenth Court in Civil Matter in Mexico City (CDMX), under the responsibility of the designated trustee, the sale of the entity's assets, portfolio, real estate and auctions was carried out, which is why, by the end of 2020 seven payments have been made to the creditors of the extinct SOFIPO, acknowledged in the sentence of credit acknowledgement, level and ranking, on May 30 2016.

As to the payment of acknowledged creditors, from the distribution due to insolvency authorized on August 20 2020 by the Fourteenth District Judge in Civil Matter of the First Circuit in CDMX, by the end of 2020, the collection of 3,059 creditors has been carried out, which amounts to \$104.5 million MXN, and \$25.5 million MXN left pending payment, corresponding to 1,852 creditors.

In terms of the payment of secured obligations from the Prososfipo, in accordance with Article 105 of the LACP; the total number of creditors, as well as the amounts paid at the end of June, stands at 6,334 creditors paid for an amount of \$662.3 million MXN. With regard to the payment requests subsequently presented to the protection fund by the creditors, whose resources were established as part of a reserve created for such purpose, there are 95 creditors that have been paid for an amount of \$12.1 million MXN; four creditors remain pending collection for an amount of \$562,180, and six requests were ruled as inadmissible.

In addition, ten sentences were notified to the CNBV, ruled by the TFJA over matters processed in previous years, which were favorable to the Commission because the legality and validity of the act contested was acknowledged; seven of these sentences have been appealed by the plaintiffs by means of a constitutional guarantees lawsuit before the Collegiate Circuit Courts on duty.

Finally, with regard to claims for compensation filed against the CNBV for alleged omissions in the supervision of said entity, seventeen claims were presented, which were dismissed for having been filed after the deadline, and three of them were contested by means of nullity proceedings, in addition to a right of petition presented to the Commission, related to said SOFIPO.

State liability claims

• **La Perseverancia del Valle de Tehuacán, S.A. de C.V., S.F.P.**

In October 2018, the authorization for this entity to operate as a SOFIPO was revoked. However, to date there is no updated information at hand, as to the possible process of dissolution and settlement.
In 2020, 34 claims for compensation were filed and ruled as baseless; they were filed against the CNBV for alleged omissions in the supervision of said entity. These claims were contested by means of nullity proceedings before the TFJA, and they were ruled in favor of the CNBV, recognizing the legality and validity of the act contested.

• **Proyecto Coincidir, S.A. de C.V., S.F.P.**

The authorization to operate of said SOFIPO was revoked in November 2018. To date there is no updated information at hand, as to the possible process of dissolution and settlement. It is worth mentioning that throughout the year in reference, rulings were issued for 100 claims for compensation filed by the entity's savers, against the CNBV for alleged omissions in the supervision of said SOFIPO, of which 39 were contested by means of nullity proceedings.

• **Banco Bicentenario, S.A., Institución de Banca Múltiple**

A claim for compensation was received, filed against the CNBV for alleged omissions in the supervision of the IBM, which has now been settled.



Regular activities

5.3.1. Sanctions

The issuance of sanctions is one of the CNBV's powers that encourages activities, legal entities and natural persons to comply with the laws and provisions that regulate the financial system. The measures associated with reviewing the supervisory processes implemented in the past years have also had an impact on the number of sanctions imposed.

First of all, to improve efficiency, the CNBV has adopted a policy that states the following: sanctions must derive from infringing conducts and not refer to specific individual breaches. To this end, it is necessary to group the findings of similar origin into general conducts that enable a better classification of non-compliance conducts with sanctioning effects.

In this sense, the CNBV's supervision areas started to use their right to recuse themselves from sanctioning, established by different financial laws, which can be applied to breaches that are not qualified as serious according to the law, only if the supervised entities previously address the issues that drove the CNBV to act. Certain internal control measures are included among these breaches; they are recurrent in financial institutions and most of them are not classified as serious.

Exercising this power to sanction and as a result of the new policy, in the period reported 376 administrative sanctions were imposed, corresponding to admonitions, fines, suspension of operations and registry cancellations.

By the end of 2020, the aggregate total value of fines imposed was more than \$183.3 million MXN, which corresponded to 85.6% of the cases, whereas the remaining 13.6% corresponded to admonitions, 0.5% to suspension of operations and 0.3% to registry cancellations. (See Annex K, Sanctions).

5.3.2. Offense opinions

The Federation's Fiscal Attorney General Office (PFF) and Mexico's Attorney General Office (FGR), in addition to other authorities, required technical assistance throughout 2020, regarding those special offenses foreseen in the laws of the financial system. In this sense, the CNBV issued 97 offense opinions, of which 12.37% correspond to irregular deposit-taking activities and 87.63% to various other conducts. On the other hand, 37 opinions were positive so as to sustain, where appropriate, criminal proceedings. This allowed continuing with the corresponding procedures against the offenders of the reference laws.

Revision appeals, remissions, state liability, revocations and nullity proceedings

Throughout 2020, 332 cases were addressed, of which 22 correspond to revision appeals, 278 to nullity proceedings, six to revocation requests, 24 to state liability claims and two to remission requests, issuing the following resolutions:

- Nine resolutions regarding remission requests, presented in various years, all negatively, which confirms the sanctions imposed by this Commission.
- Resolutions of 127 state liability claims, involving extinct SOFIPOs (eighteen from Ficrea, 107 from Proyecto Coincidir, S.A. de C.V., S.F.P., one from Banco Bicentenario, S.A., Institución de Banca Múltiple and one from Caja 30 de Agosto, S.C.L., Cooperativa de Ahorro y Préstamo).
- Nineteen resolutions of revision appeals, of which in four of these cases, the overruling of the resolution contested was warranted, so that the authorities issued new resolutions properly founded and motivated; two other cases were dismissed and thirteen were confirmed.

With regard to the nullity proceedings whose defense was led by the CNBV throughout 2020, 155 sentences were received, of which in 29 cases the validity of the Commission’s acts contested was acknowledged.

In this matter, the sentences issued by the Judicial Power of the Federation (PJF), as well as by the TFJA stand out; they comprise relevant criteria for the purpose of the acts issued by this Commission in which the following was resolved:

- Final sentence through which the TFJA ruled to acknowledge the legality of the resolution contested, which states that there are no sufficient elements that allow modifying the meaning of the confirmation of the unfavorable opinion.
- Final sentence through which the TFJA ruled to acknowledge the legality of the sanctioning procedure, given that no elements of proof were submitted with which it intends to confirm the overreaching of its acts, unable to prove that in effect it complied with the regulations that were considered as breached.

- Resolution of the PJF, which ruled that the tax review was well-founded, considering that Article 390 of the LMV does not establish the time the authority has to issue administrative sanctions, which is why it does not infringe the principles of legality and legal certainty. Nevertheless, the law itself establishes a legal consequence resulting from the authority’s inactivity if it does not issue a ruling in the administrative procedure, creating the impossibility of imposing the corresponding sanction, which allows to protect those fundamental rights embodied in Article 16 of the Constitution.
In accordance with Articles 390 and 391 of the LMV, the authority’s sanctioning powers become void after five years, from the moment the infringing conduct occurs until the day the corresponding sanction is issued and notified, which is why said period may not be surpassed.
- Final sentence through which the TFJA ruled to acknowledge the validity of the resolution contested, given that the Court considered that the resolution dismissing the administrative revision appeal is in fact in accordance with the law, and that the petitioning party did not undermine the bases and motives of the resolution.
- Final sentence acknowledging the legality of the admonition of the subject sanctioned.
- Resolution of the PJF, which deems the tax review appeal as founded, in terms of the notion that the guarantee of legal certainty of Article 107 of the LIC is not contravened, given that this is taken into account with Article 109 Bis 1 of the Law in reference.

Constitutional guarantees trials (amparos)

In the period reported, the CNBV was summoned as competent authority to 1,785 constitutional guarantees trials (amparos): 505 were received in paper and 1,280 via e-mail; in 1,720 of them, acts as enforcing authority are contested (mainly associated with embargos or seizures of bank accounts ordered by the Unit of Financial Intelligence (UIF), Tax Administration Service (SAT), FGR and State Attorney General Offices, among others), and the rest, 65 trials, are specified below:

- 25 lawsuits in which the Commission was signaled in its capacity as authorizing authority, that is to say, that correspond to its own actions, among which the following topics are included: 1) publication of sanctions, and 2) payment of rights in terms of Article 29-E, section VII, of the Federal Rights Law (LFD), among others.
- A constitutional guarantees lawsuit filed by public officers from the CNBV against the Federal Law on Public Officer Salaries (LFRSP), the 2019 Federal Budget, and the Manual on Payments of Public Officers in Agencies and Entities of the Federal Public Administration, published in the DOF on December 31 2018, regarding the salary reduction and the cancelling of different social benefits, identifying deficiencies in some lawsuits, reason why eleven constitutional guarantees trials (amparos) have been ruled favorably and definitely, corresponding to previous trials.

- 27 constitutional guarantees lawsuits filed by savers from Banco Ahorro Famsa, S.A., Institución de Banca Múltiple, contesting the official letter P329/2020 from June 30 2020, through which the CNBV revoked its authorization to operate as an IBM. The Commission has argued that the procedure to revoke the authorization does not affect the natural persons that are users of banking and credit services, which is why the fact that they did not participate in the corresponding procedure does not violate their right to hearing.

- Four notifications of constitutional guarantees lawsuits filed by public officers from the CNBV against the Federal Law on Republican Austerity, in relation to the cancelling of different social benefits, of the Deputy General Directorates whose functions are not regulated in any Law or Regulation, as well as for the interdiction to work in the private sector for a period of ten years once the public office has concluded.

Among the resolutions, the following stand out:

- The Seventh Collegiate Court in Administrative Matter of the First Circuit issued its ruling on the constitutional guarantees trial in review 244/2019, declaring Articles 20, 21 and 22 of the Supervision Regulations of the Commission to be unconstitutional, by not establishing a time limit for the duration of visits made to financial entities, and leaving it to the authorities' discretion to determine their duration, thus violating the fundamental right of legal certainty foreseen in Article 16 of the Constitution.

- With regard to the sentence reviewed and approved by the Second Court of the SCJN, passed in the direct constitutional guarantees trial in review Nr. 540/2020, it was ruled that, among other things, it cannot be argued that there was any delay or omission in the CNBV's proceeding, or that its activity was irregular in the case of FICREA.

- With regard to the sentence reviewed and approved by the Second Court of the SCJN, passed in the direct constitutional guarantees trial in review Nr. 7106/2019, it was ruled that, among other things, the LACP grants the CNBV the power to intervene the companies when, based on its judgment, there are irregularities, consequently concluding that this is not a faculty that has to be adhered to if any hypothesis changes; rather, a technical appraisal has to be carried out by the Commission; that is to say, an analysis for the purpose of determining whether there are irregularities that can destabilize the financial system.

- The Fifth Collegiate Court in Administrative Matter of the First Circuit issued its ruling on the constitutional guarantees trial in review 41/2019, declaring Article 3, second paragraph of the General provisions applicable to entities and issuers supervised by the CNBV that hire external auditing services for basic financial statements to be unconstitutional. Said Article establishes that issuers, before the annual appointment or confirmation of the contracting of the external audit firm for basic financial statements, will have to monitor and document that said firms adhere to the referred provisions, which is why the principle of legal reservation is contravened, given that this attribution is exclusive for the Commission, whose faculties actually allow it to issue sanctions for breaches to the laws.

It is worth mentioning that from the Direct Constitutional Guarantees Trials in Review 7106/2019 and 540/2020, resulted the Theses published October 16 2020 in the Judicial Weekly of the Federation, in the following topics:

- Before exercising the discretionary power to intervene the SOFIPOs at risk, its right to hearing must be upheld, as well as the legal periods so that these entities have the opportunity to correct the irregular operations that were detected by the CNBV.

- The denial to intervene the SOFIPOs at risk does not constitute a cause for State liability, nor does it generate a right to compensation in favor of third parties, given the fact that this is a discretionary power granted by law.

- The power granted by Articles 78 of the LACP and 81 of the Supervision Regulations of the CNBV is discretionary, and therefore the principle of the State's financial command is upheld.

Civil and mercantile proceedings

In 2020, the CNBV initiated six civil and mercantile proceedings, corresponding to trials in which it demands the appointment of the liquidator and, where appropriate, the cancellation of the registration of a company before the corresponding Public Registry of Commerce in different States of Mexico. On the other hand, it was summoned as a third party called to trial.

At the end of the year, the Commission continued to monitor 161 civil and mercantile proceedings that remained in process, related to previous fiscal years.

Labor lawsuits

The CNBV is summoned in various labor lawsuits as defendant, codefendant or called to trial as a third party. In 2020 it was summoned to three labor lawsuits, two as employer, filed with the Federal Conciliation and Arbitration Council (TFCA), and one filed with the Federal Conciliation and Arbitration Board (JFCA), as a third party called to trial.

Since in the period reported there were lawsuits initiated in previous years still in process, a total of 60 labor lawsuits were followed up, of which seventeen are filed with the TFCA and the remaining 43 are filed before various Federal and Local Conciliation and Arbitration Boards.

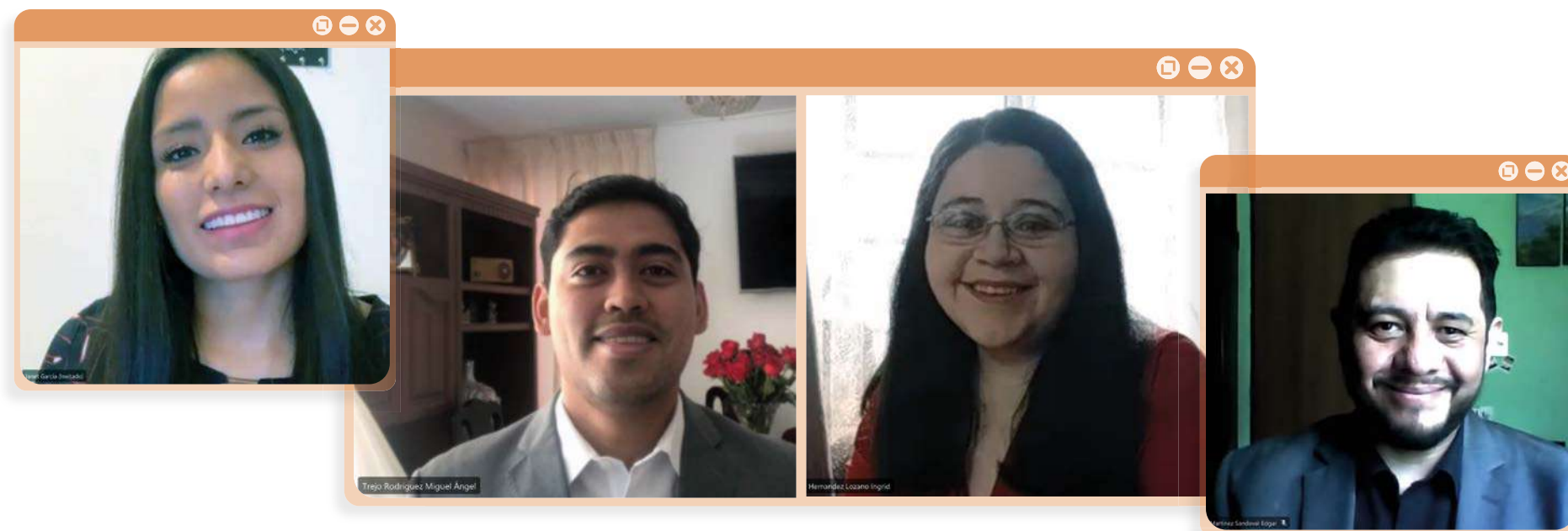
It is worth mentioning that the favorable resolutions in 2020 implied estimated savings for the CNBV of \$26.29 million MXN, in relation to the total number of social benefits claimed.

Administrative procedure, summons due to request for cancellation of registration of currency exchange centers, money transfer companies and investment advisors

In 2020, 53 legally bound subjects (51 currency exchange centers, two investment advisors and one money transfer company) were summoned for the cancellation of their registration. It is worth mentioning that the cancellation requests of currency exchange centers were due to the contingency resulting from COVID-19, given that they were unable to cover the costs of running a company and for not having a compliance officer.

Dissolution and settlement procedures of SOCAPs

Throughout 2020, administrative procedures regarding dissolution and settlement were initiated with 49 SOCAPs, classified as category D by the Focoop.



Attention to authority and private requests

In the course of 2020, roughly 1,500 requests were received, which were formulated by various authorities (judicial, public ministries and labor) that do not correspond to the blocking, seizing of accounts or to operations carried out by the public in the entities supervised, as well as by individuals, in which complaints and reports were made, which are not part of the CNBV's scope of competence, as they are conflicts between users and financial entities. By the end of 2020, 99% of said requests were addressed. It is worth mentioning that the number of requests received decreased compared to 2019 because of the contingency.

Transparency, information access and protection of data

Throughout 2020, the Transparency Unit received 703 requests (Information Access and Exercising Rights, also known as ARCO: Rights of Access, Rectification, Cancellation and Opposition) and 82 revision appeals against the responses granted by this body. All of the requests were addressed timely and in due form; of which 691 were presented by electronic means through the National Transparency Platform (PNT) and the remaining twelve were received in writing.

With regard to the revision appeals, these were resolved by the National Institute of Transparency, Access to Information, and Protection of Personal Data (INAI), in accordance with the following: seven dropped the appeal, nineteen confirmed the response of this subject bound by obligation, twelve modified it, 43 revoked it, and one remains in process.

On the other hand, the Index of reserved files was published on the Commission's website, corresponding to the second semester of 2019 and to the first semester of 2020, in order to comply with the applicable regulation in terms of transparency and access to public information.

As to the transparency obligations that were reported in 2020, the INAI notified that the CNBV reached the score of 100% compliance.

Procedures before the National Commission for Human Rights (CNDH)

In 2020, two procedures were taken before the CNDH, thus following up on ten procedures, which include eight that were still pending from 2019; of the total number of procedures, eight concluded in a favorable manner for the CNBV, as it was determined that this Body did not violate the human rights of individuals, leaving only two cases pending resolution.

It is worth mentioning that no recommendation has been issued by said human rights guarantor.



Throughout 2020, 133,786 requests were received from various authorities, which represented the issuance of roughly 5.4 million official letters addressed to the financial entities and an estimated 160,000 official letters of response to the authorities; as well as a total of 121,227 requests concluded by the end of 2020.

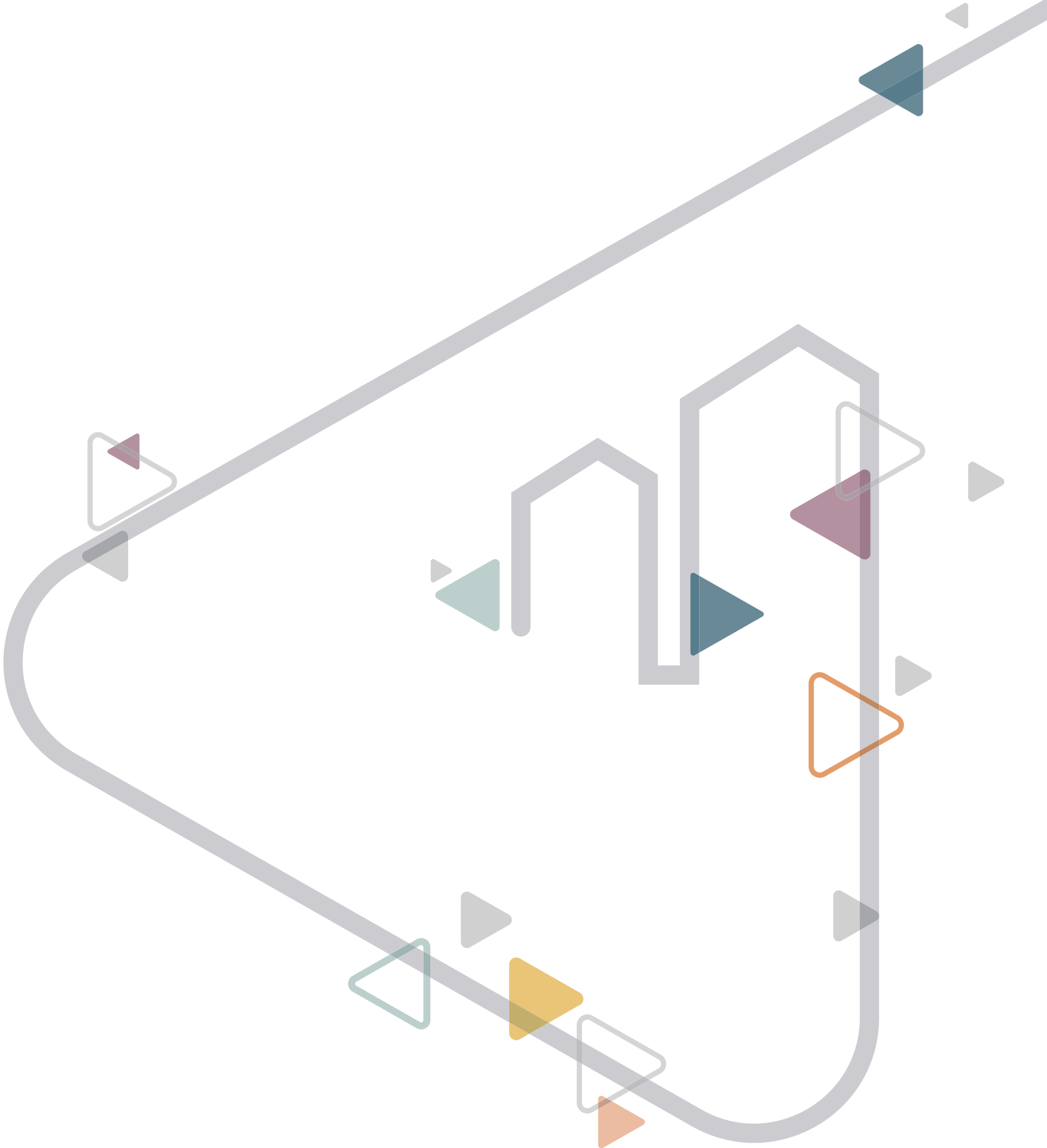
With regard to the incorporation of authorities in the System of Attention to Authority Requests (SIARA), thirteen new general authorities were incorporated, among which are the Judicial Power of the State of Aguascalientes with 30 courthouses, the Ministry of Finances and Administration of the Government of the State of Guerrero, as well as authorities, most with investigative powers which, with the recent reforms to the Anticorruption Law, now have powers to make requests to the financial entities through the CNBV.

This way, throughout 2020, we reached a total of 105 general authorities¹⁹ that were incorporated into said system, as well as 1,050 specific authorities²⁰. This has generated savings and reduced times when sending requests to the CNBV, as well as more security when handling the information there contained.

In this same order of ideas, training sessions were held for staff from the different Courts of Justice courthouses of the States, in order to incorporate the use of the SIARA system.

¹⁹/Judicial, federal tax and administrative authorities, referred to in Articles 142 of the LIC, 34 of the LACP, 44 of the LUC, 69 of the LRASCAP, 55 of the LFI, 73 of the LRITF and 192 of the LMV.

²⁰/Judicial, federal tax and administrative authorities, referred to in Articles 142 of the LIC, 34 of the LACP, 44 of the LUC, 69 of the LRASCAP, 55 of the LFI, 73 of the LRITF and 192 of the LMV.



THE CNBV'S LINK TO ITS ENVIRONMENT





6.1.

Introduction

This section contains the main results regarding four activities of great relevance: international cooperation, economic studies, financial inclusion and social communication.

First of all, the section presents the CNBV's participation in various schemes of international cooperation in terms of regulation and supervision, both financial as well as banking; it describes the relevant results derived from the existing links with bodies from abroad, as well as those obtained through collaboration mechanisms. This way, the CNBV seeks to strengthen its international cooperation with other homologous authorities and to consolidate Mexico's positioning in the world.

Secondly, the activities carried out in terms of economic studies are presented, which focus on strengthening the CNBV's regulation and supervision. This is being achieved by generating research on topics of interest for the institution, as well as producing technical documents aimed at improving the understanding of the SFM and supporting decision making, and by generating databases that allow evaluating the breakthroughs in the penetration of the country's financial system.

Also, the main activities carried out in terms of financial inclusion are presented here, whose objective is to promote greater access to basic financial services for the population on a national, regional and global scale.

Finally, the results of the dissemination of institutional messages through national and international mass media on the behavior of regulated and supervised intermediaries are presented, as well as the actions undertaken by the CNBV in fulfillment of its mandate.



6.2.

Relevant topics of the year

For the CNBV, permanent interaction with national and international bodies, involving its financial regulation and supervision tasks, as well as the generation of studies and surveys related to the financial system, are relevant instruments to continue allocating resources and deploying efforts in the ongoing improvement of its functions. This way, through its link with various instances, it receives feedback on its performance and contributes with its own experience. In this matter, the following actions stand out:

National Policy for Financial Inclusion

The Law to Regulate Financial Groups (LRAF) establishes that the National Council for Financial Inclusion (Conaif) is the entity responsible for coordinating and implementing financial inclusion efforts and actions, as well as issuing a National Policy for Financial Inclusion (PNIF). In this sense, in March 2020 the Conaif approved the new PNIF, which will be valid for the 2020-2024 period.

Issuing the PNIF was the result of the work done in the discussion sessions within the Conaif, in its Monitoring group and in six rounds of consultation with different professional associations and sectors.

In the same sense, the PNIF establishes the obligation to design annual work programs to schedule its activities and follow up on its objectives and goals, which is why the CNBV coordinated the activities to produce the PNIF's first Work Program. This program is composed of more than 150 actions, whose development covers the July 2020 - June 2021 period, providing the completion of 50 lines of action to make headway in achieving the National Policy's goals.

In addition, one of the PNIF's lines of action is to create a website to follow up on its implementation, which is why in 2020 we started working on developing it; the website will contain information for the public at large, financial authorities, financial institutions, professional associations, supporters of financial inclusion, academia, multilateral bodies and students.

Sustainable finances

The CNBV is committed to the Sustainable Development Goals (SDG) of the United Nations 2030 Agenda. In this sense, the Commission is a member of the Task Force on Nature-related Financial Disclosures (TNFD), which is defining the bases and the scope that this initiative will have once it is officially launched.

In the same sense, the Commission is committed to compliance with the principles of the Global Compact, which address the central themes of environment, anti-corruption, human rights and labor standards. This is why, with the support of TIER Sustainable Finance, it has worked on integrating information and analyzing the breakthroughs made in these topics, in order to implement actions for the compliance with said principles.

In addition, the CNBV is a member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) of the Global Compact, which is why it is actively working on the three work lines of the Sustainable Finance Task Force (STF) from IOSCO. Currently, the Commission represents this organization in the Advisory Council of the International Financial Reporting Standards (IFRS) Foundation.

In line with this, the CNBV has expressed its support of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in terms of the BCBS, it is member of the Task Force on Climate-related Financial Risks (TCFR).

Finally, the Commission leads the Task Force on Information Dissemination and Adoption of ASC Standards (environmental, social and governance standards) as part of the Committee on Sustainable Finances of the CESF, in which it supports and recognizes the need to have a set of unified sustainability standards and frameworks for the disclosure of financial and non-financial information.



6.3.

International affairs

Throughout 2020, the Commission implemented an international strategy, with the purpose of strengthening its relationship with international multilateral bodies and homologous financial authorities from abroad, as well as to establish a robust platform of cooperation with said bodies and authorities, by starting up the pertinent coordination mechanisms, enabling the CNBV to be acknowledged as a reliable and innovative financial authority, both nationally and internationally.

1. Memorandum of understanding with the Superintendency of Banks from Ecuador, signed January 31, 2020, in order to share information and facilitate the cooperation throughout the processes of authorization, supervision, revocation, inspection visits and crisis management of cross-border institutions.

2. Cooperation agreement with the University of Cantabria and the Foundation of the University of Cantabria for the Study and Investigation of the Financial Sector, on January 13, 2020, in order to promote the development of investigations and studies relevant for the SFM.

3. General agreement on collaboration and information exchange, with the Sparkassenstiftung from Germany, on February 14, 2020, for the development of activities of mutual interest in terms of financial inclusion and best practices for savings and loan cooperatives.

4. Addendum to the Memorandum of Understanding with the Superintendency for Banking, Insurance and Private Managers of Pension Funds from Peru, September 2, 2020.

5. Amendment to the Cooperation agreement between the financial supervisory authorities of the Crisis management group from Banco Santander, November 10, 2020, in order to authorize the participation of the Prudential Regulation Authority of the United Kingdom in this group.

Agreements on international cooperation and information exchange

The CNBV has the power to develop and negotiate legal instruments and agreements with international bodies or authorities from other countries with regulation and supervision functions that are similar to the Commission's. These cooperation mechanisms facilitate the exchange of non-public or reserved information, used to ensure regulatory compliance and the sound and adequate development of the financial system. Likewise, the agreements facilitate international cooperation to conduct inspection visits to entities located in other jurisdictions, through the competent authorities; implement coordinated actions of common interest; provide and receive technical assistance and share alerts on situations that could affect the stability of financial systems.

In this regard, in 2020, to contribute to the strengthening and the adoption of better regulatory and supervisory standards in Mexico's financial system, as well as to strengthen the cooperation with authorities from abroad, the CNBV signed the following cooperation instruments:

Presence of the CNBV in international bodies

The CNBV plays an active role in international bodies in charge of developing international standards and ensuring the stability of the global financial systems, such as the BCBS, two Standing Committees of the FSB, the Standing Committee on Standards Implementation (SCSI), the Standing Committee on Supervisory and Regulatory Cooperation (SRC) and in particular in connection with the measures adopted by the financial authorities to mitigate the effects of the contingency resulting from COVID-19 and with compliance of international standards in these conditions. A list of the CNBV's participation in the committees and task forces of international bodies can be found in Annex L (List of international committees and task forces in which CNBV officials participated in 2020).

In this regard, the President of the CNBV has played a leading role in bodies such as the Alliance for Financial Inclusion (AFI), where he participates as Vice-Chair of its Board of Directors since January 2020.

Also, throughout 2020 the Commission served as Director of the North America Region of the Association of Supervisors of Banks of the Americas (ASBA), whose confirmation with the financial authorities from the United States was upheld in the annual meeting of ASBA's General Assembly in September 2020, and since September 2019, the CNBV presides over the Fintech Working Group of the Growth and Emerging Markets Committee (GEMC) from IOSCO.

In terms of capital markets, the CNBV continues to play a leading role in IOSCO's Inter-American Regional Committee, for a two-year period, which allows it to take part in the decision-making process of the international regulatory agenda on this matter and was elected representative of IOSCO before the Advisory Council of the IFRS Foundation, for a period of three years, starting January 2021.

In addition, since 2020, the Commission is member of IOSCO's committee for finances and auditing (Committee 1 Issuer Accounting, Auditing and Disclosure), as well as of the Financial Stability Engagement Group (FSEG), which analyzes and investigates the impacts of COVID-19 on sectors relevant for capital markets, such as liquidity of counterparties, resilience of money market funds and procyclicality of scores from the securities rating agencies, among others.

Finally, the CNBV maintains a relevant position in the FATF's task forces.

• Organization for Economic Cooperation and Development (OECD) in terms of corporate management. Continuity to the actions to defend Mexico's compliance with the Anti-bribery Convention.

• UK Partnering for Accelerated Climate Transitions (UK PACT) Programme from the British government, with the support of the Climate Bonds Initiative and the Instituto Tecnológico Autónomo de México. Training given to five officials from the Commission, to develop a guide to best practices for the issuance of green, social and sustainable bonds. In addition, assistance was also provided by international cooperation partners, mainly by the Biodiversity Finance Initiative (BIOFIN) of the United Nations Development Program (UNDP), and by the German Corporation for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ) to make progress in the incorporation of sustainability criteria in the SFM.

• TIER Sustainable Finance. Support contributing to the implementation of those actions that may be required to achieve the goal of complying with the ten principles from the Global Compact, in order to measure the CNBV's progress in terms of compliance with these principles, as well as to identify existing gaps. The mapping carried out covered the CNBV's breakthroughs and gaps in two of the Global Compact's pillars: human rights and labor practices. Based on this, TIER will share a final report on its findings to disseminate it inside the Commission, to subsequently map the two remaining pillars of the Compact: environmental impact, anti-corruption and ethics.

Technical assistance projects

In the period reported, the CNBV coordinated with international financial bodies, technical assistance projects to address sectors that are critically important for the Commission, among which the following stand out:

• Prosperity Fund Mexico Financial Services Programme. Collaboration with the United Kingdom to develop regulatory standards for APIs, the CNBV's Suptech Platform project, and to carry out the first innovation contest in Mexico to advertise the innovative model scheme (sandbox) provided for in the LRITF.

• World Bank. Technical assistance to the CNBV in developing a roadmap to reach the full potential of Suptech tools in terms of AML, monitoring of loan risk and fraud prevention. This collaboration also covers the strengthening in terms of technological supervision, which is why on November 18, 2020 an introductory workshop with the participation of more than 100 CNBV officials was carried out.

• Corporación Andina de Fomento (Development Bank of Latin America). Collaboration from Q4 of 2020 to Q1 of 2021, with the purpose of identifying projects that foster the incorporation of projects to the regional sandbox. In addition, with this development bank, we have started to work on identifying corporate management practices in the countries of the Pacific Alliance in order to identify pertinent standardization areas.

• United Nations Office on Drugs and Crime (UNODC). Implementing technical consolidation programs through its Global Programme for Combating Wildlife and Forest Crime.

International training

Throughout 2020, more than 65 international training courses were given, both virtual and in-person, which included topics such as: sustainable finances, technological innovation (use of cloud, supervisory and regulatory tools with digital tools), measurement and monitoring of financial risks, corporate management, PC (contingency plans), supervision and regulation of capital and derivatives markets, regulation of infrastructures for financial markets, international standards for financial information, corporate management, protection of the investor, anti-money laundering, among others.

This has led to the coordination of the Commission with various international bodies and homologous authorities from abroad such as the Financial Stability Institute (FSI), ASBA, AFI, IOSCO, Ibero-American Securities Market Institute (Instituto Iberoamericano de Mercados de Valores, IIMV), North American Securities Administrators Association (NASAA), Bank of England, Bank of Spain, OECD, Commodity Futures Trading Commission (US CFTC), among others.

In terms of sustainable finances, the Commission has counted on the international cooperation from: BIOFIN, Global Green Growth Institute (GGGI), South Pole Carbon Mexico, World Resources Institute (WRI), United Nations Global Compact, CDP, World Wild Fund for Nature (WWF), the British government and GIZ.

Information exchanges with authorities from abroad

In 2020, the CNBV processed 53 information exchange requests with homologous authorities from abroad, of which 37 were information requests made to the Commission and sixteen were sent by the Commission to authorities from abroad.

The topics consulted most frequently consisted in investigations on market conducts and suitability of candidates to occupy posts in financial entities. Meanwhile, the requests made by the CNBV had to do with background checks to determine the suitability of individuals to occupy positions in financial entities.



Research and economic studies

Throughout 2020, various information and analysis activities involving relevant topics for the financial system were carried out, with the intent to broaden the information archives for the public at large, as well as to support substantive tasks and decision-making processes.

Periodic reports

The CNBV continued generating periodic reports and analysis for internal use. For instance, the Weekly report on the economy and markets, which presents economic and financial indicators of the main stock markets in the world, as well as relevant events in the economies of Mexico and other countries.

Furthermore, with the purpose of providing an overview of the financial system as a whole, we continued generating the monthly reports: 1) Perspectives of the financial sector in Mexico; 2) Mexico's macroeconomic perspective, and 3) Report on expectations of the global economy and Mexico's economy. The first report presents a selection of statistics on the sectors regulated by the CNBV; the second one compiles relevant

indicators of the Mexican economy, and the third one summarizes the forecasts for economic variables for Mexico as well as for the global economy, in addition to information on risks, whose sources were various surveys and national and international institutions.

On the other hand, the Commission started generating a new weekly report to monitor market indicators associated with the evolution of the contingency resulting from COVID-19.

Report on financial savings and financing

The CNBV published on the Commission's webpage four reports on financial savings and financing, with figures updated as of September and December 2019, as well as up to March and June 2020.

It is worth mentioning that said reports showed statistics on the historical evolution of savings and financing in Mexico, which were channeled through the various intermediaries that constitute the SFM. The reports were based on quarterly information from September 2000 to the date of its publication.

Macroeconomic scenarios for stress exercises

In 2020, with the purpose of evaluating the institutions' financial strength, in economic and financial stress scenarios, the Commission participated in reproducing macroeconomic scenarios for the stress exercises of brokerage firms and IBMs for the capital adequacy assessments with supervision scenarios.

In addition, it carried out a comprehensive review of the projections of macroeconomic and financial variables that are carried out by IBMs to generate the ESC-EI, in order to learn the short- and medium-term risks that credit institutions are identifying.

Participation in forums, events and task forces

In the period reported, the Commission continued participating in discussions and generating documents on economic and financial topics, in coordination with other regulators and supervisors from various jurisdictions and international bodies.

The National Survey on the Financing of Companies (ENAFIN) is a tool that allows generating indicators regarding the use of and the needs for financing, as well as the needs for other financial services that the country's companies have. The survey provides information on a national level, as well as disaggregated by company size, by sector of economic activity or by size of locality of 50,000 or more inhabitants.

Taking into account the above, in 2020 the Commission started making all the necessary arrangements to carry out the survey in 2021, so as to have updated information on various indicators regarding the use of and access to financing.



Financial inclusion

The CNBV contributes to financial inclusion by providing information on the status financial inclusion has in the country, by conducting studies on the dimensions that constitute it: access, use, protection and financial education. Furthermore, the Commission works as a consultive body for the Federal Government in topics related to the SFM's sound and balanced development, in its capacity as Executive Secretary of the Conaif and as a member of the Committee on Financial Education. Finally, the CNBV participates in international bodies involving financial inclusion and education.

National Financial Education Strategy

The figure of the Committee on Financial Education (Committee) was established in the LRAF; its objective is to achieve a National Financial Education Strategy (National Strategy) and coordinate the efforts, actions and programs on financial education of its members.

In view of the foregoing, the CNBV in its capacity as member of the Committee, participated in the meetings of the Committee, as well as in those of its Monitoring, development and research group, in which a new National Strategy was completed, which was incorporated into the National Policy.

National Survey on Financial Inclusion

Every three years since 2012, the Commission conducts the National Survey on Financial Inclusion (ENIF) in coordination with the INEGI. The survey is the main source of information on the demand of access and use of financial products and services, means of payment, economic-financial skills, financial wellbeing, and protection of the consumer, among others.

In view of the foregoing, in the period reported, the CNBV started preparations for the 2021 ENIF survey, through work sessions with the Conaif's Monitoring group for financial inclusion, with members of the Committee on Financial Education, INEGI and with the Discussion table of the academic sector.

Publications on financial inclusion

The CNBV publishes information on financial inclusion and economic-financial skills, with the purpose of disseminating data and studies on this matter to arouse interest and further its understanding in the public at large. In 2020, it published: 1) 2020 Annual overview on financial inclusion; 2) four quarterly reports on financial inclusion; 3) four quarterly bulletins on financial inclusion; 4) two studies on financial inclusion, and 5) four case studies on innovation in financial inclusion.

Award for essay on financial inclusion

The Conaif, through the CNBV, developed the first edition of the Award for the Essay on financial inclusion, to foster the reflection, investigation and analysis, on this matter. The award was launched in collaboration with the Center for Research and Teaching in Economics (Centro de Investigación y Docencia Económicas, CIDE), ABM (Banks of Mexico Association), Confederation of Savings and Loan Cooperatives of Mexico, Mexican Association of Popular Financial Companies and the Sparkassen Foundation for International Cooperation.



Social communication

On this matter, throughout 2020 the Commission led efficacious and efficient institutional communications efforts, internally as well as externally. To this effect, the processes generating the information were strengthened, unifying the Commission's messages to make these more related to its identity as the SFM's regulatory and supervisory body. As a result of these efforts, the topics and actions carried out are presented.

A total of 366 information summaries were generated and distributed among CNBV officials, with the purpose of keeping them informed. This was carried out with the help of an ongoing monitoring of electronic media and news websites, both national and international. Also, a total of 7,300 information alerts were generated.

On the CNBV's Website, 29 publications were made in the blog section, and 97 in the Press section: 63 statistical press releases, 29 informative and circumstantial press releases and 5 joint press releases with other agencies from the Mexican government.

In terms of the campaigns on institutional social media, throughout 2020 the Commission coordinated the following topics:



- 25th anniversary of the CNBV.

- Presentation of the National Policy for Financial Inclusion.
- Extension of the CCEs.
- Publication of the CCEs resulting from the COVID-19 emergency.
- Regulatory flexibilizations in terms of capitalization.
- AML/CFT Certification.
- National Financial Education Week.
- Studies on financial inclusion.

- Annual overview on financial inclusion.
- Notices on entities authorized and in authorization process (pending authorization).
- National mourning (COVID-19).
- National Evaluation of Risks and National Strategy for Combating Money-laundering and the Financing of Terrorism.
- Participation in the 83rd Banking Convention.
- Report on financial savings and financing in Mexico.
- Recommendations for not having any dividend payout (COVID-19).

- Notice on the commission agents authorized.
- Award for the essay on financial inclusion.
- Innovative models and regulatory sandbox.
- New set of measures for credit restructuring.
- Bulletin on financial inclusion.
- Alerts on apocryphal official letters in the name of the CNBV.

On the other hand, in accordance with the directions of the SHCP, the CNBV participated in various communication campaigns of the Mexican government:

- *Quédate en casa* [Stay at home].
- Counseling on the work situation in the face of COVID-19.
- Bank accounts for young people.
- International LGBTTTIQA+ pride day campaign.
- Campaign for the savers of Banco Ahorro Famsa.
- 250th Anniversary of the *Lotería Nacional*.
- Hotline against human trafficking.
- Second Annual Federal Government Report.
- National Financial Education Week.
- International Day for the Elimination of Violence against Women.

In terms of the reach of the CNBV's message based on the institutional social media accounts, throughout 2020 followers on all platforms increased:

- **Twitter**
Increase from 200,000 to 220,400 followers (10%).

- **Facebook**
Growth from 11,500 to 30,000 followers (160%).

- **LinkedIn**
Increase from 2,800 to 20,300 followers (625%).

- **YouTube**
Went from 1,160 to 1,550 subscribers (34%).

- **Instagram**
Increase from 368 to 880 followers (139%).

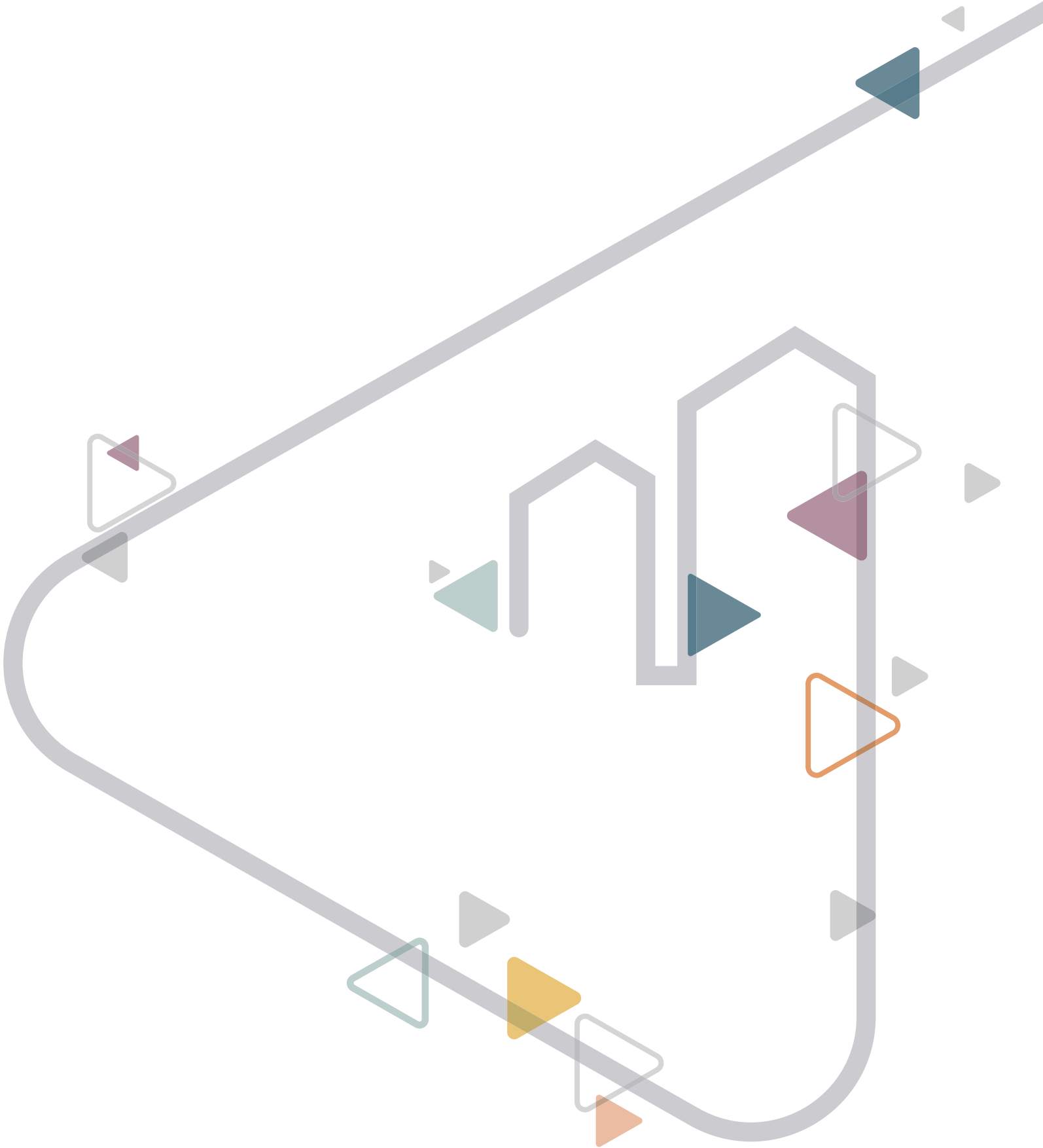
As to the monitoring of the information with CNBV mentions, 13,408 mentions were detected in various mass media:

- 3,643 in national newspapers.
- 8,259 in websites.
- 927 on national radio.
- 425 on national TV.
- 154 in national magazines.

In addition, in 2020 actions to improve the institutional image and identity were carried out:

- Support to the participation of CNBV officials in various media.
- Design of documents to establish graphic styles of communication, in line with those defined by the Mexican government and the SHCP, without losing innovation and creativity of the inputs.
- Support to the participation of the President of the CNBV in events organized by representatives of the financial sector and support to address various interviews and conversations with media outlets.

We also continued managing the CNBV’s institutional website, including generating, reviewing and updating various contents. One of the relevant facts about these actions that stands out is the fact that throughout 2020 more than 11.6 million views were generated by more than 1.7 million users.



MANAGEMENT

7.1. Introducción

This section describes the main administrative activities, acknowledging their importance for the proper functioning and good performance of the Commission in 2020, in a framework of efficiency, transparency, austerity and accountability. The know-how, experiences and aptitudes of all the personnel stand out, to create a work environment that is both appropriate and coherent with the CNBV's principles and objectives.

7

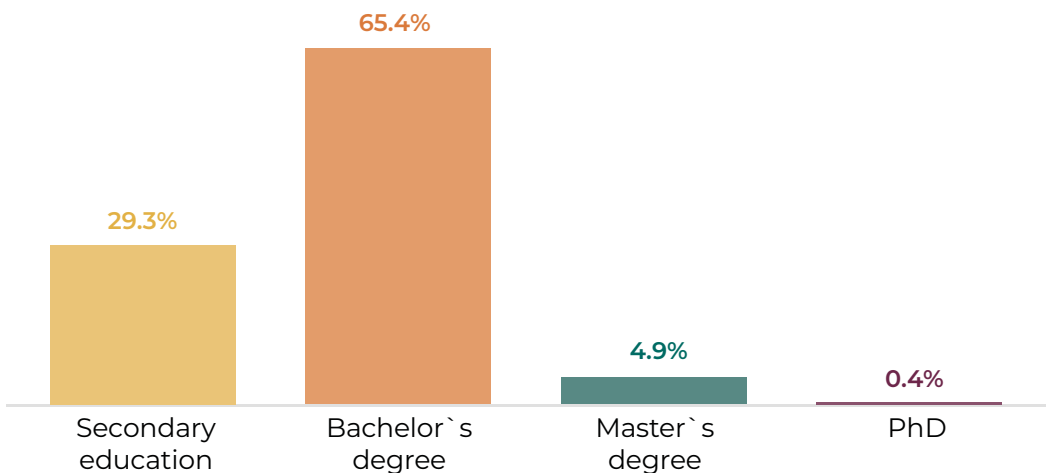
The CNBV considers human capital to be a key factor to achieve its objectives and comply with its responsibilities; human capital remains its main asset, and it is made up of 1,408 public officers that work at the Commission.

It is important to highlight that since 2003, the Commission has a

Professional Career Service (SPC), which is a mechanism to guarantee equal opportunities in the access to public office, based on merit and with the purpose of fostering the development of public office for the benefit of society. Up to the period reported, the institution has 765 positions subject to SPC, representing 46.3% of its total workforce.

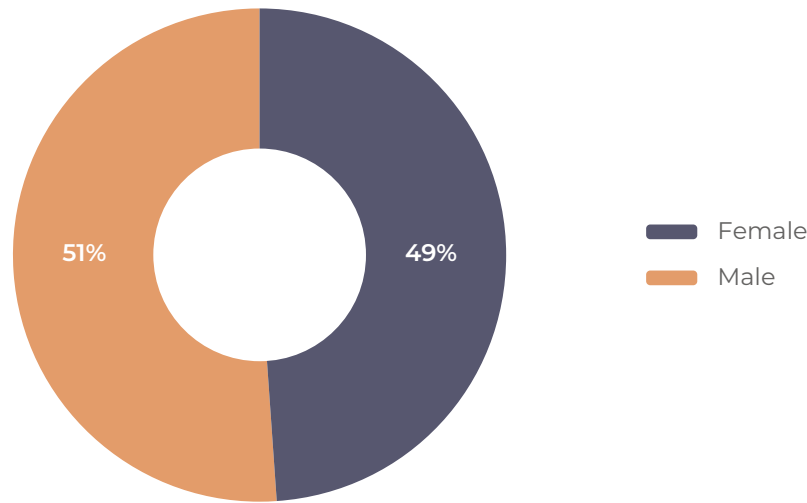
Personnel profile

Distribution by education level



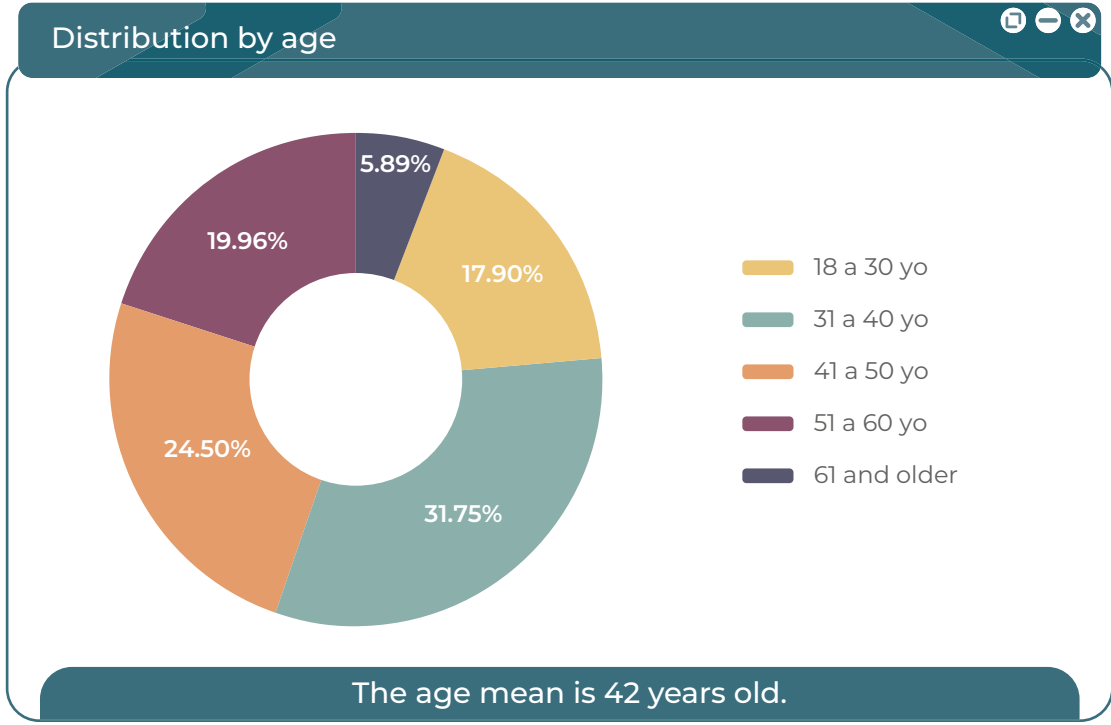
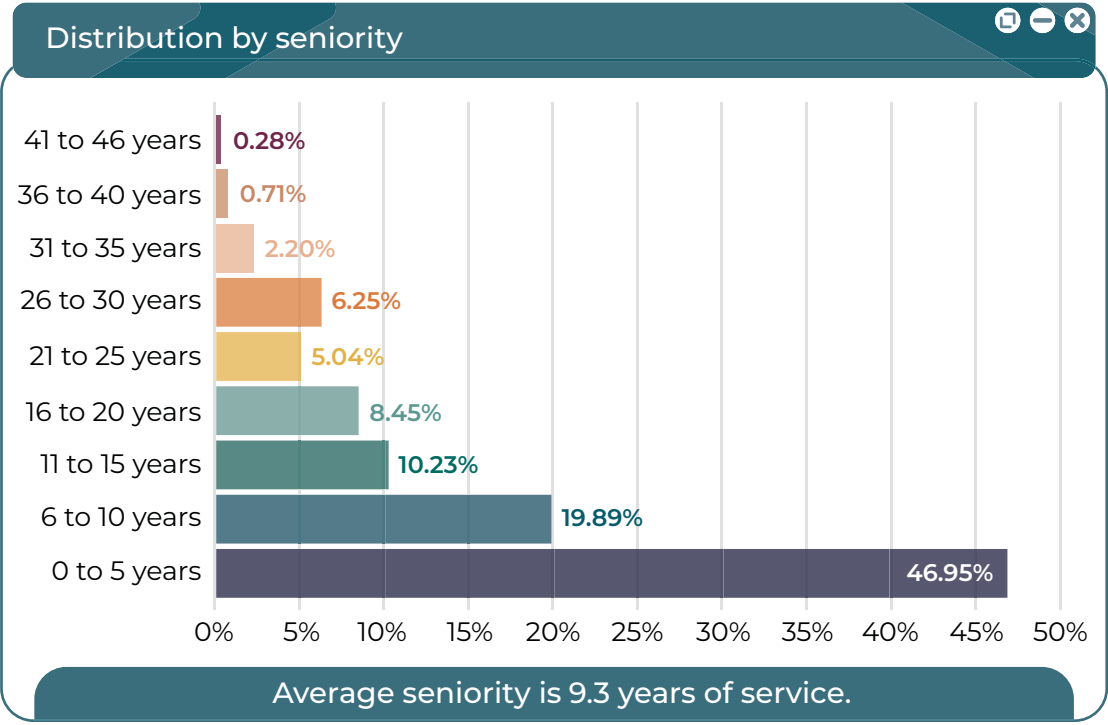
70.7% of employees has professional studies.

Distribution by gender



Distribution by area





Occupation of job openings

The Commission has designed strategies that allow engaging the best candidates to fill the job openings in its organizational structure; at the same time, it seeks to recognize in-house talent, professional career and experience of its public officers through promotions to fill job openings.

In terms of acknowledgment of in-house talent, it is worth highlighting that 44% of job openings was filled through promotions to internal staff.

On the other hand, with the intent to support and contribute to strengthening the different areas of the CNBV, we have the Program for

Social Service and Internships, benefitting 293 students, enabling the promotion and generation of tools to develop professional skills among students.

In 2020, this Program had to operate remotely, in line with the provisions established by the Federal Government and the statement released to that effect by the educational institutions, specifying that the providing organizations must privilege remote work in the Social Service Programs, to safeguard the students' health.

Compliance with republican austerity measures

Since 2019, the President of Mexico established republican austerity as a paramount value and guiding principle of the Mexican civil service, by enacting various provisions and regulations in terms of austerity in the use of Federal public resources.

In accordance with this and the provisions issued, in the 2020 fiscal year the CNBV complied with the austerity measures, achieving \$248 million MXN in savings to the budget in personnel services.

Actions in light of the contingency resulting from COVID-19

In 2020, resulting from the contingency, the Commission implemented internal complementary actions and with its staff, in accordance with the provisions and communication from the health authorities, to avoid infections in the active staff, facilitate remote work and for operations of the Central filing office.

- Operating remotely. The CNBV implemented remote operations by providing VPN links (Virtual Private Network), communication tools and information channels with the entities supervised. On the CNBV's staff computers a safe and permanent access to the Commission's network and computer systems was activated with the use of VPN. Likewise, the staff was equipped with collaboration tools, such as Microsoft Teams, to make calls and attend virtual meetings on the Internet. By the end of the fiscal year, there were 1,300 active VPN connections and an intense use of calls and virtual meetings. In terms of the communication with the entities supervised, the CNBV used Sharepoint to implement twelve channels and 1,400 microsites for information exchange purposes.

- Reception of information in the Central filing office by electronic means. In light of the contingency, the Central filing office remains closed, which is why the CNBV set up for the authorities, entities supervised and public at large, mailboxes so that the correspondence that used to be delivered physically could be received electronically, thus reaching the pertinent areas at issue. This scheme of work allowed addressing all the requests received throughout the year, significantly reducing the volume of printed documentation.





- Preventing infections. In addition to the sanitary measures established by the health authorities (use of thermal scanners to measure body temperature, mandatory use of masks, hand hygiene, applying hand sanitizers and social distancing), the CNBV monitored the staff that got infected, immediately and temporarily isolating coworkers with whom they were in contact.
- In this sense, the CNBV encouraged its personnel to work remotely, except for the personnel that, due to the nature of their functions, was required to perform them at the Commission's facilities. As a result of this, the daily average of coworkers that went to work in the facilities was below 100.



Regular activities

7.4.1. Human, material and financial resources

Human resources

Training activities

In order to strengthen the technical and managerial skills of the CNBV staff, throughout 2020 an Annual Training Plan was designed and executed, integrated by 937 training actions.

Actions		
Program	Objective	Actions
FSI Connect	Provide an online learning program for the regulation of the financial sector and its supervision, directed at the global community of supervision, with round-the-clock access from any location.	20,346 hours of training corresponding to 609 tutorials taken by 466 public officers.
SICAVISP	Develop know-how and expertise of public officers and skills on topics related to their functions, in addition to those that are cross-sectoral in the Public Administration.	11,291 hours of training in 9 courses taken by 349 public officers.
Gender equality	Contribute to building a culture of equality and respect for the rights and freedoms of all individuals, based on the understanding of the right to equality and non-discrimination.	782 hours of training in 30 courses taken by 81 public officers.

Actions		
Program	Objective	Actions
CNDH	Contribute to creating a culture of respect for human rights by educating and training people about their rights.	4,805 hours of training corresponding to 20 courses and 5 diploma programs taught to 92 public officers.
International training	Update of technical and specialized know-how, through collaboration agreements signed by the CNBV with international homologous bodies.	6,071 hours of training, divided into 29 courses taken by 476 public officers.
INAI	Improved know-how in terms of transparency, access to public information, personal data protection and related topics through the training offered by the INAI.	790 hours of training in 13 courses taken by 137 public officers.
Internal training	Strengthened expertise so that the personnel can acquire, reinforce and/or update the technical and specialized know-how required for improved performance in their position, with the perspective and the needs of the Body itself.	2,096 hours of training, in 11 courses taken by 267 public officers.
Diploma course in financial education	Learn the central themes of financial education: budget, savings, credit, investment, insurance and retirement, as well as fraud prevention.	7,650 hours of training in 1 diploma course taught to 51 public officers.
Diploma course in Evaluation of public policies and programs	Learn the use of evaluation processes, through rigorous methodologies here explained, so that they have the elements and know-how to use the information to improve and innovate in public policies and programs.	720 hours of training in 1 diploma course taught to 6 public officers.
Courses free of cost in these subjects: substantive-technical, human development, leadership, legal affairs, computing and office automation, secretarial and operational skills, as well as regarding civil protection.	Contribute to bringing the institution's public officers up to date through training actions in which they participate voluntarily.	10,628 hours of training divided into 209 courses taken by 353 public officers.

With these actions, 1,092 public officers received training, which represents 80% of the CNBV's personnel. They spent 65,179 hours attending the sessions, showing a high level of achievement, with an average score of 94 points on a scale from 0 to 100.

Likewise, staff career public officers (SPCT) received on average 71 hours of training and 92% of them took at least 40 hours of training.

Other actions

With respect to certification activities of SPCTs, as well as the performance evaluation of the CNBV's command and operational staff in the period reported, the Commission followed up on these issues to comply with the corresponding regulations.

Regarding the information services of the Commission library, continuity was given to electronic subscriptions to help employees perform their functions and activities remotely.

Other actions		
Activity	Objective	Actions
Certification	Specific follow-up on the requirements established by the Ministry of Public Administration (SFP) for the certification of SPCTs throughout 2020, such as: 40 hours of training and satisfactory result in the performance evaluation.	<ul style="list-style-type: none"> • 11 SPCTs certified, which meant applying exams on technical and managerial skills in the first quarter of 2020. • 61 SPCTs certified by building their case files, in accordance with SFP requirements in the second, third and fourth quarter of 2020.
Performance evaluation of command staff	Conduct the evaluation procedure for the corresponding period from January to December 2019, based on the rules for performance evaluation and based on the model authorized by the SFP.	789 public officers were evaluated, of which 439 correspond to SPCTs and 350 to directly appointed officials.
Performance evaluation of operational staff	Carry out the operational staff procedure corresponding to fiscal year 2019, as provided for in the Law on Civil Prizes, Stimuli and Rewards.	448 operational level public officers were evaluated, 32 stimuli and 11 rewards were granted.

Committee on Ethics and Prevention of Conflicts of Interest (CEPCI-CNBV)

In 2020, the CEPCI-CNBV executed its Annual work program in accordance with the deadlines established by the SFP's Unit of Ethics, Public Integrity and Prevention of Conflicts of Interest (UEPPCI).

What stands out here is the fact that, as a result of the remote work modality and with the help of the online training platforms from different institutions (SFP, Conapred, Inmujeres and CNDH), the CNBV trained 45.5% of its personnel in topics regarding ethics, public integrity, prevention of conflicts of interest, equality and non-discrimination, and in addition updated and disseminated the CNBV's Code of Conduct and addressed all the complaints received.

Accordingly, the SFP, through the UEPPCI, evaluated the CEPI-CNBV and gave it a grade of 100 points on a scale from 0 to 100, becoming part of the group with a perfect score.

Gender equality and non-discrimination

Throughout 2020, dissemination actions were carried out to raise awareness among the CNBV personnel regarding topics of equality and non-discrimination, with material created by the Unit on Gender Equality (UIG) of the SHCP and with the CNBV's own material, addressing the recommendations for the use of inclusive and gender-neutral language, commemorations and statistical data on this matter.

In addition, the CNBV participated in the different workshops on analysis and proposals organized by the UIG, to generate the 2021-2024 Program on gender equality and non-discrimination in the workplace at the SHCP. It is worth mentioning that the CNBV hosted one of these workshops.

Finally, the CNBV's Zero tolerance statement was issued, aimed at conducts of sexual bullying and sexual harassment, which was disseminated to the personnel, along with the Protocol for the prevention, attention and sanction of sexual bullying and sexual harassment.





Results of the Organizational Culture and Work Environment Survey (ECCO)

In October 2020, the ECCO was applied; it provides information on the state of the institution on topics of organizational culture and work environment, as well as on the handling of ICTs. It is worth mentioning that on this occasion the SFP adapted the survey to add questions involving the personnel's remote functions.

The survey was taken by 879 public officers of the CNBV, which represented 62.1% of the total workforce. The results helped the CNBV establish the Practices of Work Environment and Organizational Culture Transformation (PTCCO), based on achieving the following objectives:

- Disseminate: 1) areas of opportunity regarding organizational culture, taking into account the remote work modality; 2) benefits offered by the ISSSTE and the National Fund for the Consumption of Workers (Fonacot); 3) action protocol within CNBV facilities due to the contingency resulting from COVID-19, and 4) training on the use of digital tools to perform remote work.

- Development of the 2021 Program on improvement of the work environment, which will cover outreach campaigns with the personnel and virtual activities to balance work and family life.

Strengthening human capital

In 2020, 113 public officers from the CNBV were acknowledged for their professional career and rewarded with promotions: 66 corresponded to command staff, six to lateral movements of personnel subject to the SPC, twenty to internal contest winners and 41 to operational staff.

To implement this, the corresponding dealings were carried out before the SHCP for the authorization of positions subject to SPC, as well as their corresponding publication through two calls to compete for 28 positions.

On the other hand, 95 new hires of personnel were carried out, of which 28 correspond to command staff appointments, eighteen to appointments under the protection of Article 34 of the Law on the Professional Career Service in the Federal Public Administration (LSPCAPF), seventeen to personnel subject to the SPC and 32 to operational staff.

It is important to point out that these new personnel complied with all the requirements of the regulations applicable for the hiring of personnel at the CNBV. These employment profiles complied with all the controls and authorizations, both internal and external, as well as with the ones established by the SHCP and the SFP.

Vaccination campaign for influenza

The CNBV implemented during the 2020 winter season a vaccination campaign for influenza, to protect the personnel's health and reduce hospitalizations due to respiratory diseases involving influenza.

It is important to point out that the campaign followed all the protocols ordered by the health authorities regarding the contingency resulting from COVID-19, to avoid contagion and ensure the health of those who attended.

Material resources

General services

In the year reported, to maintain continuity of general services, we obtained the authorization from the SHCP for the special multi-annual contracting of the following services: 1) fuel supply for land motor vehicles nationwide; 2) security and surveillance; 3) safekeeping, custody and management of file boxes, and 4) comprehensive cleaning and disinfection.

Civil protection

Due to the earthquake on June 23 2020, with a magnitude of 7.5 degrees on the Richter scale, the Commission requested the visit and physical inspection in its facilities, from a Construction general superintendent, who determined there was no proof, risk or warning that may endanger working in this building.

In addition, personnel from the National Coordination for Civil Protection came to the Commission in November; they checked the facilities and the CNBV Internal civil protection program, making recommendations that do not have an impact on the safety of the persons and buildings.

Financial resources

Throughout 2020, the CNBV complied with the Public procurement strategy issued by Mexico's Presidential Office, whose purpose is to carry out contracting and procurement, and ensure that both are carried out in accordance with the constitutional principles of efficiency, efficacy, economy, transparency and probity.

Listed hereunder are the main achievements obtained:

- As to the actions carried out to recover non-performing portfolio corresponding to payment of rights from financial entities, 1,583 debt notices were sent to the SAT tax authority for control and collection purposes, corresponding to fiscal year 2016, and 400 corresponding to 2017.

- A total of 65 procurement procedures were carried out, of which eight were carried out through public bid, seven with invitations to at least three persons and 50 direct awards including exceptions and lump sum contracts, for a grand total of \$1.05 billion MXN; these were performed electronically, published on the SFP's website CompraNet.

It is worth mentioning that from the total number of the referred to procurements, seven contracts were signed based on the framework contract strategy coordinated by the SHCP and were awarded to micro, small and medium-sized companies (mipymes) for an amount of \$846.2 million MXN. As to the contracts made with agencies, entities and public entities of federal character with autonomy, derived from the Political Constitution of the United Mexican States, worth \$1.01 million MXN, that correspond to postage and telegram services to large users. Herewith, the Commission promoted the participation of more bidders and complied with the principle of maximum publicity in the use of public resources, making the contracting processes transparent and enabling citizens to access the information related to the use of these resources.

- In terms of budgetary management, as a result of the austerity measures, there was a 75% reduction applied to the modified budget worth \$460.1 million MXN.

The reduction diminished its liquidity and affected the continuity of this public entity's priority services, which is why the CNBV requested from the SHCP a budget extension of \$379.6 million MXN, whose authorization allowed continuing with said services during fiscal year 2020.

- In terms of income, the Commission managed to collect more than \$2.7 billion MXN; of which \$2.69 billion MXN correspond to the quotas charged for inspection and monitoring; the difference corresponds to other income, such as: fines imposed by this public body, cost charged for accreditations, sale of waste material, among others. Likewise, with regard to this income, extensions were applied, authorized by the SHCP, until the sum reached the amount of the budget of expenditures approved by the Governing Body and the rest was sent to the SHCP.

• In order to comply with the institutional objectives, in 2020 the allocated resources were efficiently managed based on strategic priorities, which ensured sufficient financial resources. The budgetary exercise is shown below:

Budgetary exercise as of December 31, 2020	
Chapter	Budget spent (million MXN)
Personnel services	1,102.7
Materials and supplies	2.5
General services	663.7
Transfers, allocations, subsidies and other aids	5.0
Total	\$ 1,773.9

The Commission's accounting and budgetary record has been aligned with the applicable regulations, which is why the CNBV was subject to various audits, both internal and external. The budget statements and information are prepared, in all aspects, in accordance with the provisions established in the General Law of Government Accounting and in the Federal Law of Budget and Fiscal Responsibility and its Regulations.

7.4.2. Management of information and communication technologies (ICT)

Throughout 2020, the operation and monitoring of the infrastructure and computational systems was kept at optimum levels; the IT goods and services required by the CNBV's administrative units were supplied and developments and updates on technological platforms were launched to increase coverage of the processes for supervision, regulation and attention to authorities. The activities and projects that stood out are specified below.

Suptech Platform

In terms of adoption of technological supervision, continuity was given to the first development stage of the Suptech Platform, to support the processes of reception, validation, storage, information processing, as well as generating dashboards of descriptive analytics for the FTI sector and for the supervision in terms of AML/CFT.

As a result of this, at the end of December 2020 we initiated operating the channel for the reception of information through API of the first FTI authorized in Mexico. In order to achieve this, API Store technology was implemented, as well as documentary databases of unstructured information, automation in semantic and syntactic validation processes, and fourteen accounting reports and eight operational reports were developed to support data collection of FTIs.

In terms of the development of the platform for the supervision of AML/CFT, as of December 2020 24 analytics dashboards were developed and progress was made in building an integrator of information requirements to support the process of supervisory visits in terms of AML/CFT.

Platform for Attention to authorities

With the purpose of comprehensively automating the process to address requirements from authorities, as well as the two-way flow of data and files between authorities, the CNBV and financial entities, continuity was given to updating the Platform for Attention to authorities.

Also, as a result of the COVID-19 emergency, a solution was implemented to support the two-way forwarding of information between authorities and financial entities, through Sharepoint libraries.

By the end of 2020, the automatic generation of authority official letters was developed for the legal areas and the Sharepoint interfaces with the platform.

Open finance Platform

The LRITF establishes the obligation for financial entities, money transfer companies and companies authorized to operate with innovative models to exchange data through API. The Law establishes three types of data: 1) open data, which is the information generated by entities that do not contain confidential information, that is to say public data; 2) aggregated data, which is the statistical information related to financial operations, and 3) transactional data, which is the information associated with all the financial transactionality of each financial entity customer.

In accordance with the powers granted by the LRITF to the CNBV, in the last quarter of 2020 the Commission started developing and publishing an API, so that data suppliers and applicants may consult the technical standard, the state of authorization of data applicants, and so that internally the CNBV can keep a record of the compensations authorized.

By the end of 2020, the API's specifications were published so that data suppliers and applicants can consult them; for open data the API standard Swagger was used, and for transactional data the Open API standard was used.

Renewal of the Registry of currency exchange centers and money transfer companies

As a result of resuming the counting of deadlines to deal with registration renewals in the Registry of currency exchange centers and money transfer companies referred to by the LGOAAC, a communications channel was created through Sharepoint, for the electronic reception of documentation corresponding to 752 currency exchange centers and 26 money transfer companies.

Measures to reinforce information security

The CNBV has detected a high volume of attempts to breach the information stored in the institution's computer systems. These attempts range from the systematic search for vulnerabilities to e-mail campaigns addressed to public officers.

In response to this, during 2020, the CNBV strengthened its information security schemes in its computational systems and infrastructure, through assurance standards, penetration tests, analysis of vulnerabilities, static inspections to the systems' code and updating of versions. In addition, internal communication campaigns were implemented to inform and raise awareness among public officers on the proper use of IT resources, with the remote work modality.

Infrastructure update plan

In 2020 a multi-annual plan was defined to renew the main contracts for technological infrastructure, which were in accordance with the consolidated purchases or framework contracts that the Unit for Digital Government of the Federal Public Administration had established. This plan intends for procurement to cover various fiscal years, in order to obtain economic and technological advantages.

Under this scheme, the Commission carried out the procurement of maintenance services for the auxiliary equipment of the computing center, hired until December 2023, and it also obtained the authorization for two other items: 1) personal computers, and 2) corporate Internet link.

For the rest of the infrastructure contracts, it was necessary to establish transitional contracts with the current suppliers, with the purpose of carrying out the comprehensive contracting processes in 2021.

7.4.3. Strategy

Throughout 2020, the CNBV continued working on generating its strategic plan; the pillars and strategic objectives set forth considered the new elements of the current context, including the effects of the contingency resulting from COVID-19 on the country's economy. Financial inclusion remained a top priority, and the need to promote the stability and development of the financial system to benefit Mexican families was also emphasized.

In order to achieve this, the strategy considered making substantive processes more efficient, as well as the development of innovative technological tools. Likewise, professionalizing human resources is considered paramount, as well as promoting a goal-oriented culture, realizing that the institution will be facing greater and more complex challenges.

7.4.4. Project management

In 2020, continuity was given to the strategic projects on information technologies for the development and improvements to the platforms for Suptech, Attention to authorities and Open finance, based on the institution's project management methodology.

7.4.5. Internal control

In 2020, the CNBV strengthened its internal control by addressing all actions defined in the Internal Control Work Program (PTCI), which covered three substantive processes (supervision of brokerage firms, supervision of FTIs and supervision of information security) and two administrative processes (the hiring of personnel and filing).

The improvement action "Generation and communication of the 2021-2024 Strategic Plan" was postponed; it will be completed in 2021, given that an additional review of specific topics is required.

In addition, as a result of the evaluation of the Institutional Internal Control System, the SFP gave the CNBV a 97% compliance rate in all control elements.



The risk management process for fiscal year 2020 was carried out timely and in due form, based on what is established in the Provisions and the Administrative Manual for General Application in terms of Internal Control. Institutional documents were generated for the Risk Management Matrix and Map, as well as the 2020 Risk Management Work Program (PTAR).

In the 2020 PTAR, seventeen risks were registered, identifying eleven as operational risks and six as risks related to corruption. A total of 59 control actions were defined, 42 that address the operational risks and seventeen aimed at corruption-related risks.

During the 4th quarter of 2020 changes were made to the Risk Matrix and Map, and in the PTAR, which is why the fiscal year ended with a total of sixteen risks and 50 actions.

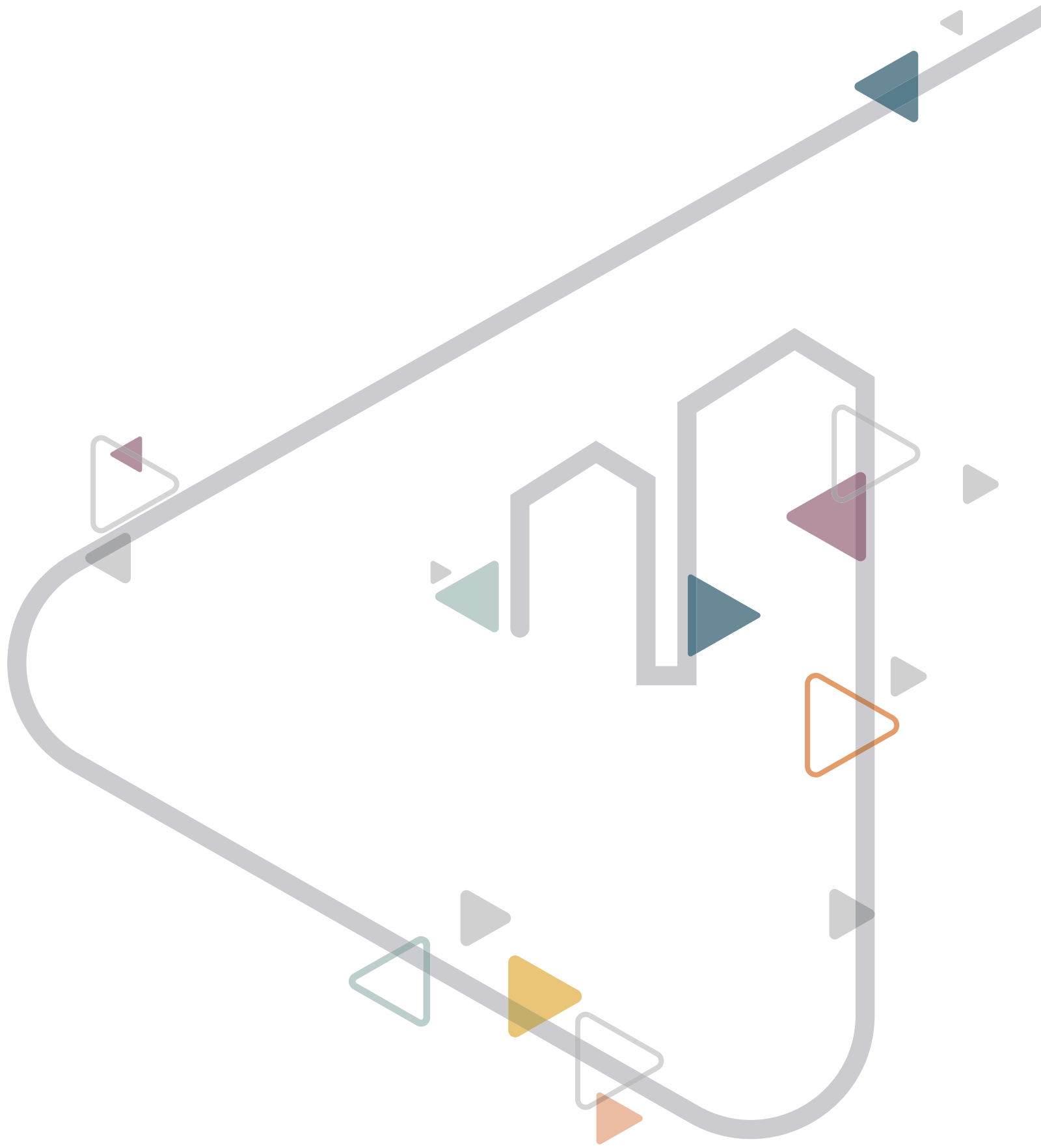
Fulfilling some of the control actions was affected by the austerity measures implemented by the Federal Government; in addition came the contingency resulting from COVID-19, which also had an impact on their fulfillment.

From the 50 control actions pledged, 35 were completed and fifteen remained pending, which were included in the 2021 PTAR.

The follow-up given to the PTAR prevented the risks from having a negative impact on reaching the institutional objectives.

7.4.6 Attention to audits

With regard to the audits performed to the 2018 and 2019 Public Account, the Federal Superior Audit Office (ASF) determined 28 recommendations and three lists of observations. With the information and documentation provided by the CNBV, the ASF ruled two recommendations as resolved, reason why 26 are still pending resolution. The ASF is currently assessing the information that was handed over by this Commission, with the intent to define whether it rules other recommendations also as resolved, as well as the lists of observations.



ANNEXES

Regulatory actions			
	Sector	Measures	Topic
March	Credit institutions and SOFOM E.R.	CCEs applicable to credit institutions	<ul style="list-style-type: none"> • Issuance of CCEs, to allow for various programs to be carried out, addressed to the borrowers affected in their sources of finance. • The support allowed to defer payments, up to six months, regarding consumer, housing and commercial loans. • Implementation of benefits at the latest on June 27. • The loans benefited must be performing portfolio as of February 28. • The banks will make annotations in their financial statements, specifying the information of the loans benefited. • The CCEs are also applicable to SOFOM E.R.
	IBM	Recommendation as to the dividend payout, repurchase of shares and other benefits for the shareholders of the banking institutions	<ul style="list-style-type: none"> • Recommendation to IBMs, following the measures taken by various supervisory authorities on an international level, to 1) refrain from establishing the dividend payout; 2) repurchases of shares, or 3) any reward mechanism for shareholders. • If belonging to a financial group, the measure includes the holding company and other financial entities that are part of the group. • If this recommendation were not to be followed, a written notice will have to be sent to the Commission, explaining the reasons.
April	SOFIPO, SOCAP and credit unions	CCEs applicable to the popular savings and loan sector	<ul style="list-style-type: none"> • Issuance of CCEs applicable to SOFIPO, SOCAP and credit unions, as to loans they have with customers whose sources of finance are affected. • Applicable to loans classified as performing as of March 31, except for those loans granted to related persons, and provided that the implementation process of the aids is carried out within the next 120 calendar days (Jul-29). • The financial entities will have to disclose in annotations to their financial statements the effects resulting from the mentioned accounting criteria.
	IBM	Session of the Committee on Bank Liquidity Regulation	<ul style="list-style-type: none"> • Exception so that the institutions can register their liquid assets with February 28 as cutoff date, before the markets started showing the impact of the pandemic. • It was considered pertinent to exclude the information of March from the calculation of the liquidity reserves. • Temporary exceptions to some of the corrective measures; exceptional classification of the institutions in scenarios based on their LCR levels, and not consider it as non-compliance. • The exceptions will be in force from February 28 to the end of August and may extend up to six additional months, if Banxico and the CNBV jointly consider that is what the conditions require.
		Agreements and provisions to face the contingency resulting from COVID-19	<ul style="list-style-type: none"> • Temporary amendments to the Provisions in terms of capitalization: from April 2020 to March 2021, IBMs will be able to use the capital conservation supplement (capital buffer), without affecting their minimum solvency, as provided for by the prudential standards of Basel, and without having to present to the CNBV for approval the capital conservation plan, as long as said supplement they use does not exceed 50%.

Regulatory actions			
	Sector	Measures	Topic
April	IBM	Agreements and provisions to face the contingency resulting from COVID-19	<ul style="list-style-type: none"> • Defer the entry into force of various regulations related to international standards and prudential precepts: 1) IFRS 9 and recalibration of the commercial loan portfolio, until Jan-1-22; 2) SMA to calculate capital requirements due to operational risk, until stability in the indicators or operational capacity is restored; 3) Requirement of Total Loss Absorbing Capacity (TLAC), until it is considered that the economic conditions allow its implementation, and 4) Provisions in terms of diversification of active operations, to apply the standard for large exposures, establishes a general limit of 25% of their core capital for the financing exposures the banks have with a person or group of persons that can be considered as one person, taking into account criteria such as control ties or economic interdependence. This limit amounts to 15% of the core capital for global systematically important banks (G-SIBs) and the domestic systematically important banks (D-SIB).
	Credit institutions and SOFOM E.R.	Adjustments and clarifications to the CCEs issued to credit institutions	<ul style="list-style-type: none"> • Adjustment to the CCEs issued on March 26. • The date of performing portfolio to be able to receive the benefits extends from February 28 to March 31 and accredited trusts from banks are included. • For agricultural and rural credits, new maturity date: up to 18 months, in line with the farming cycles of production and commercialization. • The criteria will also be applied to the credits under the protection of FIRA's "Permanent Aid Program for Areas Affected by Natural Disasters" or that are part of another program of benefits, to, in addition, be able to count on collaterals and funding from development banks or from promotion entities. • To document the new credit conditions, the credit can be validated via electronic mail. • Housing loans with mortgage guarantee that cannot be updated before public notary will continue to be considered as real guarantees for the calculation of preventive estimates, as long as these have been documented before public notary. They will not be considered extensions of amounts. • On a quarterly basis, credit institutions will disclose on their webpage, the calculation of the ICAP, considering the effect of the CCEs, as well as the ICAP that would have been obtained if CCEs had not been applied. The information can also be requested by the CNBV, with monthly periodicity or higher. • The CCEs will be applicable to all credit institutions, whether they belong to or not to the ABM, as well as to SOFOM E.R.
	Issuers	Administrative facilities, temporary, that can be invoked by issuers with securities registered in the RNV subject to the CNBV's supervision	<ul style="list-style-type: none"> • Communication of the temporary administrative facilities for issuers, in accordance with the Agreement from March 26, establishing extensions of deadlines to comply with delivery of information for the various classifications of issuers, which are extended to July 3, July 8 and September 1.

Regulatory actions			
	Sector	Measures	Topic
April	Promotion bodies and entities		<ul style="list-style-type: none"> Issuance of CCEs for promotion entities: Housing (FOVI), Mining (FIFOMI), Agriculture (FIRA) and promotion bodies: Infonavit, Fovissste and Infonacot. Applicable to commercial, consumer and housing loans with loans current as of February 28, and provided that the aids are given within the next 120 days. Renewed or restructured loans will not be considered non-performing portfolio, nor will they be reported as past-due loans before SICs. The new maturity date will not be longer than six months starting with the original maturity date, or eighteen months for credits to the agricultural and rural sectors.
	SOFIPO, SOCAP and credit unions	CCEs applicable to promotion bodies and entities and valid for the ones issued for the popular savings and loan sector	<ul style="list-style-type: none"> Adjustments and clarifications to the CCEs issued April 1 to the popular savings and loan sector. For SOCAP and credit unions, the CCEs can be applicable to their partners (counselors or officials), or their relatives (with the exception, in SOCAP, of the credits to external auditors, considered as related persons). For SOFIPO, SOCAP and credit unions: 1) no capitalized interests, nor the charge of fees due to restructuring or renewal; 2) revolving credits authorized as of March 31 to natural persons, SOFIPO and SOCAP should not be affected with more than 50% of the undrawn portion; 3) loans to legal entities, SOFIPO and SOCAP, authorized as of March 31, should not be affected, including the undrawn portion; 4) credit unions, authorized or agreed-upon credits will not be affected, including the undrawn portion. Eliminate restriction for credits that have benefitted from another program, associated with COVID-19, in order to, in addition, be able to count on collaterals and funding from development banks or from promotion entities.
	Bonded warehouses	CCEs applicable to bonded warehouses	<ul style="list-style-type: none"> Credits with one-time payment of principal until maturity and periodic payments of interests, as well as credits with one-time payment of principal and interests until maturity, that are renewed or restructured, will not be considered as non-performing portfolio.
May	FND	CCEs applicable to the FND	<ul style="list-style-type: none"> Definition of a new maturity date granted, where appropriate, to the borrower, no longer than eighteen months starting with the original maturity date of the operations, for those credits that as of February 28 are registered as performing portfolio, whose restructuring or renewal proceedings end no later than September 30. Possibility to defer the creation of preventive estimates for loan risks, in case it exceeds the balance of the estimate associated with the credit. No modifications will be made to the contracts, nor charge of fees resulting from the restructuring or renewal. Credit lines will not be modified either, nor will additional guarantees be requested. The credit's new conditions can be confirmed via e-mail. The FND will disclose in annotations to its financial statements, the effects resulting from the accounting records and will hand over to the Commission the general conditions of the aid programs granted to the borrowers, as well as a detailed report of the credits each month, starting June 20.

Regulatory actions			
	Sector	Measures	Topic
June	Credit institutions, SOFOM E.R., SOFIPO, and stock market intermediaries	Regulatory facilities in terms of remote identification for credit institutions	<ul style="list-style-type: none"> Temporary authorization measure in terms of remote identification granted to credit institutions. Allows account opening and credit granting to legal entities and natural persons. The facilities are also applicable to SOFOM E.R. that maintain asset-related ties with credit institutions. These same measures were also issued for associates of the Mexican Association of Financial and Stock Market Institutions (Asociación Mexicana de Instituciones Bursátiles, AMIB) and the Mexican Association of Popular Financial Companies (AMSOFIPO).
	Credit institutions and SOFOM E.R.	Adjustments and clarifications to the CCEs issued previously	<ul style="list-style-type: none"> Adjustment to the CCEs issued March 26 2020 and April 15 2020. Will be applicable to the credits that were classified in accounting terms as current as of March 31 2020. The restructuring or renewal proceedings will have to conclude no later than July 31 2020.
	Bonded warehouses		<ul style="list-style-type: none"> Adjustment to the CCEs issued the May 7. Applicable to the credits that are performing portfolio as of March 31. Extension of deadlines on the implementation process of the aids no later than July 31. The 180-day deadline for the creation of estimates will be applicable to debtors that as of March 31, did not have demandable debts.
July	Promotion bodies and promotion entities	Adjustments and clarifications to the CCEs issued previously to INFONAVIT and INFONACOT	<ul style="list-style-type: none"> Adjustment to the CCEs issued April 30. Deadline extension for the credits that were classified in accounting terms as current as of March 31 2020. The deadline for the restructuring or renewal proceedings will have to conclude no later than July 31.
		Adjustments and clarifications to the CCEs issued previously to INFONAVIT	<ul style="list-style-type: none"> Deadline extension so that the restructuring or renewal proceedings corresponding to each one of the credits concludes no later than August 31.
	Popular savings and loan sector	Adjustments and clarifications to the CCEs issued for SOFIPO and SOCAP	<ul style="list-style-type: none"> Adjustment to the CCEs issued April 1 and 22. The deadline for the restructuring or renewal proceedings will have to conclude no later than July 31.
August		Adjustments and clarifications to the CCEs issued for credit unions	<ul style="list-style-type: none"> Adjustment to the CCEs issued April 1 and 22. The deadline for the restructuring or renewal proceedings will have to conclude no later than July 31. Delivery of the information to the CNBV on the general conditions of the aid programs will be within the next fifteen business days at the end of each month.
	IBM	Session of the Committee on Bank Liquidity Regulation	<ul style="list-style-type: none"> Regulatory facility in connection with the deadline extension until March 2021 of the liquidity facilities issued in cooperation with Banxico.

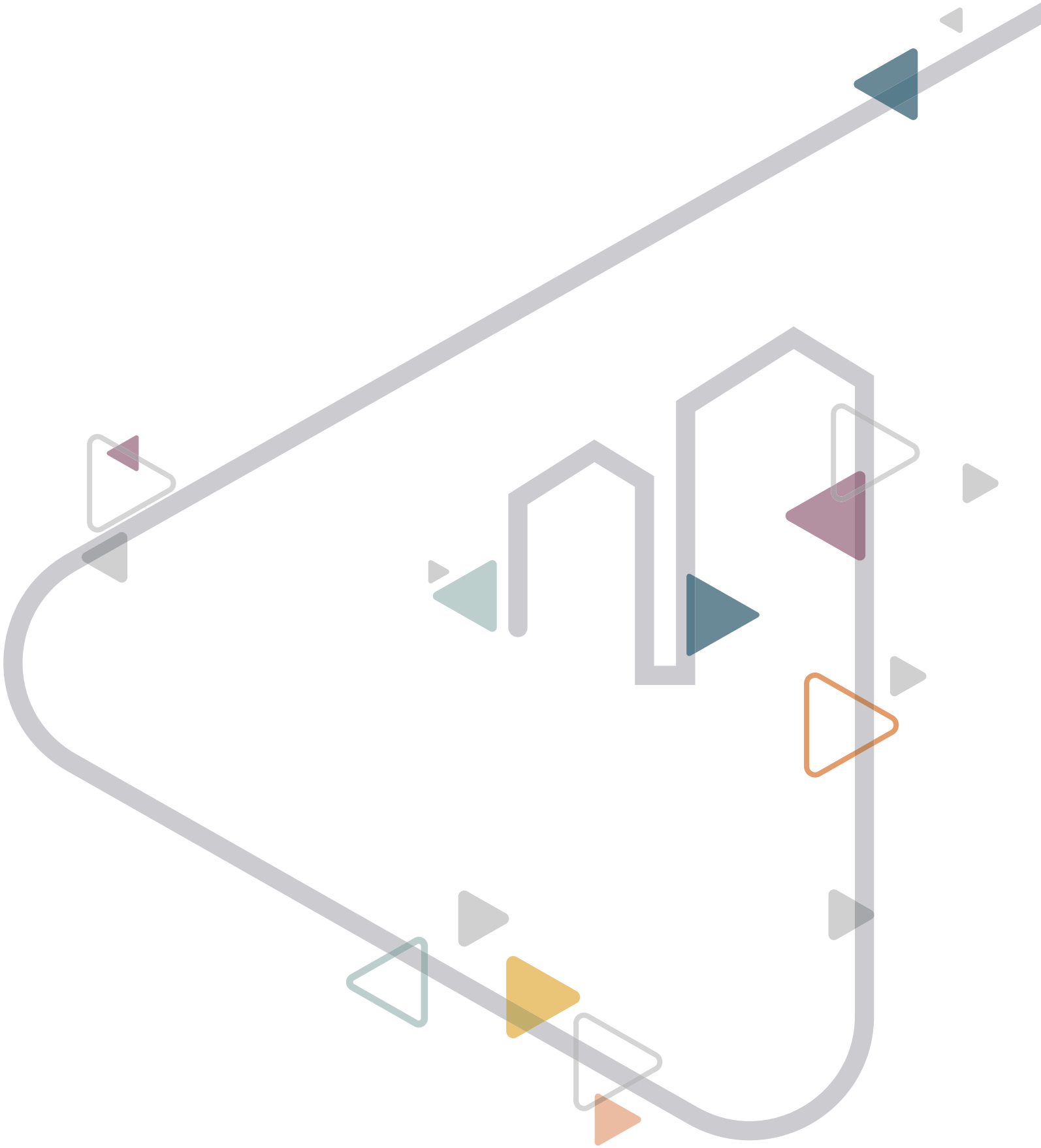
Regulatory actions			
	Sector	Measures	Topic
September	Credit institutions and SOFOM E.R.	FCC	<ul style="list-style-type: none"> • Will be applied to credits that were granted no later than March 31 and that are current as of that date. • Restructurings and renewals must reflect an economic benefit furthering schemes that favor reduction of the amount to pay and increase the probability of payment. • No fee charge can be established due to renewal or restructuring. • Flexibilizations of the rules in B-6 Criterion "Loan portfolio".
		Regulatory facility in terms of additional reserves and their acknowledgment in the supplementary capital	<ul style="list-style-type: none"> • Temporary authorization measure that allows entering a lower amount of specific reserves when a restructuring is reached with the customer. • Allows acknowledging the specific reserves that are released because of credit restructuring as additional reserves. • The facilities also are applicable to SOFOM E.R. that maintain asset-related ties with credit institutions.
		Regulatory facility in terms of weights	<ul style="list-style-type: none"> • Temporary authorization measure in terms of reduction of weights, aligned with the review of the standard method for capitalization due to loan risk from Basel III. • The facilities also are applicable to SOFOM E.R. that maintain asset-related ties with credit institutions.
		Regulatory facility in terms of capital	<ul style="list-style-type: none"> • Regulatory facility in connection with the deadline extension for the use of the capital buffer to December 31 2021.
October	Credit institutions and SOFOM E.R.	Addendum to FCCs	<ul style="list-style-type: none"> • Amendment to the FCCs issued September 24. • Will be applied to credits that were granted no later than March 31 and that are current as of that date. • Renewals, restructurings or write-offs must be formalized by January 31 2021. • A credit can only be renewed or restructured once under the protection of the facilities. • The facilities will not apply retroactively. • The institutions will be able to pay dividends corresponding to the financial years indicated in the Official letter of facilities regarding reserves and capital, subject to compliance with what is established therein.
		Regulatory facility in terms of additional reserves and weights	<ul style="list-style-type: none"> • Addendum to the regulatory facilities in terms of capital and reserves involving credit restructuring and renewal.
		Regulatory facility in terms of operational risk	<ul style="list-style-type: none"> • Regulatory facility, in connection with the deadline extension for the creation of capital requirement due to operational risk until October 2021, under the terms of Transitory Third Article of the amending resolution from December 31 2014.

Regulatory actions			
	Sector	Measures	Topic
October	Popular savings and loan sector	FCC issued for SOFIPO, SOCAP and credit unions	<ul style="list-style-type: none"> • Will be applied to credits that were granted no later than March 31 and that are current as of that date. • Proceedings must be formalized by February 28 2021. • All renewal or restructuring must be backed by the capacity to pay. • Restructurings and renewals must reflect an economic benefit furthering schemes that favor reduction of the amount to pay and increase the probability of payment. • A credit can only be renewed or restructured once under the protection of the facilities. • Flexibilizations of the rules in the "Loan portfolio" criterion. • The facilities will not apply retroactively. • No type of fee can be charged. • Delivery of a report on the general conditions of the benefits granted. • Dividends can be paid out/ surpluses can be shared out, corresponding to the financial years indicated in the Official letter of facilities regarding reserves and capital.
		Facilities in terms of preventive estimates and capital	<ul style="list-style-type: none"> • Establishes the possibility of determining the preventive estimates of the restructured or renewed loans under the protection of FCCs, without considering previous defaults, as long as there are no arrears in the agreed payments. • Possibility of adding the released reserves when restructuring or renewing credits, to the net capital, up to an amount equivalent to 1.25% of the assets subject to loan risks, as long as said funds were allocated to face the preventive estimates in 2021 or applied to write-offs that support the entity's customers. • In accordance with the best international practices, capital requirements due to loan risk are reduced for consumer loans, microcredits, housing loans, to small and medium-sized companies and other corporate entities, for restructured credits as well as for new credits. • Conditions are established for the distribution of dividends or surpluses from fiscal years 2019 and 2020.
November	Credit institutions and SOFOM E.R.	Addendum to FCCs	<ul style="list-style-type: none"> • Amendment to the FCCs issued September 24 and October 8. • Can be applicable to the balances drawn as of April 15 of the credits granted as of March 31 and recorded up to that date. • The credits that received the benefits of a CCE can be once again restructured or renewed under the protection of the facilities. • The credit lines granted before September 24, that were not drawn, can receive the benefits of FCCs, solely on the balances drawn as of April 15.
		Institutional Restructuring Programs (PIR)	<ul style="list-style-type: none"> • Applicable to the balances drawn as of April 15, on the credits granted no later than March 31 and current to that date. • Improve the credit conditions of the borrower and mitigate the risks of default, by reducing the amount of the payment for the entire term of the credit and of the interest rates. • The new term for the restructuring may not be shorter than the remaining term of the credits. • Restructurings under the protection of PIRs may not be subject to a new restructuring under the same program.

Regulatory actions			
	Sector	Measures	Topic
November		Regulatory facility in terms of operational risk	<ul style="list-style-type: none"> At the request of the professional association, the SMA's publication is reactivated, so that credit institutions have a method that is more accurate and sensitive to the risk they are exposed to in their operation, for purposes of determining their minimum net capital requirements due to operational risk.
	Credit institutions and SOFOM E.R.	Addendum to FCCs	<ul style="list-style-type: none"> Amendment to the FCCs issued September 24, October 8 and November 6. Deadline extension for the delivery of the report on the general conditions of the aid programs.
December	Credit institutions and SOFOM E.R.	Addendum to PIR	<ul style="list-style-type: none"> Adjustment to PIRs issued November 9 2020. Delivery of the report on the general conditions of the benefits granted.
	Credit institutions	Amending resolution CUB	<ul style="list-style-type: none"> Modification of the entry into force of the Amending resolution to the CUB from March 13, so that the entry into force takes place January 1 2022. Modification of the entry into force of the NIFs contained in Annex 33, modified as a consequence of the changes in the Provisions from December 27 2017, so that the entry into force takes place January 1 2022.

Administrative actions			
	Sector	Measures	Topic
March	Financial entities and persons subject to the CNBV's supervision	Resolution that establishes the fixed-term and exceptional measures and suspends certain deadlines involving financial entities and companies subject to the CNBV's supervision	<ul style="list-style-type: none"> Suspension of deadlines, from March 23 to April 19, with regard to hearings, proceedings and procedures that are ongoing, that are being carried out or that must be carried out before the CNBV and by the CNBV, in terms of AML/CFT, towards the SHCP. The mandatory information that must be sent to the Commission in the mentioned period will have to be sent through the electronic means announced so by the CNBV on its webpage. Printed documentation can be handed in the next fifteen business days once the contingency period has ended.
	Financial entities and persons subject to the CNBV's supervision	Notice directed at the financial entities and other individuals subject to the CNBV's supervision	<ul style="list-style-type: none"> Relaying the e-mails so that the entities supervised can forward their information, in compliance with the content of the Resolution on fixed-term and exceptional measures.
	Financial entities and persons subject to supervision	Agreements and provisions to face the contingency resulting from COVID-19	<ul style="list-style-type: none"> Extension of the powers of the President of the CNBV, in terms of suspension of deadlines, to attend the Resolution from March 26, which establishes fixed-term measures to address the financial entities subject to supervision, as long as necessary due to the contingency, also acquiring the power to extend the deadlines.
April	Financial entities and persons subject to the CNBV's supervision	Resolution that extends the end of the period in which the deadlines are suspended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV	<ul style="list-style-type: none"> Extension of the Resolution from March 26 concerning suspension of deadlines, proceedings, procedures and hearings, as well as to receive mandatory documentation from the entities supervised, until April 30 or until the date said deadline is once again extended by means of a Resolution from the President of the CNBV.

Administrative actions			
	Sector	Measures	Topic
April	Financial entities and persons subject to the CNBV's supervision	Resolution that extends the end of the period in which the deadlines are suspended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV	<ul style="list-style-type: none">• Extension, until May 30, of the deadlines foreseen in the Resolution from April 17.
May	Financial entities and persons subject to the CNBV's supervision	Resolution that extends the end of the period in which the deadlines are suspended, regarding the hearings, proceedings and procedures that are ongoing, are carried out or must be carried out before the CNBV	<ul style="list-style-type: none">• Extension, until June 30, of the deadlines foreseen in the Resolution from April 17.
July	Financial entities and persons subject to the CNBV's supervision	Resolution that establishes the administrative measures for the continuity of the CNBV's activities addressing the matters and dealings that are processed before the Commission, during the contingency resulting from COVID-19	<ul style="list-style-type: none">• As of July 16, 2020, the counting of the deadlines will resume, the ones foreseen by periods or calendar days, as well as those foreseen in business days stipulated in the applicable regulations, regarding the proceedings and procedures initiated before the CNBV that are currently ongoing, also considering the obligations that need to be relayed or presented before the SHCP, by way of the CNBV, in terms of AML/CFT, except for the exclusions contained in the Resolution.



Inspection visits and reinforced supervisory actions carried out by the CNBV in 2020

Sector	2020 Original visits program			2020 Adjusted visits program ⁶				Regular visits carried out		Reinforced monitoring	Special visits ⁷	Investigation visits ⁸			Total visits
	By supervision areas	Only in terms of AML/CFT	Specialized review areas ⁵	By supervision areas	Only in terms of AML/CFT	Total visits programmed	Specialized review areas	Total visits carried out	Specialized review areas			Supervision	Other visits ⁹	Total investigation visits	
Total visits to entities supervised in a comprehensive manner	239	12	24	72	2	74	9	74	9	95	3	1	17	18	95
Holding companies of financial groups	6	0	0	0	0	0	0	0	0	4	0	0	0		
IBM	32	7	11	6	1	7	3	7	3	30	0	0	0		7
IBD and promotion entities	8	0	2	3	0	3	1	3	1	3	1	0	0		4
SOFOM E.R.	11	0	0	6	0	6	0	6	0	4	0	0	0		6
OAAC ¹	7	0	0	1	0	1	0	1	0	5	0	0	0		1
Credit unions	19	0	1	5	0	5	0	5	0	6	0	0	0		5
SOCAP	36	1	1	11	0	11	1	11	1	18	0	0	2	2	13
SOFIPO	19	1	1	6	0	6	0	6	0	8	0	0	0		6
Other entities from the popular savings and loan sector ²	1	0	0	0	0	0	0	0	0	1	0	0	0		
Brokerage firms	19	1	6	9	1	10	3	10	3		0	0	0		10
Investment funds	19	0	0	5	0	5	0	5	0		0	0	0		5
Issuers	0	0	0	0	0	0	0	0	0		0	1	0	1	1
Central counterparties	1	0	0	0	0	0	0	0	0	1	0	0	0		
Institutions for the deposit of securities	0	0	0	0	0	0	0	0	0		1	0	0		1
Other participants of the securities and derivatives market ³	25	0	0	3	0	3	0	3	0	8	0	0	0		3
Participants in relevant payment system networks	5	0	1	1	0	1	1	1	1	4	0	0	0		1
SIC	3	0	1	0	0	0	0	0	0	2	0	0	0		
Investment advisors	6	2	0	1	0	1	0	1	0		0	0	9	9	10
Representative offices	13	0	0	11	0	11	0	11	0		0	0	0		11
Other entities supervised ⁴	9	0	0	4	0	4	0	4	0	1	1	0	6	6	11
Total visits to entities subject only to review of AML/CFT	0	28	0	0	10	10	0	10	0	0	0	0	0		10
SOFOM E. N. R.		10	0		1	1	0	1	0	0	0	0	0		1
Currency exchange centers		16	0		8	8	0	8	0	0	0	0	0		8
Money transfer companies		2	0		1	1	0	1	0	0	0	0	0		1
Total	239	40	24	72	12	84	9	84	9	95	3	1	17	18	105

Notes:

1 Includes currency exchange offices and bonded warehouses.

2 Includes federations of popular savings and loan entities.

3 Includes makers of the derivatives market; liquidating partners participating in the derivatives market; traders participating in the derivatives market; price suppliers; companies that manage systems to facilitate operations with securities; self-regulatory bodies of the stock market and clearing houses of the derivatives market.

4 Includes companies providing complementary or affiliated financial group services; companies providing complementary or affiliated banking services; companies providing complementary or affiliated auxiliary credit organization services; companies providing complementary or affiliated brokerage firm services; bank-owned real estate companies; brokerage firm-owned real estate companies; EPFLs; subholding companies of financial groups, and others (considers natural persons and legal entities as non-financial entities).

5 The specialized supervision areas work jointly with the general supervision areas to cover specific topics regarding AML/CFT, operational and technological risk and sales practices.

6 Program adjusted as a result of causes beyond the control of the CNBV that implied 195 visits cancelled (192 as a result of applying social distancing measures due to the contingency resulting from COVID-19 and three cancelled due to revocation of the corresponding entities).

7 Visits that were carried out in accordance with the conditions provided for in Article 8 of the Supervision Regulations.

8 Visits that were carried out in the terms foreseen in Article 9 of the Supervision Regulations.

9 Refers to the visits carried out by the General Directorate of Investigation Visits.

Total observations, recommendations and corrective actions issued from January to December 2020

Sector	Comprehensive supervision			AML/CFT			Total		
	Observations	Recommendations	Corrective actions and measures	Observations	Recommendations	Corrective actions and measures	Observations	Recommendations	Corrective actions and measures
Entities supervised in a comprehensive manner	1,429	425	1,261	192	153	161	1,621	578	1,422
Holding companies of financial groups	2	0	3	0	0	0	2	0	3
IBM	437	252	375	86	51	51	523	303	426
IBD and promotion entities	57	45	58	3	5	0	60	50	58
SOFOM E.R.	88	13	96	5	3	4	93	16	100
OAAC	7	1	7	0	0	0	7	1	7
Credit unions	136	21	179	8	14	14	144	35	193
SOCAP	168	2	197	36	36	30	204	38	227
SOFIPO	228	40	183	27	34	43	255	74	226
Other entities from the popular savings and loan sector	13	0	4	0	0	0	13	0	4
Brokerage firms	25	4	12	18	10	14	43	14	26
Investment funds	13	10	3	4	0	5	17	10	8
Securities rating agencies	1	0	2	0	0	0	1	0	2
Issuers									
Stock exchanges and derivative exchanges	27	5	0	0	0	0	27	5	0
Central counterparties	5	0	0	0	0	0	5	0	0
Institutions for the deposit of securities	4	0	28	0	0	0	4	0	28
Other participants of the securities and derivatives market									
Participants in relevant payment system networks	85	18	64	0	0	0	85	18	64
SIC									
Investment advisors	67	0	7	5	0	0	72	0	7
ITF	0	3	0	0	0	0	0	3	0
Other entities supervised	66	11	43	0	0	0	66	11	43
Entities exclusively subject to supervision in terms of AML/CFT				16,411	37,727	20	16,411	37,727	20
SOFOM E.N.R.				9,676	23,476	10	9,676	23,476	10
Currency exchange centers				4,979	13,829	3	4,979	13,829	3
Money transfer companies				1,756	422	7	1,756	422	7
Total	1,429	425	1,261	16,603	37,880	181	18,032	38,305	1,442

Note:
Here included are the observations, recommendations and corrective actions resulting from prudential supervisory actions, as well as from the ones carried out in terms of operational and technological risk, behavior of market participants, participants in payment system networks and the reviews to the regulatory reports forwarded by the entities supervised.

Summary of information audited by the end of 2020, with information as of April 2021

Commercial banking institutions

Financial information (billion MXN)

Concept	2019	2020	Variation	%
Total assets	9,829	11,186	1,357	13.81%
Security investments + Net OVD ¹	1,313	1,917	604	46.00%
Total portfolio	5,406	5,303	- 103	-1.91%
Commercial	3,403	3,299	- 104	-3.06%
Consumer	1,093	1,009	-84	-7.69%
Housing	910	995	85	9.34%
Preventive estimates	174	218	44	25.29%
Additional estimates	8	43	35	437.50%
Total liabilities	8,746	9,995	1,249	14.28%
Traditional deposit-taking	5,656	6,262	606	10.71%
Stockholders' equity	1,082	1,191	109	10.07%
Net interest margin adjusted for loan risks	414	363	- 51	-12.32%
Financial intermediation income	43	40	-3	-6.98%
Results of operations ²	221	139	- 82	-37.10%
Net earnings	164	102	-62	-37.80%

Notes:
1/ OVD. Operations with securities and derivatives
2/ Income before taxes and discontinued operations

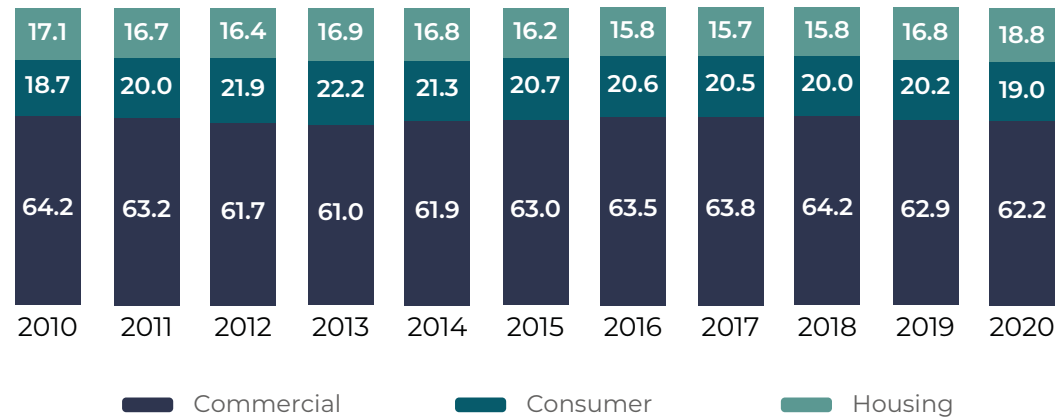
Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.
The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

By the end of December 2020, there were 50 operating IBMs²¹, closing the year with increases in total assets of 13.81%, total liabilities by 14.28% and stockholders' equity of 10.07%.

Total loan portfolio reached \$5.30 trillion MXN. Commercial loans represented 62.21% of total portfolio and recorded a 3.06% decrease compared to 2019. Consumer loans decreased 7.69%, representing 19.03% of total portfolio. Housing loans represented 18.76% of total portfolio, observing an annual increase of 9.34%; it is worth pointing out that this was the area that presented growth in monetary and percentage terms. Preventive estimates grew 25.29%, as a result of additional estimates recorded to mitigate the effect of the contingency resulting from COVID-19.

21/ Due to the revocation of the authorization to constitute and operate as an IBM to Banco Ahorro Famsa S.A by the CNBV in 2020.

Composition of the loan portfolio, commercial banking sector (%)



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

The funding of IBMs is still defined by traditional deposit-taking, which represents 64.67% and 62.65% of their total liabilities in 2019 and 2020, respectively. Likewise, said deposit-taking registered a 10.71% growth, reaching \$6.26 trillion MXN. Stockholders' equity showed a 10.07% growth, essentially explained by the results in terms of profits.

In terms of profitability, the banking sector obtained profits with a 37.80% decrease in the year's net earnings, reaching \$102 billion MXN. This had to do with the economic impact of the contingency, the measures taken by the entities to mitigate its effects and 37.10% lower results of operations.

Notes:
1/ IMOR = non-performing portfolio / total portfolio
2/ IMORA = (non-performing portfolio + (write-offs 12-m cumulated flows)) / (total portfolio + (write-offs 12-m cumulated flows))
3/ TDA. Adjusted impairment rate = (non-performing portfolio (12-m average) + write-offs 12-m cumulated flows) / (total portfolio (12-m average) + write-offs 12-m cumulated flows)
4/ EPRC / CT = Preventive estimates for loan risk / total portfolio
5/ LCR. Average level of IBMs compelled to report the LCR, calculated according to the general provisions on liquidity requirements for IBMs. The indicator refers to the LCR median of IBMs corresponding to Q420
6/ ICAP = net capital / total weighted assets subject to risk (APSRT), expressed in percentage rounded up to the nearest hundredth of a percentage point
7/ CCPT. Total average deposit-taking cost
8/ ROE = Net earnings (accrued 12 months) / average stockholders' equity last 12 months
9/ ROA = Net earnings (accrued 12 months) / average assets last 12 months
10/ Operational efficiency = administrative and promotion costs 12 months / average total asset 12 months
11/ Non-financial income = other income / average total asset in twelve months
12/ NIM = net interest margin (accrued 12 months) / average net earning assets 12 months

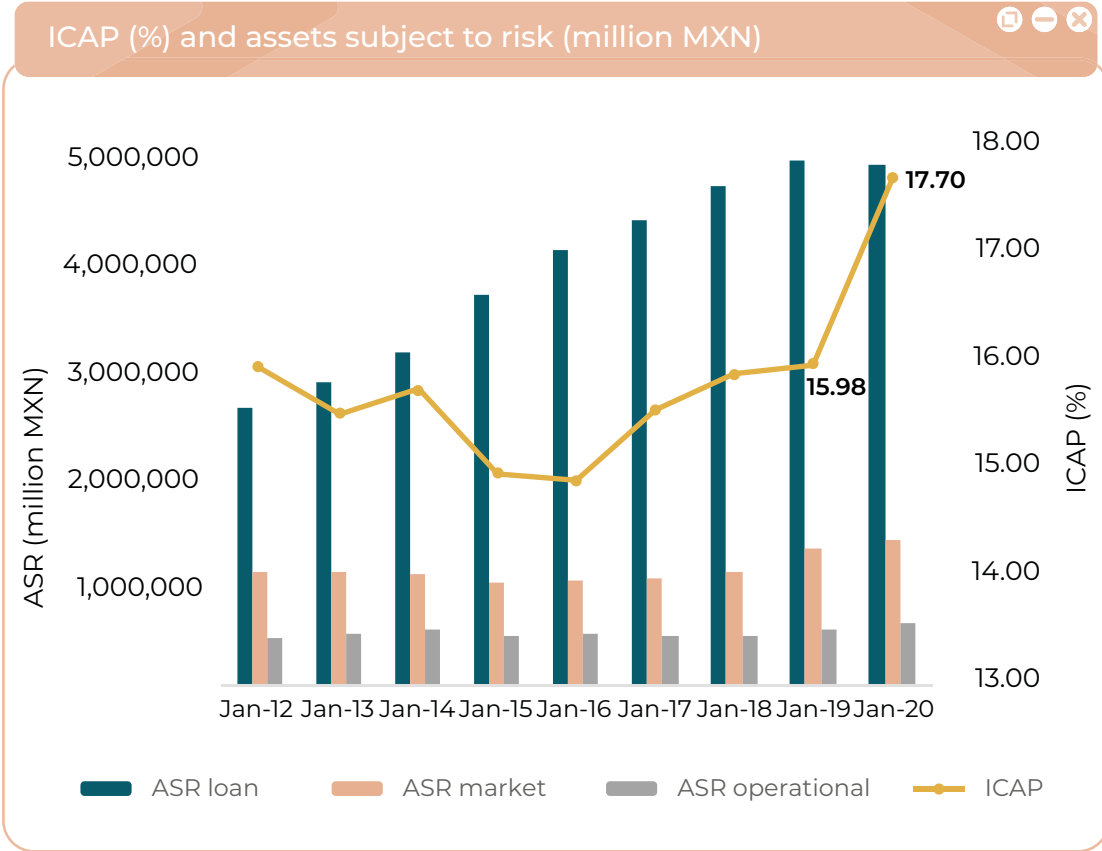
Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Main indicators (%)

Indicator	2019	2020	Variation	%
IMOR ¹	2.20	2.56	0.36	16.36%
IMORA ²	4.38	5.20	0.82	18.72%
TDA ³	4.58	4.78	0.20	4.37%
ICOR	146.18	160.10	13.92	9.52%
EPRC / CT ⁴	3.22	3.28	0.06	1.86%
CCL ⁵	203.98	217.99	14.01	6.87%
ICAP ⁶	15.98	17.70	1.72	10.76%
Key equity /APSRT	13.38	14.88	1.50	11.21%
Core capital/APSRT	14.44	16.12	1.68	11.63%
CCPT ⁷	3.96	2.28	-1.68	-42.42%
ROE, 12 months ⁸	15.47	8.96	-6.51	-42.08%
ROA, 12 months ⁹	1.67	0.91	-0.76	-45.51%
Operational efficiency ¹⁰	3.92	3.54	-0.38	-9.69%
Non-financial income ¹¹	0.17	0.11	-0.06	-35.29%
Net interest margin NIM ¹²	7.70	6.99	-0.71	-9.22%

The total IMOR shows a 16.36% increase as a result of the effects of the contingency; likewise, the IMORA increased by 18.72% due to increases in non-performing loan write-offs in the period. Meanwhile, the TDA was also affected and closed on a level of 4.78%. In addition, the ICOR increased by moving from 146.18% to 160.10%, given the creation of additional preventive estimates.

The LCR remained in figures very much above the minimum required amount, which shows that IBMs have the liquidity necessary to face contingencies that may take place in the following 30 days. It is worthwhile mentioning that this indicator is calculated every day by IBMs, with a time window of 30 days.



The banking sector is backed by solvency levels above regulatory requirements. The ICAP of IBMs was at 17.70% by the end of fiscal year 2020, a level 10.76% higher than the one observed in 2019 of 15.98%.

The CCPT remained at levels around 2.28%, given the drop in reference rates.

The ROA and ROE indicators were at 0.91% and 8.96%, respectively, as a consequence of lower profits. Operational efficiency did not experience any relevant changes, whereas the indicator for non-financial income did drop, moving from 0.17 % to 0.11%. The NIM did not experience any important changes either, indicating that the banking intermediation activity remained in levels of profitability.

Operational information				
Concept	2019	2020	Variation	%
IBMs in operation	51	50	-1	-1.96%
IBMs of local systemic importance	7	6	0	-14.29%
Branches	12,883	11,540	-1,343	-10.42%
ATMs	56,618	57,936	1,318	2.33%
Nr. of credit card (TDC) contracts (units)	29,172	27,627	-1,545	-5.30%
Nr. of credit customers (thousands)	29,172	27,627	-1,545	-5.30%
Banking correspondent modules	45,810	48,114	2,304	5.03%
Banking commission agents	6,730	7,638	908	13.49%
Number of transactions carried out by commission agents (million MXN)	62,292	70,499	8,207	13.18%
Nr. of establishments with POS terminals (units)	745,208	816,555	71,347	9.57%
Nr. of transactions with POS terminals (million)	270,003	283,792	13,789	5.11%

In terms of access to financial services, 2020 experienced a decrease in the infrastructure to service users, derived from the closing of 1,343 bank branches; however, the number of ATMs went from 56,618 to 57,396, which represents a 2.33% increase.

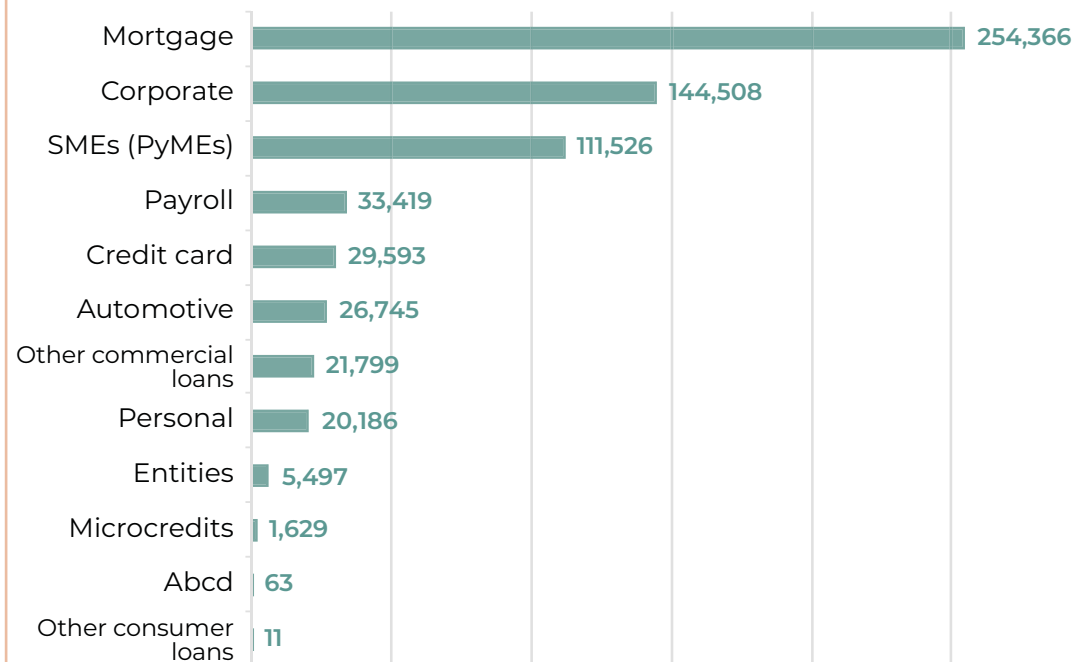
Furthermore, there were 48,114 banking correspondent modules by the end of 2020, which contributes to financial inclusion by bringing financial services closer to more people. In addition, the number of banking commission agents reached 7,638, which represents a 13.49% increase compared to 2019. Likewise, 816,555 establishments have point of sale terminals (POS terminals), through which almost 284 billion transactions were carried out.

Portfolio subject to CCEs

In March 2020, the CNBV issued the CCEs applicable to credit institutions regarding housing construction loans, as well as individual credits with mortgage guarantee, revolving and non-revolving credits addressed to natural persons as well as commercial loans addressed to legal entities, natural persons with business activities in different modalities, for those customers that were affected, except for credits granted to related persons.

The portfolio with the highest benefit due to the implementation of CCEs, was the mortgage portfolio, with 39.17% of the total amount that received this aid.

Amount of CCE aids (million MXN)



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Liabilities	1,965	2,172	208	10.53%
Banobras	831	896	65	7.82%
Nafin	511	563	52	10.18%
Bancomext	383	436	53	13.84%
SHF	119	122	3	2.52%
Banjército	72	94	22	30.56%
Banco del Bienestar	48	61	13	27.08%
Stockholders' equity	184.99	202.58	17.59	9.51%
Banobras	62.65	68.02	5.37	8.58%
Nafin	39.51	42.10	2.59	6.55%
Bancomext	31.82	34.22	2.39	7.52%
SHF	24.11	22.54	-1.58	-6.53%
Banjército	19.66	23.29	3.63	18.46%
Banco del Bienestar	7.23	12.41	5.18	71.64%
Net earnings	4.36	-1.79	-6.15	-141.08%
Banobras	4.35	0.66	-3.69	-84.83%
Nafin	-2.28	-4.17	-1.90	83.40%
Bancomext	-1.13	-1.96	-0.83	73.61%
SHF	1.01	0.27	-0.75	-73.74%
Banjército	2.72	3.68	0.96	35.44%
Banco del Bienestar	-0.32	-0.26	0.06	-18.22%

Note:
1/ Figures consolidated with subsidiaries from Nafin, Bancomext and SHF.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Development banks and promotion entities

Financial information, development bank institutions (billion MXN) ^{1/}

Concept and institutions	2019	2020	Variation	%
Total assets	2,150	2,375	225	10.47%
Banobras	894	964	70	7.83%
Nafin	551	605	54	9.80%
Bancomext	415	470	55	13.25%
SHF	143	144	1	0.70%
Banjército	92	117	25	27.17%
Banco del Bienestar	55	73	18	32.73%
Total loan portfolio	1,040	1,101	61	5.87%
Banobras	447.9	505.2	57.4	12.81%
Nafin	225.9	221.4	-4.5	-2.01%
Bancomext	229.7	243.3	13.6	-5.94%
SHF	84.8	77.6	-7.2	-8.47%
Banjército	50.4	50.7	0.3	0.62%
Banco del Bienestar	1.9	2.8	0.9	44.52%

Main indicators, development bank institutions (%) ^{1/}

Concept and institutions	2019	2020	Variation	%
ICAP	19.27	19.68	0.41	2.13%
Banobras	18.83	16.94	-1.89	-10.04%
Nafin	17.03	18.52	1.49	8.75%
Bancomext	18.87	18.99	0.12	0.64%
SHF	16.94	18.61	1.67	9.86%
Banjército	24.03	26.88	2.85	11.86%
Banco del Bienestar	78.87	108.77	29.90	37.91%
IMOR	1.90	1.91	0.01	0.53%
Banobras	0.55	0.51	-0.04	-7.27%
Nafin	0.32	0.24	-0.08	-25.00%
Bancomext	1.01	2.36	1.35	133.66%
SHF	14.77	13.44	-1.33	-9.00%
Banjército	3.04	2.73	-0.31	-10.20%
Banco del Bienestar	15.02	18.68	3.66	24.37%

ROE	2.46	-0.94	-3.40	-138.21%
Banobras	7.26	1.02	-6.24	-85.95%
Nafin	-5.84	-10.35	-4.51	-77.23%
Bancomext	-3.49	-5.92	-2.43	-69.63%
SHF	4.13	1.14	-2.99	-72.40%
Banjército	14.8	17.05	2.25	15.20%
Banco del Bienestar	-11.24	-3.4	7.84	69.75%
ROA	0.21	-0.08	-0.29	-138.10%
Banobras	0.5	0.07	-0.43	-86.00%
Nafin	-0.41	-0.73	-0.32	78.05%
Bancomext	-0.28	-0.42	-0.14	50.00%
SHF	0.73	0.18	-0.55	-75.34%
Banjército	3.56	3.48	-0.08	-2.25%
Banco del Bienestar	-0.63	-0.42	0.21	33.33%

Note:
1/ Figures consolidated with subsidiaries
from Nafin, Bancomext and SHF.

Source: CNBV, with information from
the end of 2020, provided by the
entities in April 2021.The figures may
vary compared to the 2019 Report,
due to resending and reprocessing of
information by cutoff date.

Financial information, promotion entities (billion MXN)

Concept and institutions	2019	2020	Variation	%
Total assets (billion MXN)	2,077	2,264	187	9.00%
Infonavit	1,580	1,727	147	9.30%
Infonacot	27	28	1	3.70%
Fovissste	201	214	13	6.47%
FIRA	182	217	35	19.23%
Fifomi	5.59	5.80	2.85	3.76%
FOVI	16.8	18.5	1.7	10.12%
FND	65	54	-11	-16.92%
Total loan portfolio (billion MXN)	1,892	2,025	133	7.03%
Infonavit	1,422	1,504	82	5.77%
Infonacot	24.7	23.2	-1.5	-6.07%
Fovissste	218	252	34	15.60%
FIRA	157	186	29	18.47%
Fifomi	3.48	3.6	0.12	3.45%
FOVI	9.05	7.93	-1.12	-12.38%
FND	58	48	-10	-17.24%
Liabilities (billion MXN)	1,672	1,830	158	9.45%
Infonavit	1,336	1,461	125	9.36%
Infonacot	12.5	10.8	-1.7	-13.60%
Fovissste	200	213	13	6.50%
FIRA	90	120	30	33.33%
Fifomi	0.4	0.595	0.195	48.75%
FOVI	2.15	2.91	0.76	35.35%
FND	31.51	22.49	-9.02	-28.63%

Stockholders' equity (billion MXN)	405	434	29	7.16%
Infonavit	244	266	22	9.02%
Infonacot	14.8	17.5	2.7	18.24%
Fovissste	0.9	1.5	0.6	66.67%
FIRA	92.5	97	4.5	4.86%
Fifomi	5.14	5.20	0.06	1.17%
FOVI	14.63	15.55	0.92	6.29%
FND	33.5	31.4	-2.1	-6.27%
Net earnings (billion MXN)	28.3	28.8	0.5	1.77%
Infonavit	24.9	21.8	-3.1	-12.45%
Infonacot	2.58	2.79	0.21	8.14%
Fovissste	0.9	1.5	0.6	66.67%
FIRA	3.4	3.91	0.51	15.00%
Fifomi	0.062	0.09	0.028	45.16%
FOVI	-0.62	0.92	1.54	-248.39%
FND	-3.0	-2.3	0.7	-23.33%

Source: CNBV, with information from
the end of 2020, provided by the
entities in April 2021.The figures may
vary compared to the 2019 Report,
due to resending and reprocessing of
information by cutoff date.

Main indicators, promotion entities (%)

Concept and institutions	2019	2020	Variation	%
IFP (%) ¹	15.39	16.51	1.12	7.28%
Infonavit	12.73	13.09	0.36	2.83%
Infonacot	43.1	50.2	7.10	16.47%
Fovissste	11.1	13.5	2.40	21.62%
FIRA	39.42	42.36	2.94	7.46%
Fifomi	16.75	16.72	-0.03	-0.18%
FOVI	37.79	40.13	2.34	6.19%
FND	N/A	N/A	N/A	N/A
IMOR (%)	10.72	13.86	3.14	29.29%
Infonavit	12	16.35	4.35	36.25%
Infonacot	4.82	4.64	-0.18	-3.73%
Fovissste	6.7	7.6	0.90	13.43%
FIRA	1.72	1.94	0.22	12.79%
Fifomi	5.94	5.73	-0.21	-3.54%
FOVI	65.93	67.56	1.63	2.47%
FND	13.18	11.04	-2.14	-16.24%

Note:
1/ Financial strength index (similar to ICAP for banks).

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

ROE (%)	7.18	6.77	-0.41	-5.71%
Infonavit	10.72	8.47	-2.25	-20.99%
Infonacot	18.91	17.11	-1.80	-9.52%
Fovissste	82.01	60.53	-21.48	-26.19%
FIRA	3.74	4.11	0.37	9.89%
Fifomi	1.19	1.7	0.51	42.86%
FOVI	-4.28	6.1	10.38	242.52%
FND	-8.11	-6.95	1.16	14.30%
ROA (%)	1.396	1.310	-0.086	-6.16%
Infonavit	1.63	1.31	-0.32	-19.63%
Infonacot	10.41	10.01	-0.40	-3.84%
Fovissste	0.45	0.71	0.26	57.78%
FIRA	1.889	1.881	-0.008	-0.42%
Fifomi	1.094	1.531	0.437	39.95%
FOVI	-3.8	5.26	9.06	238.42%
FND	-4.21	-3.76	0.45	10.69%

Throughout 2020, the institutions in general maintained a stable situation, sustained by adequate levels of solvency, liquidity and profitability, as well as by satisfactory management of the loan process, of the internal control system and of comprehensive risk management.

By the end of fiscal year 2020, the ICAP of the sector of development banks was 19.68%, a marginal growth of 0.41 pp (percentage points) more than by the end of 2019. The entities that strengthened their ICAP to a greater extent were Banco del Bienestar, due to a contribution for future capital increases; Nafin, as a result of a drop in ASRCs, and Banjército and SHF, due to this fiscal year's profit.

The financial strength index (IFP) of promotion entities was at 16.51%, showing a growth of 112 base points (bp) compared to 2019. What also stands out is the fact that all promotion entities experienced an increase in their IFP, except for Fifomi, which presented a slight contraction, with Infonacot presenting a higher variation of 710 bp.

Notes:
1/ Solvency = total assets / total liabilities.
2/ Liquidity = current assets / current liabilities.
Current assets = availabilities (cashier + banks + other availabilities + foreign currencies to be received) + negotiable securities without restriction + securities available for sale without restriction + debtors under repurchase agreements + accounts receivable.
Current liabilities = bank loans and from other entities in the short term + creditors under repurchase agreements + other accounts payable.
3/ Leverage = (total liabilities - creditors under settlement of transaction) / stockholders' equity.
4/ ROE=Net earnings = (12-month flow) / stockholders' equity, 12-month average.
5/ Calculations in 12-month flows. Personnel costs = direct short-term benefits + salaries.
Total operating income = services earnings + intermediation net interest margin + other income (disbursements) of the operation.
6/ Capitalization index = net capital / total assets subject to risk.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Brokerage firms

Brokerage firms				
Concept	2019	2020	Variation	%
Operational information				
Number of entities	35	35	0.00	0.00%
Financial information (billion MXN)				
Memorandum accounts	9,754	9,520	-234.00	-2.40%
Customers' securities received in custody	6,895	7,095	200.00	2.90%
Government debt	1,083	1,099	16.00	1.48%
Banking debt	327	261	-66.00	-20.18%
Other debt securities	428	433	5.00	1.17%
Net wealth instruments	5,043	5,286	243.00	4.82%
Trust securities	14.4	15.0	0.60	4.17%
Others	-	-		
Total assets	688	824	136.00	19.77%
Security investments	520	582	62.00	11.92%
Negotiable securities	453	462	9.00	1.99%
Securities available for sale	59	104	45.00	76.27%
Securities held until maturity	7.7	16.1	8.40	109.09%
Debtors under repurchase agreements	16	4	-12.00	-75.00%
Accounts receivable	90.3	131.7	41.40	45.85%
Total liabilities	640	773	133.00	20.78%
Creditors under repurchase agreements	451	548	97.00	21.51%
Derivatives	44.3	71.8	27.50	62.08%
Other Accounts payable	106.4	128.6	22.20	20.86%
Stockholders' equity	47.7	50.9	3.20	6.71%
Capital contributed	28.97	29.23	0.26	0.90%
Accumulated income	18.7	21.6	2.90	15.51%
Net earnings	5.41	5.50	0.09	1.66%
Main indicators (%)				
Solvency (number of times) ¹	1.074	1.066	-0.008	-0.74%
Liquidity (number of times) ²	0.239	0.253	0.014	5.86%
Leverage (number of times) ³	12.25	13.91	1.66	13.55%
ROE (%) ⁴	11.47	11.26	-0.21	-1.83%
Administrative and promotion costs / Total operating income (%) ⁵	66.88	68.22	1.34	2.00%
Personnel costs / Total operating income (%) ⁵	24.96	27.02	2.06	8.25%
Net earnings / Total operating income (%) ⁵	25.58	23.87	-1.71	-6.68%
ICAP (%) ⁶	26.65	26.62	-0.03	-0.11%

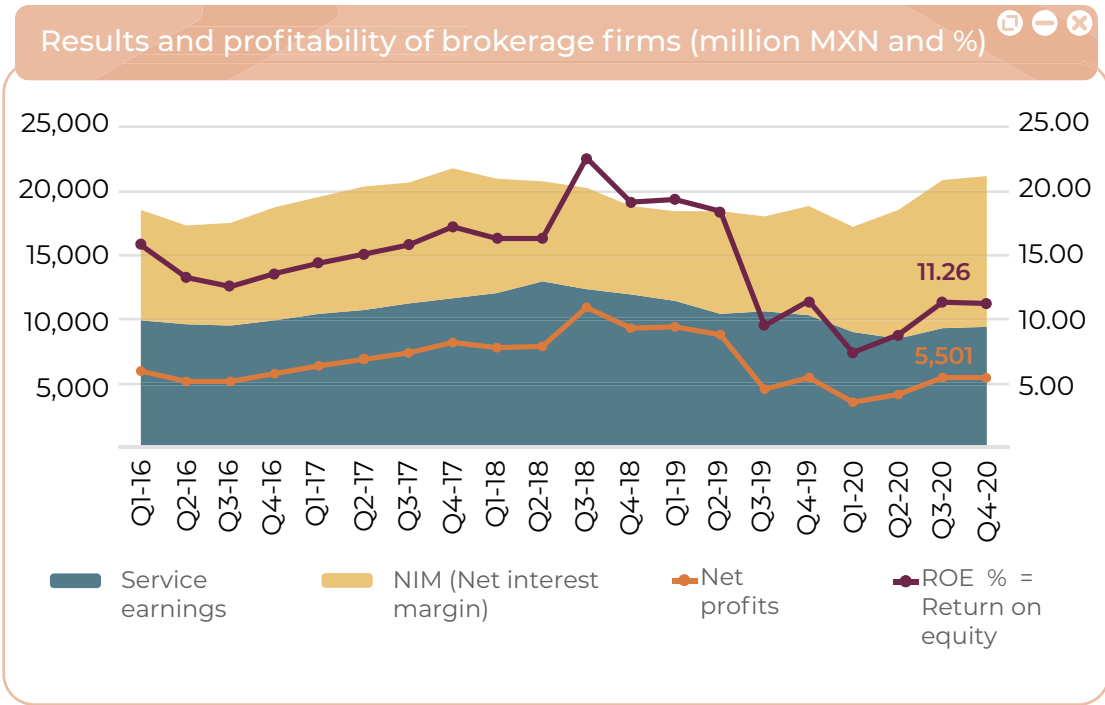
By the end of 2020, the brokerage firm sector was made up of 35 operating intermediaries.

Securities received in custody by brokerage firms rose to \$7.09 trillion MXN, that is 2.90% higher than in 2019, of which 75% corresponds to net wealth instruments.

Assets presented an annual growth of 19.77%, reaching \$824 billion MXN by the end of 2020, mainly due to the 11.92% increase in securities investments. By the end of 2020, the sector kept invested more than 20% of its net capital in assets with high availability, complying with the regulatory limit for liquidity.

In terms of liabilities, they increased 20.78% and by the end of 2020 reached \$773 billion MXN, due to the 21.51% growth in their creditors under repurchase agreements. Leverage levels through other accounts payable rose 20.86% until reaching \$128.6 billion MXN.

Meanwhile, the liability position in derivatives increased 62.08% compared to the previous fiscal year, reaching \$71.8 billion MXN.

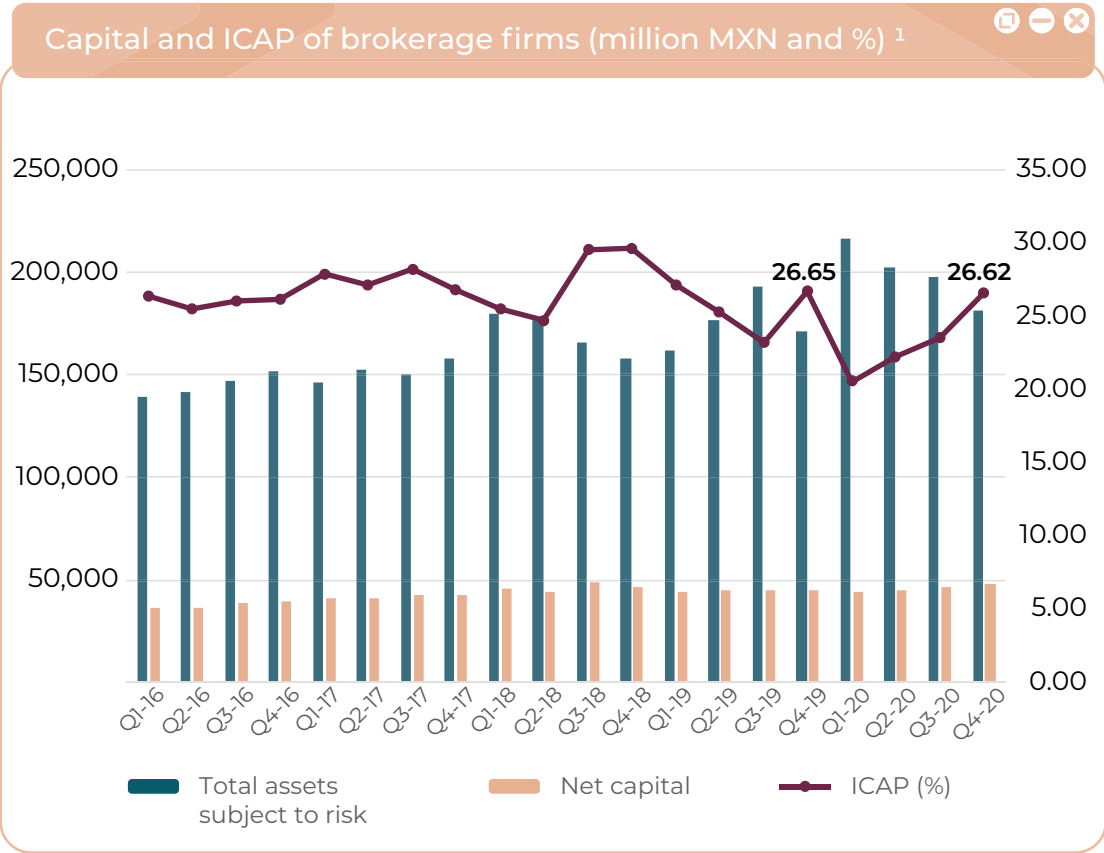


Meanwhile, the stockholders' equity showed a 6.71% increase, standing at \$50.9 billion MXN, mainly because of the increase in the accumulated income.

In 2020, capital contributions were carried out, amounting to \$0.63 billion MXN, that is 48% higher than the capital contributed in 2019, and a total of \$2.6 billion MXN was paid out in terms of dividends, that is 1.6 times less than the payout of dividends in 2019.

Services earnings fell 9.62% compared to the level obtained throughout 2019: they went from \$10.4 billion MXN to \$9.4 billion MXN in 2020, a situation which was mainly due to the increase in their commissions and fees paid, as well as because of their reduced income for financial advisory.

In 2020, the intermediation net interest margin had a 38% increase compared to 2019, to stand at \$11.7 billion MXN, mainly due to the drop in interest costs and in the earnings obtained from trading with securities. In terms of net earnings, the sector showed a 1.66% increase compared to the previous year, to stand at \$5.50 billion MXN. On the other hand, the return on equity level (ROE) dropped 21 bp to stand at 11.26%.



In terms of capital management, by the end of 2020 the sector's ICAP stood at 26.62%, that is 3 bp below the one reported by the end of 2019, which was 26.65%.

Finally, what also stands out here is the fact that all 35 brokerage firms maintain an ICAP above the required minimum of 10.5%.²²

^{22/} The minimum capital requirement is composed of an 8.0% capitalization, plus the capital conservation supplement of 2.5%, made up of key equity.

Investment funds

Investment funds				
Concept	2019	2020	Variation	%
Operational information				
Total number of entities	725	716	-9	-1.24%
Operators	38	35	-3	-7.89%
Limited operators (administrative services)	2	2	0	0.00%
Comprehensive distributors ¹	3	3	0	0.00%
Referring distributors ¹	1	0	-1	-100.00%
Debt investment funds	261	251	- 10	-3.83%
Equity investment funds	352	354	2	0.57%
Capital investment funds and companies (Fincas)	4	4	0	0.00%
Limited operators authorized to appraise shares	2	2	0	0.00%
Comprehensive distributing companies	58	61	3	5.17%
Referring distributing companies	1	1	0	0.00%
Electronic mechanisms of information disclosure	2	2	0	0.00%
Electronic mechanisms for trading shares	1	1	0	0.00%
Number of contracts	2,498,561	2,995,857	497,296	19.90%
Debt investment funds	2,279,239	2,678,336	399,097	17.51%
Equity investment funds	219,318	317,517	98,199	44.77%
Capital investment funds (Fincas)	4	4	0	0.00%
Financial information (million MXN)				
Total assets by type of IF ²	2,494,578	2,615,658	121,080	4.85%
Debt investment funds	1,841,743	1,856,094	14,351	0.78%
Equity investment funds	632,689	737,669	104,980	16.59%
Capital investment funds	20,145	21,895	1,750	8.69%
Total assets by type of operator ²	2,494,578	2,615,658	121,080	4.85%
Credit institutions	55,121	44,845	-10,276	-18.64%
Brokerage firms	619,455	52,997	-566,458	-91.44%
Financial groups	1,638,214	1,464,327	-173,887	-10.61%
Independent	181,788	1,053,489	871,701	479.52%

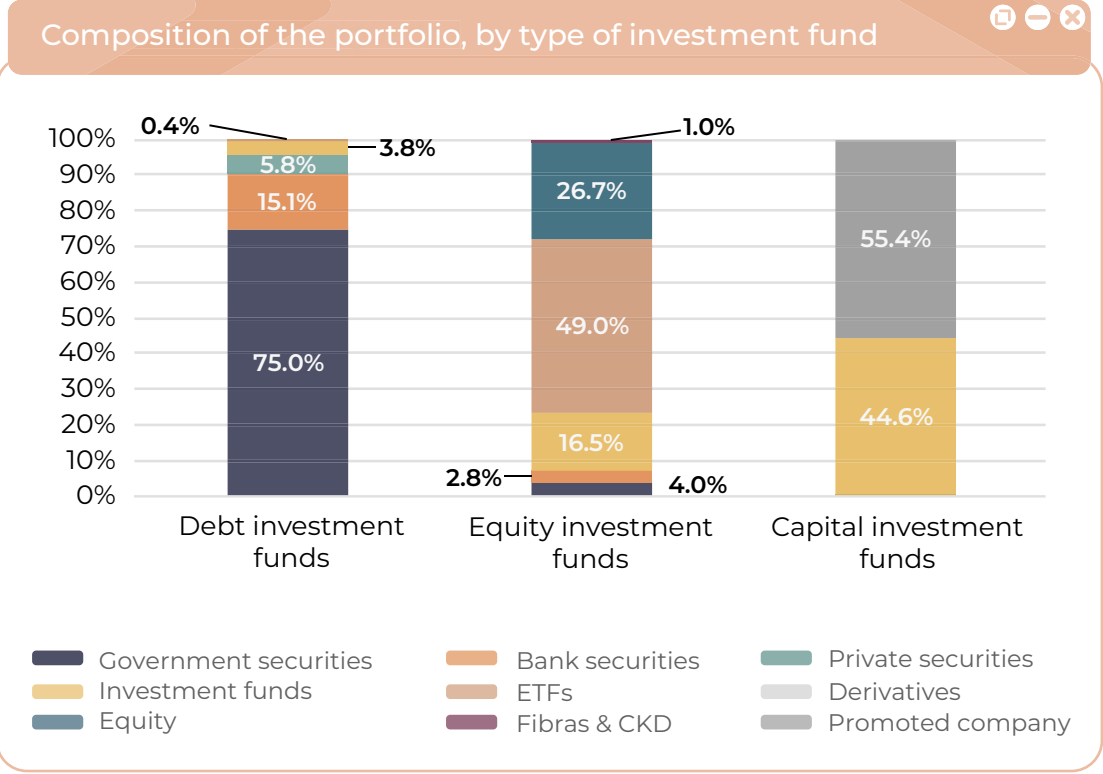
Notes:
 1/ Distributing companies
 2/ The figures correspond to the accumulated balances of the "100099 Total Assets" account, reported in the balance sheet of each fund operating, at the end of the period.
 3/ Fibras & CKD = CBFE + CBFI + Fibra + CKD
 ETF = ETF + Indexed trust certificates (Trac)
 Derivatives = Forwards + options + futures + Swaps + warrants + Rate swaps + Currency swaps + Interest Rate Swaps + stock warrants (spot)
 Investment fund shares = Domestic investment fund shares + Foreign investment fund shares

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Total investment portfolio	2,463,985	2,589,890	125,905	5.11%
Government securities	1,280,819	1,417,682	136,863	10.69%
Bank securities	378,688	299,044	-79,644	-21.03%
Private document	111,890	108,570	-3,320	-2.97%
FIBRA's & CKD's ³	4,040	6,394	2,354	58.27%
Exchange-traded Fund (ETF)	242,349	363,300	120,951	49.91%
Promoted companies	9,989	4,939	-5,050	-50.56%
Derivatives	148.21	1,484.18	1,335.97	901.40%
Investment fund shares	246,477	194,294	-52,183	-21.17%
Equity	189,584	194,182	4,598	2.43%

Assets increased 4.85%, which are concentrated in the three largest operators, representing a 51% share of the sector; the following seven operators concentrate 37%, which leads to an 89% share concentrated in the ten largest investment funds.

By the end of 2020, the sector's portfolio was composed as follows: 54.7% in government securities; 21.5% in investment fund shares and ETFs; 11.5% in bank securities and the rest in domestic and foreign shares, corporations and others.



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.

Bonded warehouses

Bonded warehouses				
Concept	2019	2020	Variation	%
Operational information				
Total number of operating entities ¹	15	15	0	0.00%
Level I	--	--	--	--
Level II	--	--	--	--
Level III	10	11	1	10.00%
Level IV	5	4	-1	-20.00%
Certification (million MXN)	67,324	59,932	-7,392	-10.98%
Direct warehouses	24,686	22,043	-2,643	-10.71%
Enabled warehouses	42,637	37,889	-4,748	-11.14%
Financial information (million MXN) ¹				
Total assets	19,599	24,798	5,199	26.53%
N5 ² (%)	92.85	94.3	1.45	1.56%
HHI ³ (entities)	5	5	0	0.00%
Real estate, furniture and equipment	4,576	6,249	1,673	36.56%
N5 ² (%)	84.9	88.31	3.41	4.02%
HHI ³ (entities)	5	5	0	0.00%
Surface of warehouses ⁴	1,340	2,976	1,636	122.09%
Direct	382	561	179	46.86%
Enabled	958	2,415	1,457	152.09%
Goods inventory	2,143	2,344	201	9.38%
Loan portfolio	5,450	6,693	1,243	22.81%
Total liabilities	14,685	19,488	4,803	32.71%
Stockholders' equity	4,914	5,310	396	8.06%
Net earnings	469	323	-146	-31.13%
Main indicators (%)				
Use of the legal capacity to certify ⁵	26.50	24.10	-2.40	-9.06%
Leverage ⁶	74.93	78.59	3.66	4.88%
ROA ⁷	2.44	1.43	-1.01	-41.39%
ROE ⁸	9.49	6.18	-3.31	-34.88%

Notes:

1/ In 2020, the sector consisted of sixteen entities with authorization from the SHCP, of which information from thirteen of them is considered, given that two were not included because their information is currently under review (Almacenadora General and Almacenadora Logística Empresarial) and one is not operating (Almacenadora Gómez).

2/ N5 = Percentage share in the sector's assets to December 2020 of the five largest institutions: Almacenadora Afirme (64.76%), Almacenadora Mercader (15.77%), Sur (5.30%), Banorte (4.65%) and Accel (3.81%).

3/ Inverse of the Herfindahl-Hirschman Index (HHI) (entities) = Inverse of the Herfindahl-Hirschman Index. The number indicates the number of entities that hold most of the market. $HHI = \frac{\sum [\text{market share}]^2 \times 10,000}{[\sum \text{market share}]}$

4/ Information obtained from the regulatory report R14B 1421 Statistical data of warehouses, with figures to December 2020, which come in million m2.

5/ Use of the legal capacity to certify = negotiable deposit certificates issued in enabled warehouses / legal capacity to certify (30 times the stockholders' equity).

6/ Leverage = total liabilities / total assets.

7/ ROA = net earnings, 12-month flow / total assets, 12-month average.

8/ ROE = net earnings, 12-month flow / stockholders' equity, 12-month average.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

The sector consists of sixteen bonded warehouses with authorization from the SHCP, of which fifteen were currently operating by the end of 2020.

The sector stores a range of products, depending on type of customer, geographical area, type of warehouse and merchandise in custody, among which the following stand out by the end of December 2020: 1) 45.0%, agricultural products, such as corn, sugar, wheat, seeds, beans, livestock, chickpeas, sorghum, coffee and cotton; 2) 12.5%, machinery and equipment; 3) 11.1%, foods and beverages; 4) 7.9%, electrical accessories; 5) 7.9%, steel, aluminum and copper; 6) 3.2%, automotive parts, and 7) 12.4%, other.

For their activity, they operate in practically all states in Mexico, through a network of 900 warehouses distributed across the country (709 are enabled warehouses and 191 are direct warehouses). Eleven general warehouses concentrate 81.11% of said warehouses, which are located in Sinaloa and Jalisco (112 in each state), the State of Mexico (95), Guanajuato (85), Chihuahua (74), CDMX (Mexico City) and Nuevo León (57 in each state), Michoacán (36), Veracruz and Zacatecas (35 in each one) and Sonora (32). On the other hand, it is worth mentioning that three warehousing companies hold 563 warehouses, which in turn represent 62.5% of the sector's total.

For the merchandise in custody, by the end of 2020 the bonded warehouses issued CDs (deposit certificates) worth \$59.93 billion MXN, pointing to a 10.98% reduction, compared to 2019, due to, among other aspects, the negative effect of the contingency on the economic activity.

Notes:

1/ Information to 2020.

2/ Figures in million MXN.

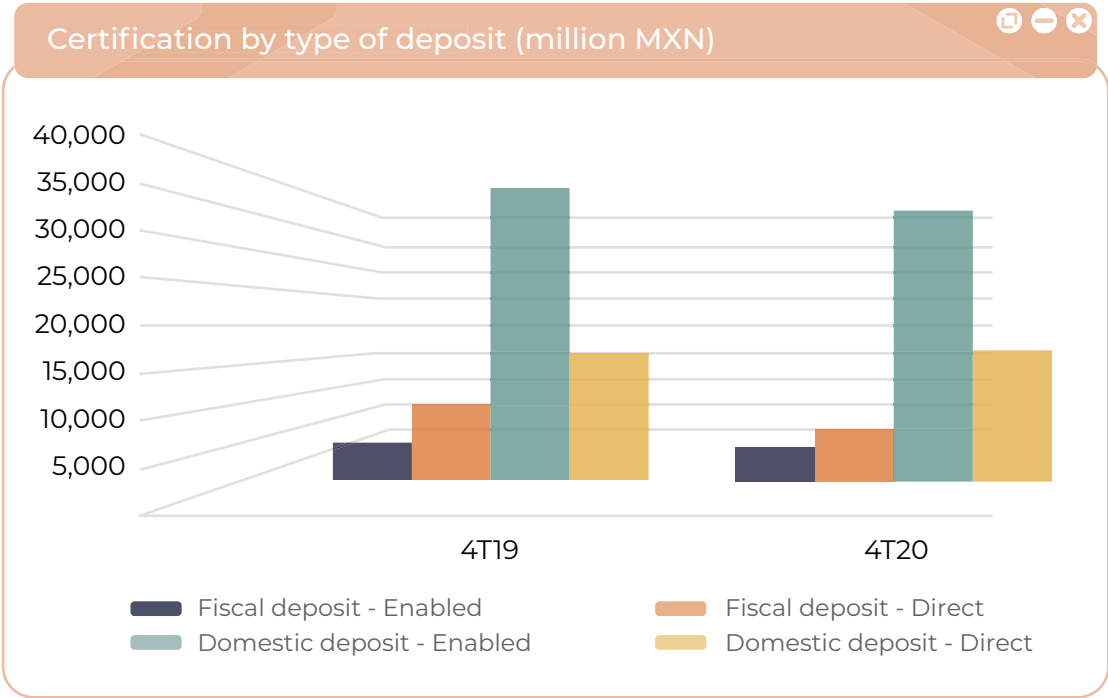
3/ Figures are in million m2.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Total deposit certificates	
Total deposit certificates (CD) ¹	59,932
CD in enabled ²	37,889
Negotiable	29,493
Non-negotiable	8,396
CD in direct ²	22,043
Negotiable	3,997
Non-negotiable	18,046
CD Domestic deposit ²	50,680
Enabled	35,011
Direct	15,669
CD Depósito fiscal ²	9,252
Enabled	2,877
Direct	6,374
Number of warehouses	900
Surface of warehouses ³	2,976
Number of employees	4,021

Said certificates can be classified according to type of warehouse: direct warehouse (owned by the warehousing company) or enabled warehouse (owned by the depositor); or by type of deposit: domestic (the agricultural one stands out) or fiscal (merchandise with outstanding customs duties).

According to the type of certificate, these may also be classified as negotiable (the holder of these loan certificates may offer them to guarantee the loan to the warehousing company itself, should there be the minimum capital required to carry out the credit activity, or pledge them as security with a different financial entity to obtain funds), or as non-negotiable (simply guaranteeing the deposit). This based on the following:



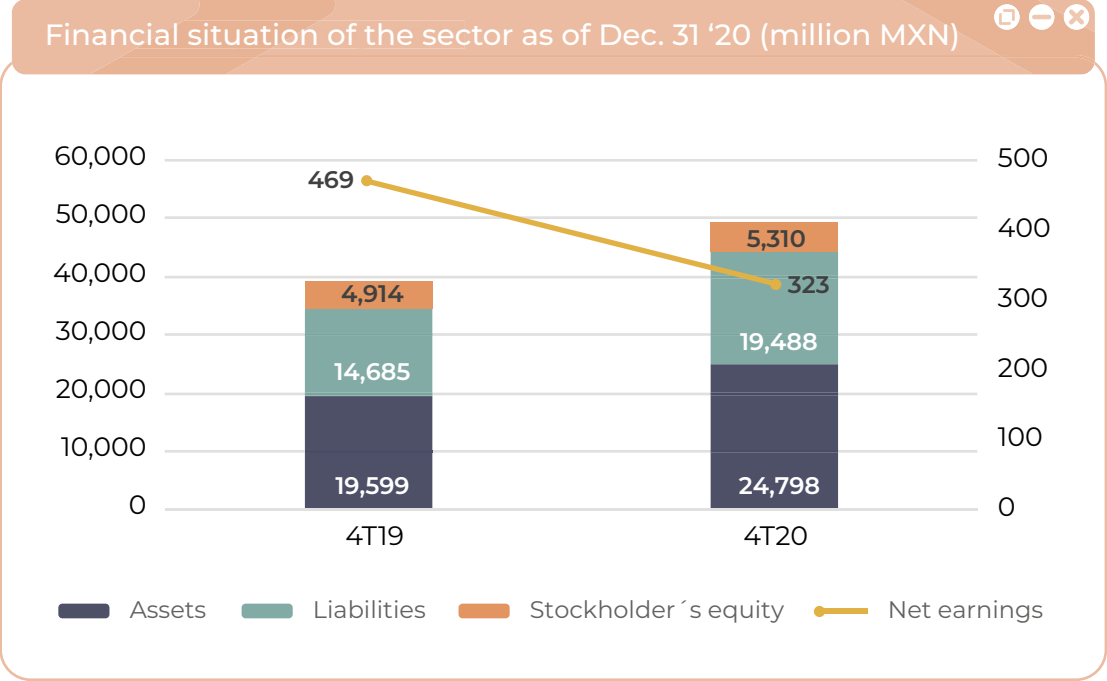
Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Total assets and liabilities maintain an upward trend, mainly correlated with the increase in the credit portfolio, whose balance reached \$6.69 billion MXN, managed in the sector by only three warehousing companies.

Only those bonded warehouses that have a minimum capital of at least \$51.7 million MXN can grant loans that must be guaranteed with CDs. Said financing is funded with own resources and/or with bank loans. Another area showing an annual increase of 9.38% compared to 2019 is goods inventory: it went from \$2.14 billion MXN to \$2.34 billion MXN, corresponding to the purchase that some bonded warehouses carry out of various products for their commercialization, among them steel and its by-products, as well as corn and wheat.

Stockholders' equity showed a 8.06% growth, compared to the same period in the previous year, considering that in terms of profitability, even though the income associated with its activity, basically as a result of storage activities, added value services and loading and unloading maneuvers, surpassed the administrative burden, shedding positive net earnings of \$323 million MXN, it was still 31.13% below the \$469 million MXN figure registered by the end of 2019, as a consequence of reduced certification, associated with, among other aspects, the negative effect on the economic activity resulting from the contingency.

Net earnings come from the profit obtained by seven warehousing companies, given that three others practically remained at break-even point and the remaining five reported operating losses.



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Currency exchange offices

Currency exchange offices				
Concept	2019	2020	Variation	%
Total number of entities	8	8	0	0.00%
Non-grouped	8	8	0	0.00%
Grouped with no bank	-	-	-	-
Total number of offices in the country	227	231	4	1.76%
Total assets (million MXN)	1,006	1,072	66	6.56%
Availabilities	419	465	46	10.98%
Security investments	84.1	93.0	8.9	10.58%
Accounts receivable	350.0	371.6	21.6	6.17%
Total liabilities	287.0	328.4	41.4	14.43%
Bank loans and from other entities	54.3	120.0	65.7	120.99%
Other accounts payable	170	120	-50	-29.41%
Stockholders' equity	719	744	25	3.48%
Results of operations	87	56	-31	-35.63%
Net earnings (million MXN)	67	35	-32	-47.76%
Main indicators (%)				
Leverage ¹	28.52	30.63	2.11	7.40%
Capital stock yield ²	153.49	155.69	2.20	1.43%
ROE ³	9.26	4.50	-4.76	-51.40%
ROA ⁴	6.64	102	-3.37	-50.75%

Notes:
1/ Leverage = total liabilities / total assets.
2/ Capital stock yield = stockholders' equity / capital stock.
3/ ROE = net earnings, 12-month flow / stockholders' equity, 12-month average.
4/ ROA = net earnings, 12-month flow / total assets, 12-month average.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

The sector was made up by eight currency exchange offices, of which seven are operating and one is undergoing a revocation process, which to date has not concluded (Única, Casa de Cambio). These entities offer the services in currency trading and exchange in various modalities.

By the end of the 2020 fiscal year, the sector's total assets grew 6.56%, mainly due to increased availabilities in cashflow, banknotes and foreign currencies, as a result of the weakening of the Mexican peso vis-à-vis the US dollar, caused by the panic of the COVID-19 emergency, during the first and second quarter of the fiscal year. It is worth mentioning that from all the assets, this was the area that showed the highest growth in monetary terms. Due to the same effects, negotiable securities registered in securities investments also grew.

Meanwhile, the sector's total liabilities also recorded a 14.43% increase, mainly because of the increase of loans from banks and other entities of 120.99%, contrary to the 29.41% decrease shown in accounts payable, by the end of the fiscal year.

In terms of profitability, the sector obtained profits worth \$35 million MXN by the end of the fiscal year. However, compared to 2019, there was an important reduction in the net earnings, which fell 47.76%, from \$67 million MXN to \$35 million MXN. This can be explained by a 35.63% decrement in the results of operations, mainly due to a drop in the result for foreign currency trading.

The leverage ratio experienced a 7.40% increase compared to fiscal year 2019. Likewise, the capital stock yield also showed an increase of 1.43%, contrary to the ROA and ROE indicators, which reached 3.27% and 4.50%, respectively, levels that had a deterioration compared to the previous fiscal year.

Financial information (million MXN)				
Concept	2019	2020	Variation	%
Total assets	664,523	576,818	-87,705	-13.20%
Security investments + Net OVD	4,335	14,701	10,366	239.12%
Total loan portfolio	590,231	497,679	-92,552	-15.68%
Commercial	192,531	204,143	11,612	6.03%
Consumer	330,384	291,314	-39,070	-11.83%
Housing	67,316	2,222	-65,094	-96.70%
Preventive estimates	-35,528	-43,023	-7,495	21.10%
Additional estimates	-1,084	-8,875	-7,791	718.73%
Traditional deposit-taking	--	--	--	--
Liabilities	528,044	434,757	-93,287	-17.67%
Stockholders' equity	136,478	142,061	5,583	4.09%
Loan-granting income ^{1/}	20,301	8,160	-12,141	-59.80%
Financial intermediation income	-539	1,461	2,000	-371.06%
Results of operations	24,332	15,064	-9,268	-38.09%
Net earnings	18,718	12,542	-6,176	-32.99%

Notes:
1/ Loan-granting income = net interest margin + commissions and fees collected - commissions and fees paid + preventive estimates - administrative and promotion costs.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

The sector's total assets decreased by 13.20%, as a consequence of the combined result of the entry of one financing company in the sector, the merger of two with other entities; as well as because of the downturn in consumer and housing financing, mainly due to the effects of the contingency resulting from COVID-19.

Meanwhile, liabilities amounted to \$434.76 billion MXN, and also decreased 17.67% compared to 2019; this was due to less bank loans and from other entities, short-term as well as long-term (loans from IBMs), also for the same reasons. Funding of SOFOM E.R. mainly comes from interbank loans, which represent 83.2% of total liabilities. Likewise, stock liabilities make up 8.93% of total liabilities.

Stockholders' equity rose 4.09%, due to the net effect of the 10.39% increase in capital earned, and the 0.47% decrease in capital contributed.

In terms of profitability, the sector obtained profits worth \$12.54 billion MXN by the end of the fiscal year. However, compared to December 2019, there is a 32.99% reduction in net earnings. This can be explained by the 38.09% decrease in the results of operations, mainly due to the creation of higher preventive estimates for additional loan risks.

Total loan portfolio went from \$590.23 billion MXN to \$497.68 billion MXN. By the end of the fiscal year, 58.53% of it was consumer loan portfolio, 41.02% commercial loan portfolio and 0.45% housing loan portfolio. Consumer loan portfolio and housing loan portfolio, compared to the previous fiscal year, decreased 11.83% and 96.70%, respectively. Preventive estimates increased 21.10%, because of the borrowers' default of payment due to the effects of the contingency, which is why additional estimates also grew seven-fold.

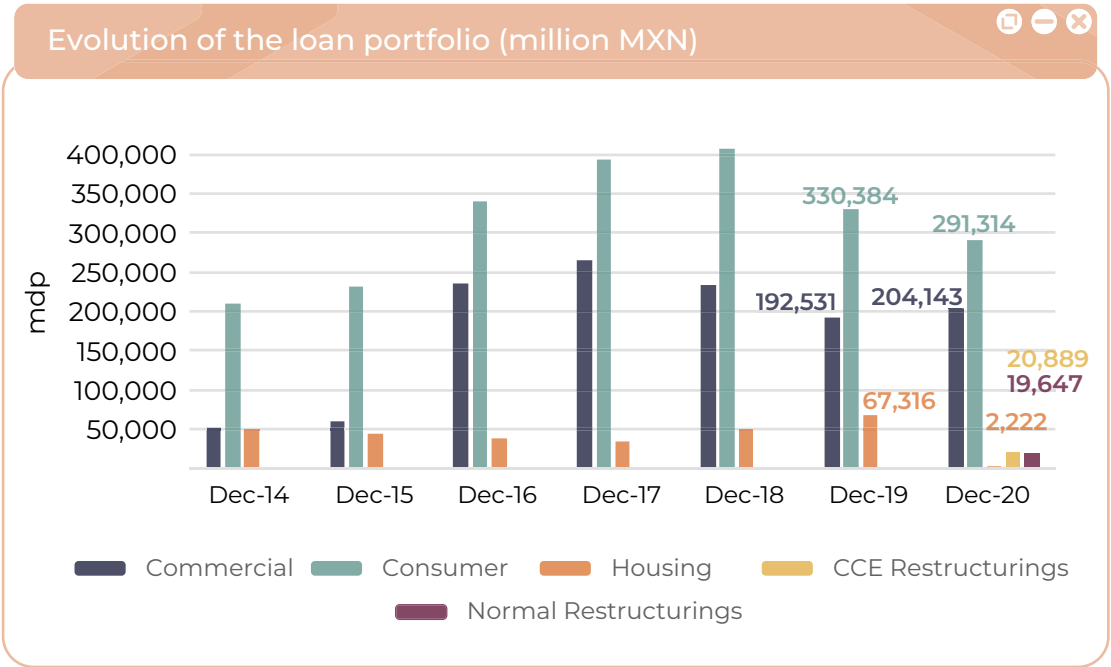
SOFOM E.R.

Operational information				
Concept	2019	2020	Variation	%
Number of operating entities	41	40	-1	-2.44%
Linked to banks	16	16	0	0.00%
Linked to financial groups	10	9	-1	-10.00%
Issuers	14	14	0	0.00%
Voluntaries	1	1	0	0.00%

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

By the end of December 2020, 40 SOFOM E.R. were operating, one financing company less than in 2019, due to the merger of two and to the incorporation of one financing company.

Because of the effects previously mentioned, as a result of the actions carried out by the CNBV to support borrowers, and given the temporary regulatory facilities that were issued, SOFOM E.R., after analyzing customer requests, granted the referred regulatory facilities in terms of restructurings and renewals.



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

The total portfolio's IMOR was 4.15% and grew 33.01% compared to the previous year, given that total loan portfolio fell 15.68% and, on the other hand, non-performing portfolio increased 12.08%. Likewise, this indicator followed the same trend as the sector of SOFOM E.R. linked to financial group, issuers and for the voluntary SOFOM E.R.

Similarly, the ICOR increased, as a consequence of the proportionately higher increase of preventive estimates for loan risks, which grew 21.10%.

The ROE and ROA indicators experienced decreases compared to fiscal year 2019, and reached 9.61% and 2.23%, respectively, as a result of the reduction in net earnings in this fiscal year. These indicators showed the same behavior for the sector of SOFOM E.R. linked to financial group, issuers and for the voluntary SOFOM E.R.

Main indicators				
Concept	2019	2020	Variation	%
IMOR	3.12	4.15	1.03	33.01%
Linked to financial groups	2.03	2.49	0.46	22.66%
Issuers	1.58	2.08	0.50	31.65%
Voluntaries	1.15	1.69	0.54	46.96%

ICOR	192.74	208.24	15.50	8.04%
Linked to financial groups	142.32	129.14	-13.18	-9.26%
Issuers	176.62	147.08	-29.54	-16.73%
Voluntaries	138.29	185.73	47.44	34.30%
EPRC/CT	6.02	8.64	2.62	43.52%
Linked to financial groups	2.89	3.21	0.32	11.07%
Issuers	2.79	3.06	0.27	9.68%
Voluntaries	1.59	3.14	1.55	97.48%
Liquidity ^{1/}	6.63	10.92	4.29	64.71%
Linked to financial groups	5.10	5.17	0.07	1.37%
Issuers	10.19	12.41	2.22	21.79%
Voluntaries	11.31	14.14	2.83	25.02%
ICAP (Linked to financial groups and banks)	16.60	20.18	3.58	21.57%
Key equity / APSRT	16.57	20.04	3.47	20.94%
Core capital / APSRT	16.60	20.04	3.44	20.72%
Stockholders' equity / Total deposit-taking	29.00	39.90	10.90	37.59%
ROE, 12 months	14.28	9.61	-4.67	-32.70%
Linked to financial groups	7.42	1.21	-6.21	-83.69%
Issuers	11.83	10.96	-0.87	-7.35%
Voluntaries	2.60	-3.75	-6.35	-244.23%
ROA, 12 months	2.92	2.23	-0.69	-23.63%
Linked to financial groups	1.61	0.30	-1.31	-81.37%
Issuers	2.13	2.08	-0.05	-2.35%
Voluntarias	0.594	-0.851	-1.445	-243.27%
Operational efficiency, 12 months ^{2/}	0.041	0.054	0.013	31.71%
Linked to financial groups	0.0406	0.0652	0.0246	60.59%
Issuers	0.0289	0.0245	-0.0044	-15.22%
Voluntaries	11.31	0.0469	0.0027	6.11%
% Non-financial income / total income ^{3/}	4.30	5.40	1.10	25.58%
Linked to financial groups	24.4	14.5	-9.90	-40.57%
Issuers	21.6	19.6	-2.00	-9.26%
Voluntaries	8.70	12.00	3.30	37.93%
NIM ^{4/}	9.64	10.87	1.23	12.76%
Linked to financial groups	6.11	5.66	-0.45	-7.36%
Issuers	5.36	6.06	0.70	13.06%
Voluntaries	4.11	2.80	-1.31	-31.87%

Notes:
1/ Liquidity = current assets / current liabilities
2/ Operational efficiency, twelve months = administrative and promotion costs (12-month flow) / net earning assets, 12-month average.
3/ Non-financial income = operating lease result + other income + participation in subsidiaries.
Total income = net interest margin + net commissions + financial intermediation income + non-financial income.
4/ NIM = Net interest margin / net earning assets.

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Credit unions¹

(figures in million MXN)

Concept	2019	2020	Variation	%
Number of operating entities	84	82	-2	-2.38%
Levels of Operation				
Level I	72	69	-3	-4.17%
Level II	12	13	1	8.33%
Number of authorized entities	84	82	-2	-2.38%
Total number of offices / branches	42	41	-1	-2.38%
Total number of entities that forwarded information	82	79	-3	-3.66%
Total assets	62,236	59,128	-3,108	-4.99%
N5 ² (%)	47.41	47.51	0.10	0.21%
HHI ³ (%)	567	559	-8.0	-1.41%
HHI ³ (entities)	17.64	17.90	0.26	1.47%
Net earning assets	54,764	52,085	-2,679	-4.89%
Total portfolio	47,841	45,025	-2,816	-5.89%
Commercial	45,490	43,116	-2,374	-5.22%
Documented with real estate guarantee	15,850	15,039	-811	-5.12%
Documented with other guarantees	23,359	21,873	-1,486	-6.36%
Unsecured	4,665	4,615	-50	-1.07%
Factoring operations	1,190	1,264	74	6.22%
Lease operations	426	325	-101	-23.71%
N5 ² (%)	43.57	45.03	1.46	3.35%
HHI ³ (%)	533	545	12	2.25%
HHI ³ (entities)	18.78	18.36	-0.42	-2.24%
Preventive estimates	-1,235	-1,296	-61	-4.94%
Total liabilities	51,389	47,734	-3,655	-7.11%
Bank, partner and other liabilities	49,957	46,229	-3,728	-7.46%
Short-term	38,270	36,344	-1,926	-5.03%
Long-term	11,687	9,885	-1,802	-15.42%
N5 ² (%)	48.49	49.28	0.79	1.63%
HHI ³ (%)	593.11	595.47	2.36	0.40%
HHI ³ (entities)	16.86	16.79	-0.07	-0.42%
Stockholders' equity	10,847	11,393	546	5.03%
Contributed capital	7,612	7,743	131	1.72%
Capital gain	3,234	3,650	416	12.86%
Net earnings	787	538	-249	-31.64%

Notes:

1/ Of the 82 credit unions in operation, only 79 delivered timely information and in due form, in accordance with the general provisions applicable to the sector.

2/ N5 = defined with the percentage share in the sector's assets, as of December 2020, of the five largest institutions: UC Ficein, UC Agricultores de Cuauhtémoc, UC Industrial y Agropecuario de la Laguna, UC Alpura and UC para la contaduría pública.

3/ HHI = inverse of the Herfindahl-Hirschman Index. The number indicates the number of entities that would split the market in equal shares.

4/ IMOR = non-performing loan portfolio / total loan portfolio.

5/ ICOR = preventive estimates for loan risks / non-performing loan portfolio.

6/ ROE = net earnings accrued in 12 months / average stockholders' equity in 12 months.

7/ ROA = net earnings accrued in 12 months / average total asset in 12 months.

8/ ICAP = net capital / weighted total assets subject to risk.

9/ Liquidity = availabilities + securities investments / short-term liabilities.

10/ Leverage = liabilities / assets

11/ Capital stock yield = net earnings / capital stock

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Main indicators (%)

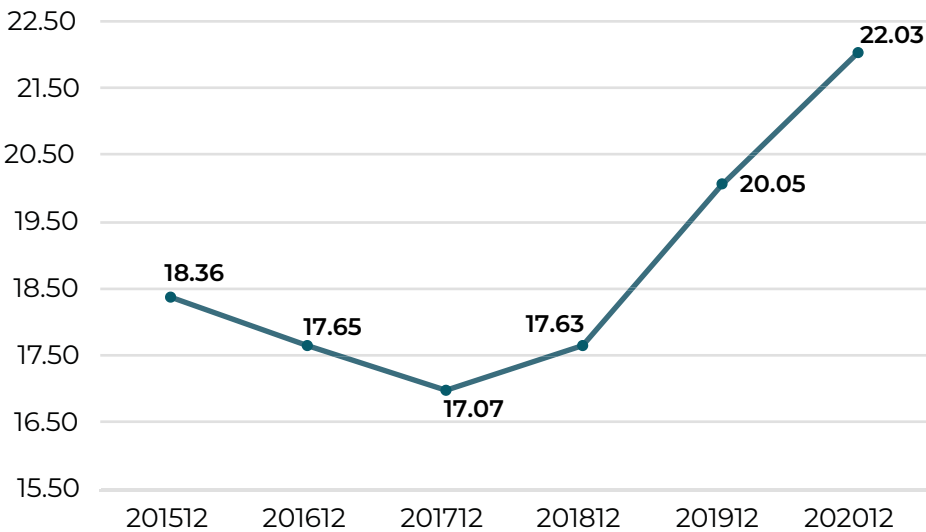
			Variation pp	%
IMOR ⁴	4.91	4.22	-0.69	-14.05%
ICOR ⁵	52.52	68.22	15.70	29.90%
EPRC/CT	2.58	2.88	0.30	11.63%
ROE ⁶	7.36	4.88	-2.48	-33.78%
ROA ⁷	1.23	0.89	-0.34	-25.00%
Solvency (ICAP) ⁸	20.05	22.03	1.98	9.88%
Liquidity ⁹	24.23	24.65	0.42	1.73%
Leverage ¹⁰	82.57	80.73	-1.84	-2.23%
Administrative and promotion costs / Total operating income	22.65	23.40	0.75	3.31%
Net earnings / Total operating income	8.86	7.06	-1.80	-20.32%
Capital stock yield ¹¹	10.12	6.88	-3.24	-32.02%

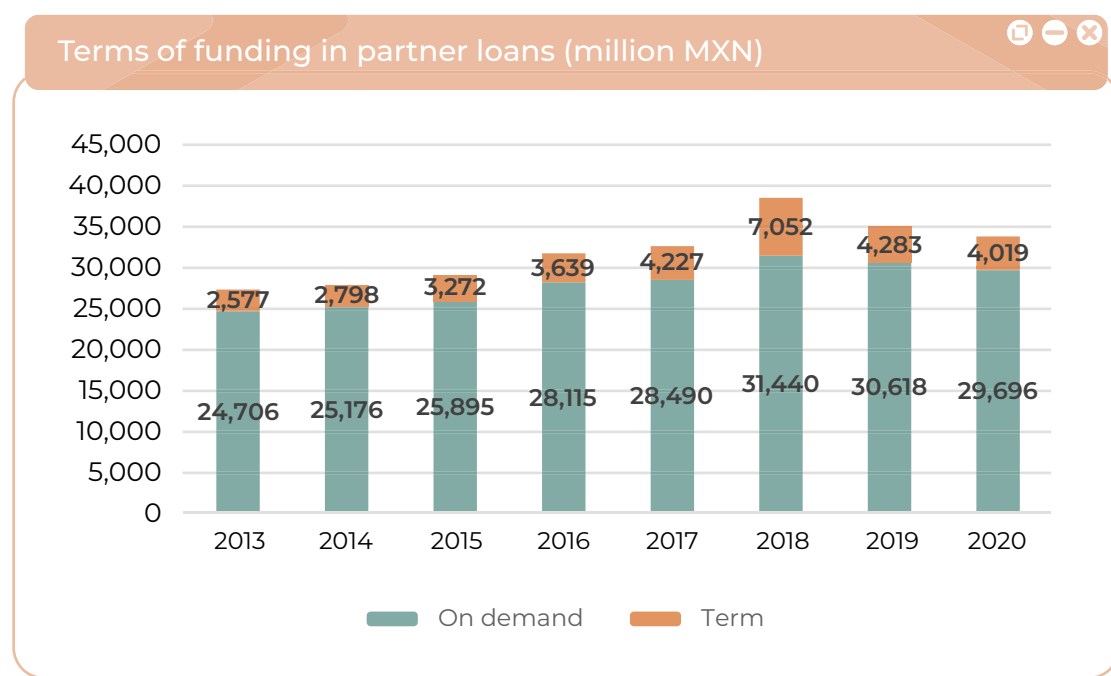
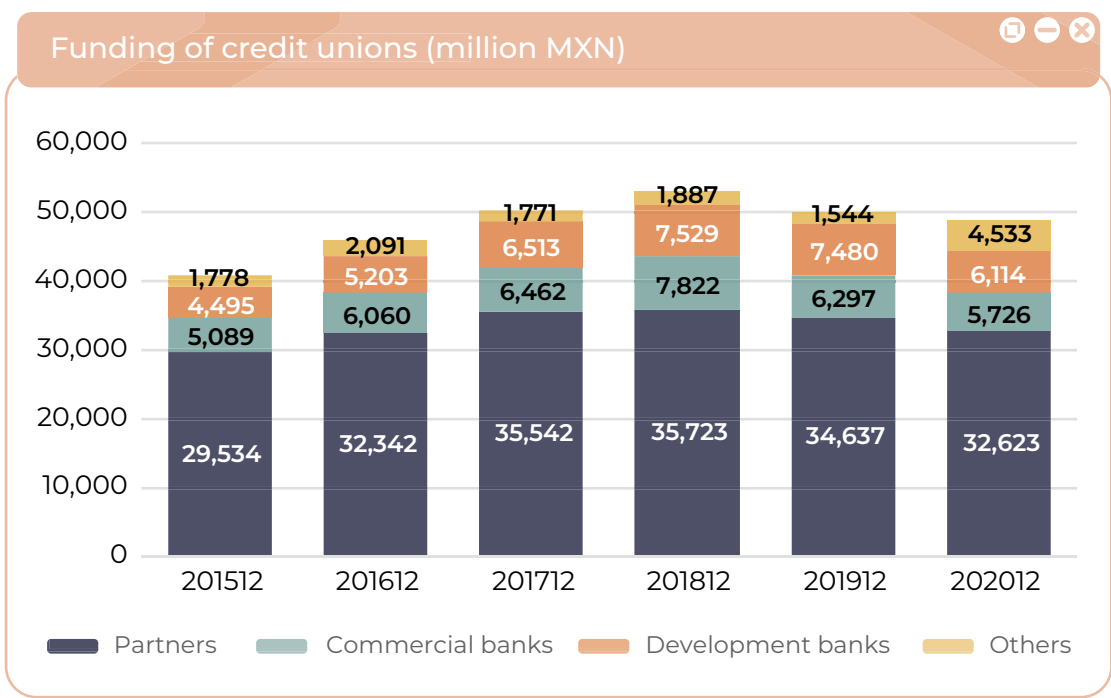
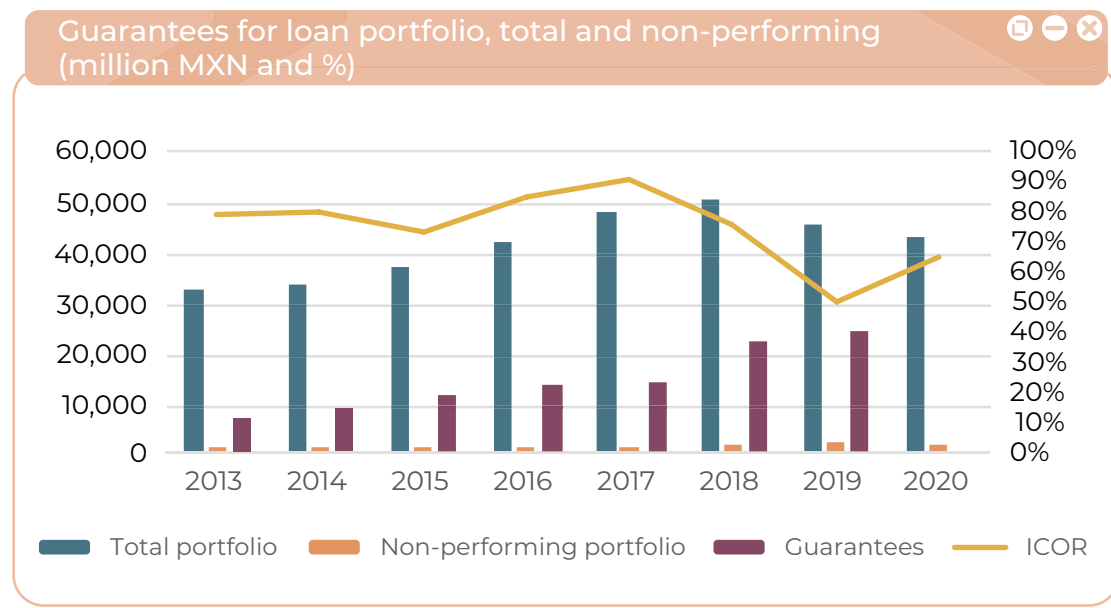
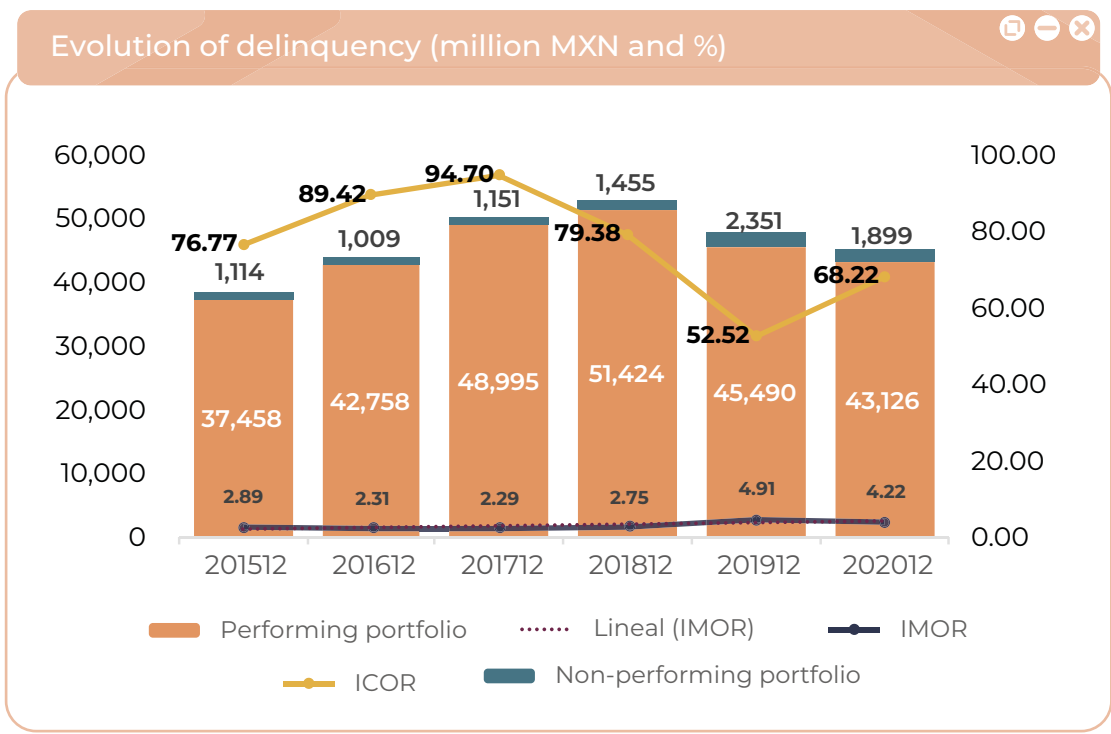
By the end of fiscal year 2020, the sector was integrated by 82 authorized entities. For the purpose of this report, only the figures of 79 are considered, given that one entity became a SOFOM E.N.R and two more are not sending any information since they are currently undergoing the process of revocation.

Total assets were \$59.13 billion MXN, 4.99% less compared to the year before. Total portfolio decreased \$2.82 billion MXN (5.89%) compared to 2019, standing at \$45.02 billion MXN by the end of 2020. The delinquency level, represented by an IMOR of 4.22%, experienced a decrease compared to the one recorded in 2019 (4.91%); the level of collateralization remains at 90%, which mitigates the loan risk.

Stockholders' equity was at \$11.39 billion MXN, 5.03% more compared to the end of 2019. In view of the foregoing, the sector's ICAP was 22.03% as of December 2020, 1.98 pp higher than the one reported the year before. Meanwhile, the indicator for administrative costs vis-à-vis the total operating income experienced a slight increase (22.65% in 2019 and 23.40% in 2020).

ICAP (%)





Source: CNBV, with information from the end of 2020, provided by the entities in April 2021.
The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

The credit union sector is properly capitalized, surpassing by far the 8% regulatory minimum for ICAP. And although the delinquency level remains steady, with a slight downward variation, it is worthwhile mentioning that the collateralization of loans is a common practice in the sector (less than 10% of loans do not have some type of guarantee). This trend has become more common in the past year, increasing the ratio of guarantees to total portfolio. Meanwhile, the installment partner loans remain the main source of funding, which provides the sector with independence from external financing.

Operational information

Concept	2019	2020	Variation	%
Number of operating entities ¹	156	155	-1	-0.64%
Level I	50	50	0	0.00%
Level II	63	62	-1	-1.59%
Level III	42	42	0	0.00%
Level IV	1	1	0	0.00%
Total number of offices / branches	2,144	2,168	24	1.12%
Level I	192	186	-6	-3.13%
Level II	444	456	12	2.70%
Level III	1,462	1,480	18	1.23%
Level IV	46	46	0	0.00%
Number of entities that forwarded information	155	153	-2	-1.29%

Financial information² (million MXN)

Concept	2019	2020	Variation	%
Total assets	171,654	191,893	20,239	11.79%
N5 ³ (%)	53.58	53.37	-0.21	-0.39%
HHI	1,438	1,424	-14	-0.97%
HHI ⁴ (entities)	6.95	7.02	0.07	1.01%
Net earning assets	161,504	180,238	18,734	-11.60%
Total portfolio	106,117	107,888	1,771	1.67%
Commercial	22,549	23,040	491	2.18%
Consumer	74,866	75,419	553	0.74%
Housing	8,702	9,430	728	8.37%
N5 ³ (%)	53.01	53.56	0.55	1.04%
HHI	1,487	1,499	12	0.81%
HHI ⁴ (entities)	6.72	6.67	-0.05	-0.74%
Preventive estimates	5,624	6,474	850	15.11%
Traditional deposit-taking	135,734	154,130	18,396	13.55%
N5 ³ (%)	53.78	53.63	-0.15	-0.28%
HHI	1,488	1,480	-8	-0.54%
HHI ⁴ (entities)	6.721	6.756	0.035	0.52%
Stockholders' equity	31,188	32,945	1,757	5.63%
Security investments	47,629	62,573	14,944	31.38%
Total investment portfolio	59,896	77,570	17,674	29.51%
Debtors under repurchase agreements	12,267	14,997	2,730	22.25%

Notes:
 1/ SOCAPs are classified into four operation levels, under the terms of Articles 18 and 19 of the LRASCAP.
 2/ The 155 operating entities delivered timely information and in due form in accordance with the general provisions applicable to the sector.
 3/ N5 = Defined with the percentage share in the sector's assets, in December 2020, of the five largest institutions: Caja Popular Mexicana, with 35.3%; Caja de Ahorro de los Telefonistas, with 10.8%; Caja Morelia Valladolid, with 3.1%; Coopdesarrollo, with 2.2% and Caja Real del Potosí, with 1.9%.
 4/ HHI (entities) = inverse of the Herfindahl-Hirschman Index. Indicates the number of entities that split the market in equal parts.
 5/ Mafar = Net interest margin adjusted for loan risks
 6/ IMOR = non-performing portfolio / total portfolio (performing + non-performing).
 7/ ICOR = preventive estimates for loan risks / non-performing portfolio.
 8/ ROE = Net earnings accrued (12 months) / average 12-month balance of the stockholders' equity.
 9/ ROA = Net earnings accrued (12 months) / average 12-month balance of the total assets.
 10/ Nicap = Net capital / capital requirements for risks.
 11/ Leverage = total liabilities / total assets
 12/ Total income = interest income + fees charged + result of operation + other operation income

Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Mafar ⁵	14,529	14,079	-450	-3.10%
Administrative and promotion costs	11,247	11,785	538	4.78%
Net earnings	4,375	3,059	-1,316	-30.08%
Real estate, furniture and equipment	5,402	5,792	390	7.22%
N5 ³ (%)	41.15	42.44	1.29	3.13%
HHI	805.1	859.1	54.0	6.71%
HHI ⁴ (entities)	12.42	11.64	-0.78	-6.28%

Financial indicators

Concept	2019	2020	Variation	%
Main indicators (%)				
IMOR ⁶	4.25	4.84	0.59	13.88%
ICOR ⁷	124.74	124.02	-0.72	-0.58%
EPRC/CT	5.30	6.00	0.07	13.21%
ROE ⁸	15.03	9.43	-5.60	-37.26%
ROA ⁹	2.68	1.67	-1.01	-37.69%
Solvency (Nicap) ¹⁰	294.32	298.45	4.13	1.40%
Liquidity	42.57	41.78	-0.79	-1.86%
Leverage ¹¹	81.83	82.83	1.00	1.22%
Administrative and promotion costs / Total operating income ¹²	48.31	50.75	2.44	5.05%
Net earnings / Total operating income	18.79	13.17	-5.62	-29.91%
Capital stock yield	43.44	32.29	-11.15	-25.67%
N5 Concentration index ³ (%)				
Total portfolio	53.01	53.56	0.55	1.04%
Commercial	53.53	53.29	-0.24	-0.45%
Consumer	52.49	53.15	0.66	1.26%
Housing	56.13	57.44	1.31	2.33%
HHI Concentration index				
Total portfolio	1,487	1,499	12.0	0.81%
Commercial	2,264	2,198	-66.0	-2.92%
Consumer	1,349	1,350	1.0	0.07%
Housing	1,473	1,678	205.0	13.92%
HHI Concentration index ⁴ (entities)				
Total portfolio	6.724	6.669	-0.055	-0.82%
Commercial	4.42	4.55	0.13	2.94%
Consumer	7.414	7.407	-0.007	-0.09%
Housing	6.79	5.96	-0.83	-12.22%

Total assets of the sector were \$191.89 billion MXN, 11.79% higher compared to the year before. Meanwhile, the securities investments and repurchase agreement operations (total investment portfolio) stood at \$77.57 billion MXN, increasing by \$17.67 billion MXN (29.51%), which represents 40.42% of the sector's total assets (second area in importance within the balance sheet, after the loan portfolio). Total portfolio increased by \$1.77 billion MXN compared to 2019, standing at \$107.89 billion MXN by the end of 2020 (1.67% in annual terms).

As to the sector's remaining amounts, in annual terms these showed variation rates at the end of June 2020 of -9.32%, and at the end of December of -30.06%, both as a consequence of the economic effects caused by the contingency resulting from COVID-19. Nevertheless, the SOCAP sector recorded an increase in its assets during the second semester of 2020, considering they reported a growth rate of 6.92%, compared to the 4.55% growth rate shown during the first semester of 2020. This was mainly due to an 8.05% increase in traditional deposit-taking, compared to the 5.09% of the first semester of the same year.

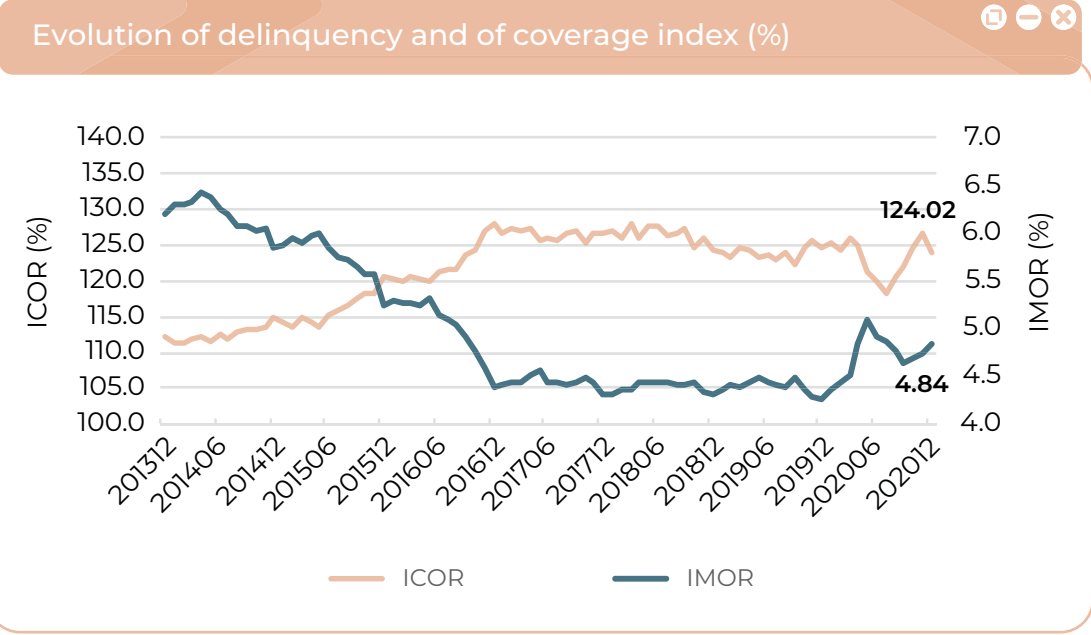
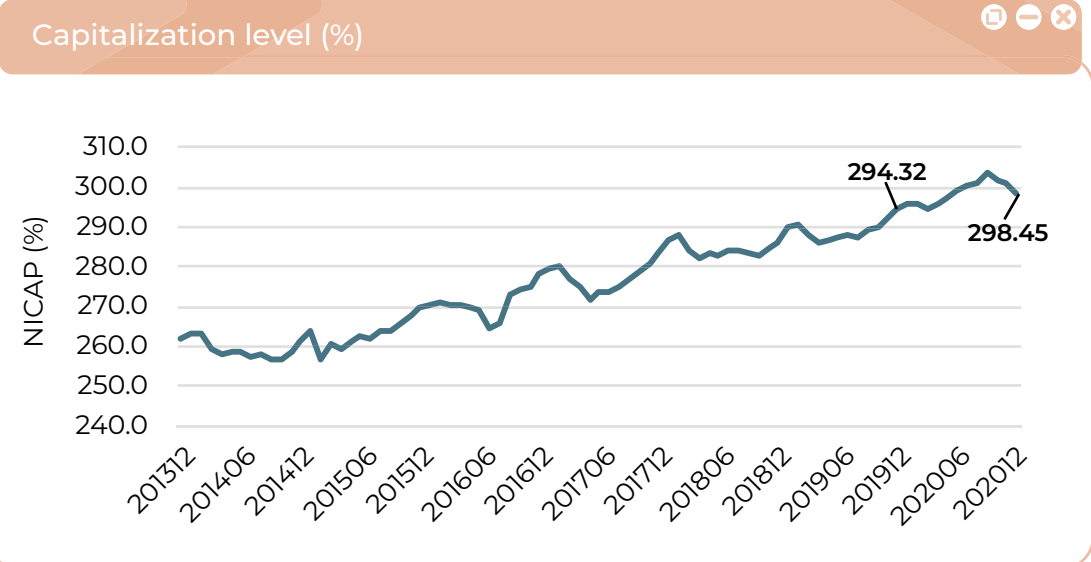
The delinquency level, represented by an IMOR of 4.84%, experienced a slight increase compared to the one recorded throughout 2019 (4.25%), resulting from the economic effects caused by the contingency, which were more obvious during the first semester of 2020, with a variation rate in the performing and non-performing portfolios of -1.83% and 11.40%, respectively, compared to the 2.92% and 3.94% rates shown during the second semester of the same year.

The stockholders' equity was at \$32.94 billion MXN, 5.63% higher compared to the end of 2019. In view of the foregoing, the sector's Nicap reached 298.45% by December 2020, 4.13 pp higher than the one reported by cutoff date the year before. Meanwhile, the ratio of administrative costs to Mafar recorded an increase and went from 77.41% in 2019 to 83.71% in 2020, mainly because of the 24.62% increase in the EPRC constitution in that same period.

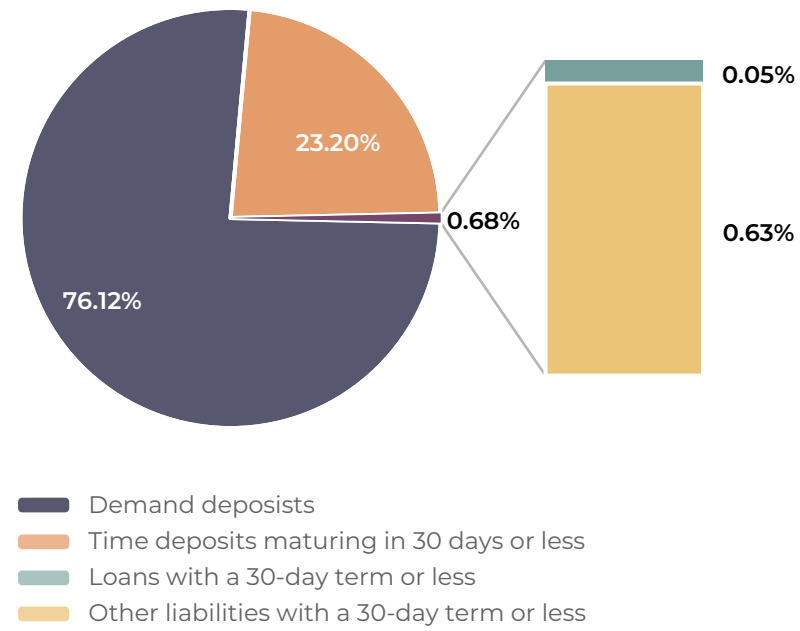
By December 2020, the sector presents a liquidity ratio of 41.78%, lower by 0.79 pp compared to the one reported as of December 2019 (42.57%), as a result of the increase in short-term assets and liabilities, of 11.33% and 12.98% in annual terms, respectively.

The market risk the sector is facing is coherent with the features of the investment regime established in the LRASCAP, which only foresees the investment of cash surpluses in debt securities (governmental, banking and in investment companies investing in debt instruments).

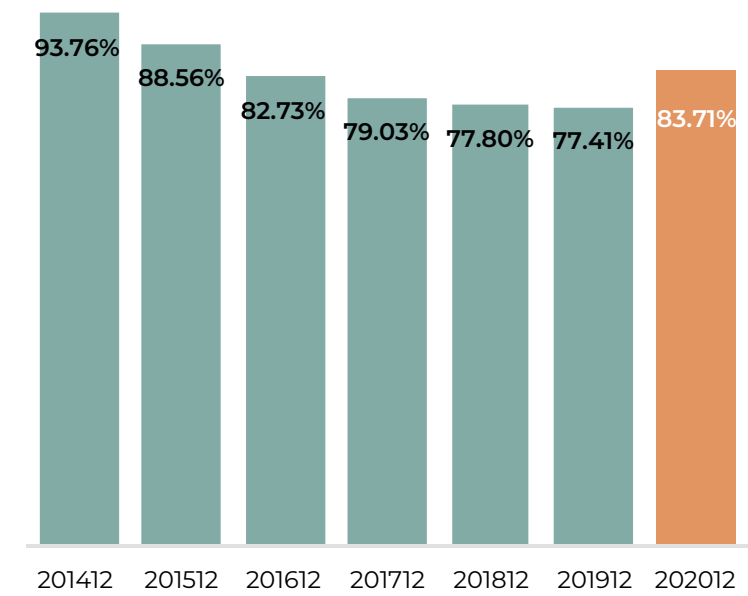
As to said instruments, the negotiation portfolio maintained a constant constitution throughout 2020, with an average position of 72.06% in banking debt instruments, 23.87% in government debt and 4.07% in other debt securities by the end of fiscal year 2020. On the other hand, the sector's investment portfolio, by type of instrument, is made up of 35.83% in securities held until maturity, 31.85% in repurchase agreement operations, 10.00% in negotiable securities, 12.14% in securities available for sale, and the remaining 10.18% corresponds to availabilities.



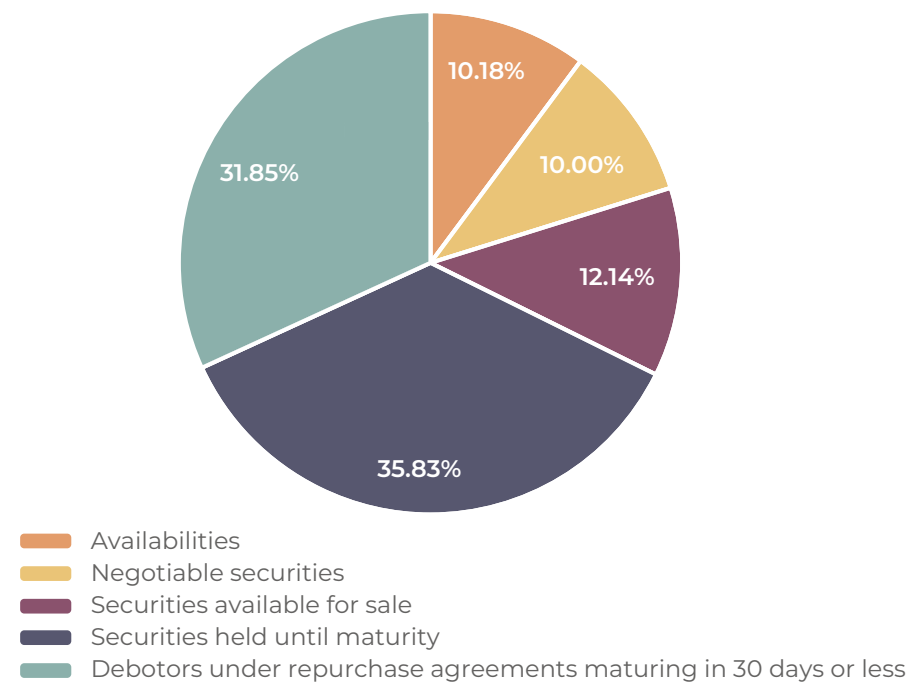
Constitution of short-term liabilities (%)



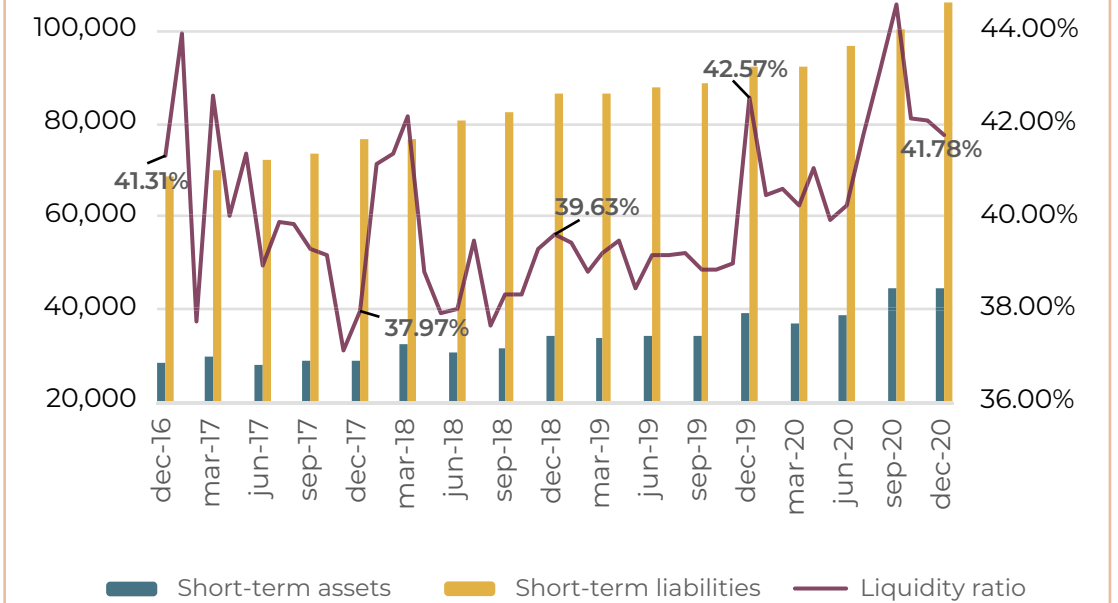
Administrative costs (% of Mafar)



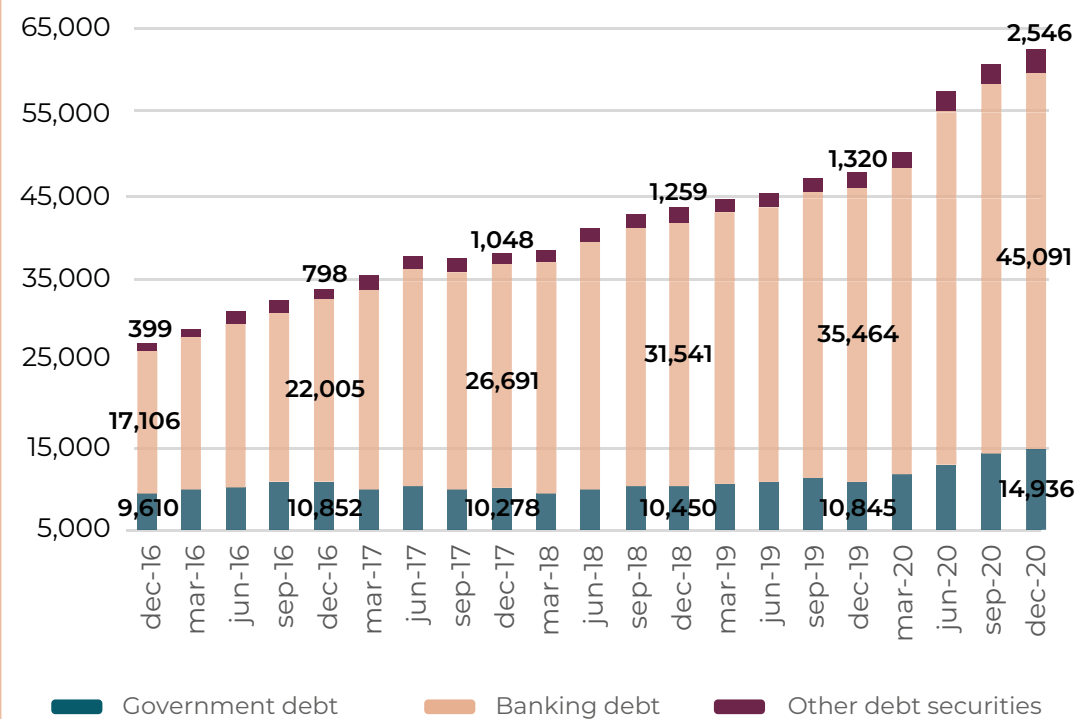
Constitution of short-term assets (%)



Position of liquidity ratio (million MXN and %)



Evolution of investment portfolio (million MXN)



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Popular financial companies

Popular financial companies

Concept	2019	2020 ¹	Variation	%
Operational information				
Number of operating entities ¹	39	38	-1	-2.56%
Level I	26	26	0	0.00%
Level II	6	6	0	0.00%
Level III	6	5	-1	-16.67%
Level IV	1	1	0	0.00%
Number of authorized entities	41	40	-1	-2.44%
Number of customers	4,875,823	4,370,261	-505,562	-10.37%
Total number of offices / branches	1,206	1,160	-46	-3.81%
Level I	240	197	-43	-17.92%
Level II	136	157	21	15.44%
Level III	638	649	11	1.72%
Level IV	192	157	-35	-18.23%
Number of entities that forwarded information	35	37	2	5.71%

Financial information (million MXN)

Total assets	30,995	33,171	2,176	7.02%
N5 ² (%)	68	68	0	0.00%
HHI	1,581	1,498	-83	-5.25%
HHI ³ (entities)	6.32	6.67	0.35	5.54%
Net earning assets	23,879	26,300	2,421	10.14%
Total portfolio	24,952	23,476	-1,476	-5.92%
Commercial	12,530	13,232	702	5.60%
Consumer	12,287	10,095	-2,192	-17.84%
Housing	135	149	14	10.37%
N5 ² (%)	70.5	68.2	-2.3	-3.26%
HHI	1,845	1,608	-237	-12.85%
HHI ³ (entities)	5.4	6.2	0.8	14.81%
Preventive estimates	3,116	2,598	-518	-16.62%
Traditional deposit-taking	19,497	21,778	2,281	11.70%
N5 ² (%)	67.90	69.50	1.60	2.36%
HHI	2,163	2,098	-65	-3.01%
HHI ³ (entities)	4.624	4.767	0.143	3.09%
Security investments	1,400	1,802	402	28.71%
Total investment portfolio	1,934	4,941	3,007	155.48%
Debtors under repurchase agreements	534	3140	2,606	488.01%
Net earnings	-545	-704	-159	29.17%
Real estate, furniture and equipment	2,222	2,182	-40	-1.80%
N5 ² (%)	68.94	71.00	2.06	2.99%
HHI	1,489	2,033	544	36.53%
HHI ³ (entities)	6.7	4.9	-1.8	-26.87%
Total liabilities	24,706	26,878	2,172	8.79%
Stockholders' equity	6,289	6,293	4	0.06%
Capital gain	-462	-838	-376	81.39%
Contributed capital	6,751	7,131	380	5.63%
Interests gained	11,239	10,419	-820	-7.30%
Interest expenses	1,932	1,896	-36	-1.86%
Net interest margin	9,307	8,523	-784	-8.42%
Preventive estimates for loan risks of results	2,989	3,157	168	5.62%
Net earnings	-545	-704	-159	-29.17%
Main indicators (%)				
IMOR ⁴	12.05	9.02	-3.03	-25.15%
ICOR ⁵	103.64	122.71	19.07	18.40%
EPRC/CT	12.49	11.07	-1.42	-11.37%
ROE ⁶	-8.14	-11.40	-3.26	-40.05%
ROA ⁷	-1.70	-2.20	-0.50	-29.41%
Liquidity ⁸	0.3755	0.6545	0.279	74.20%
Leverage ⁹	79.71	81.03	1.32	1.66%

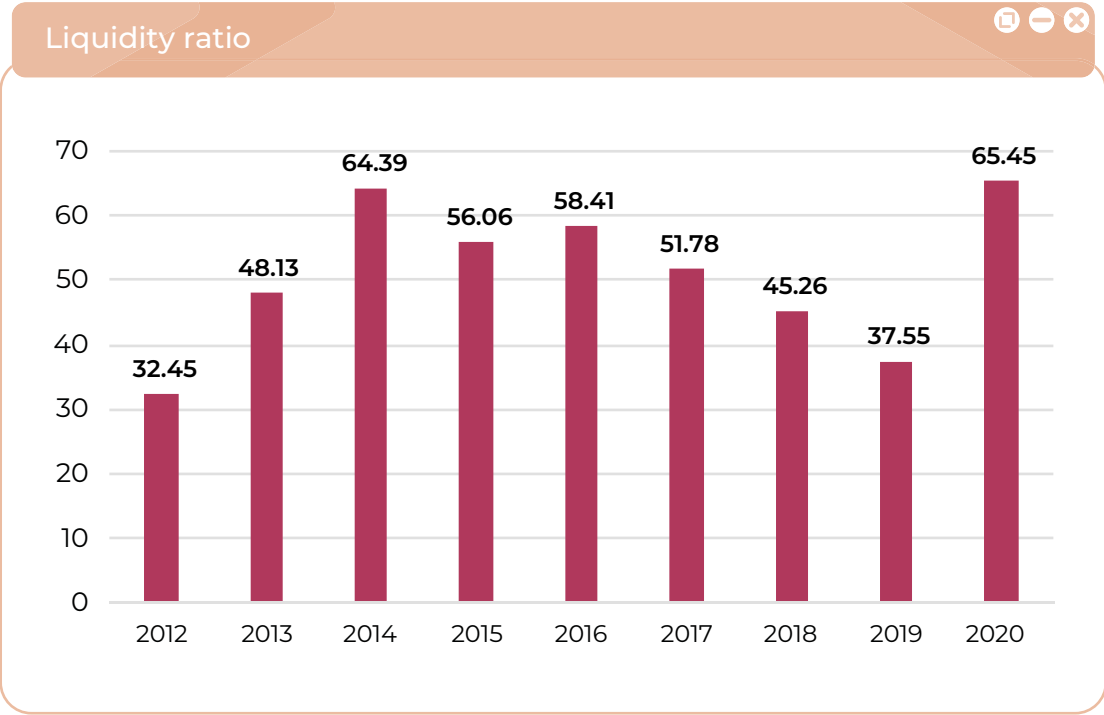
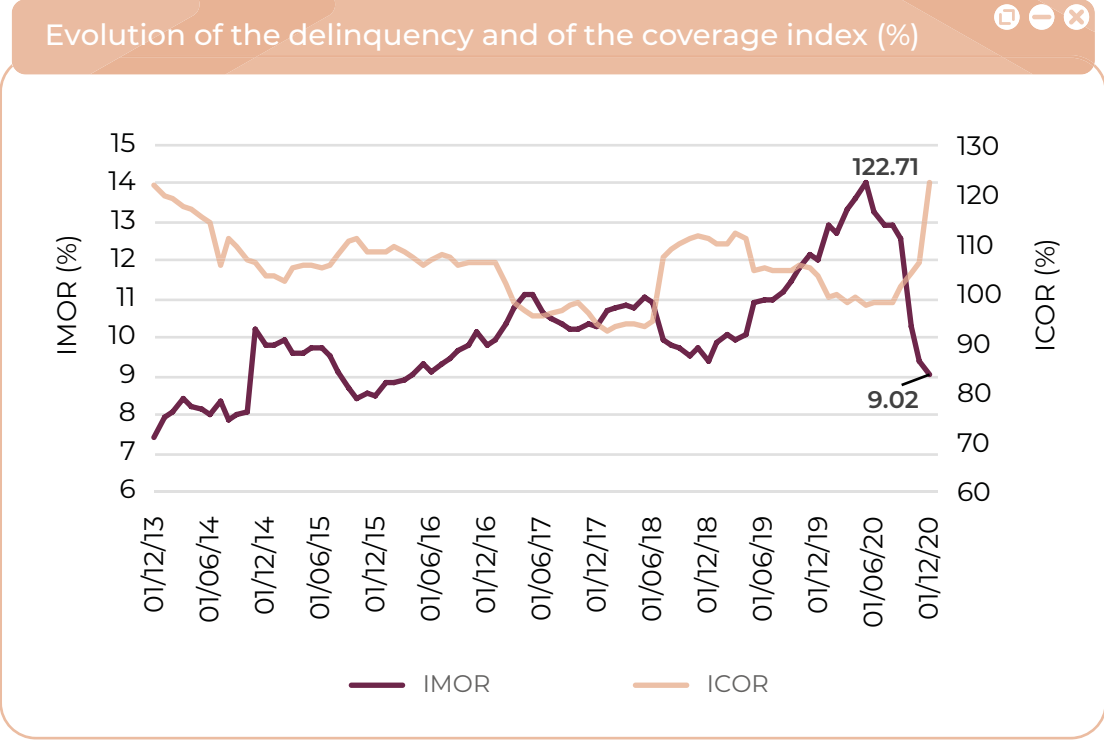
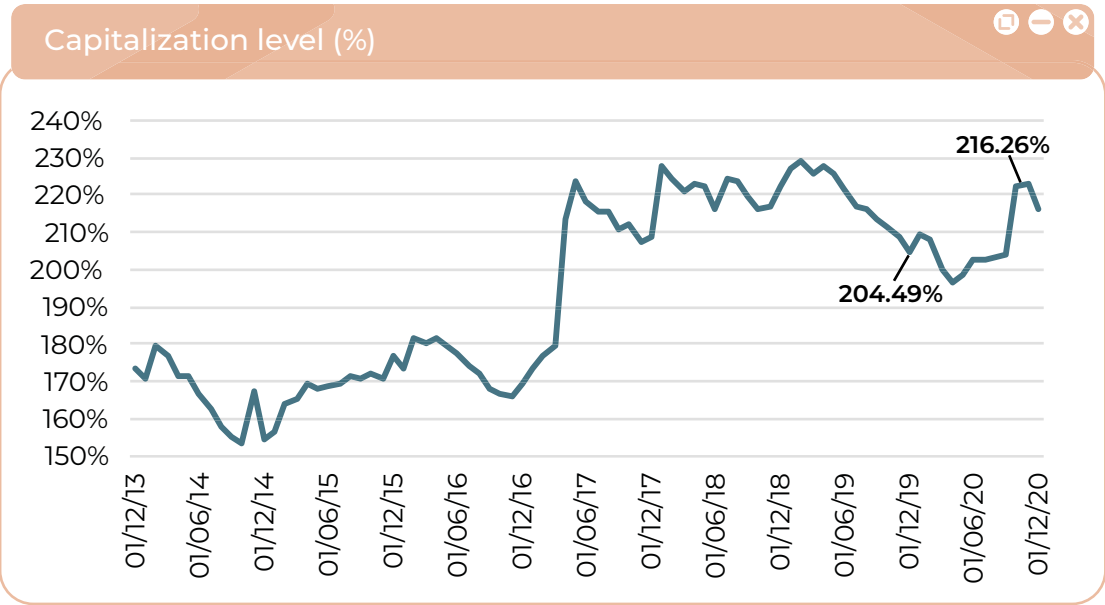
Notes:
1/ Of the 38 SOFIPOs operating, only 37 delivered timely information and in due form in accordance with the general provisions applicable to the sector. One entity is currently undergoing the process of revocation.
2/ N5 = Defined with the percentage share in the sector's assets, in December 2019, of the five largest entities: Libertad (33.3%), CAME (10.1%), Te creemos (10.9%), Fincomún (6.9%) and Sustentable (6.6%).
3/ HHI (entities) = inverse of the Herfindahl-Hirschman Index. Indicates the number of entities that split the market in equal parts.
4/ IMOR = Delinquency rate: non-performing portfolio / total portfolio (performing + non-performing).
5/ ICOR = Coverage index: preventive estimates for loan risks / non-performing portfolio.
6/ ROE = Net earnings accrued (12 months) / average 12-month balance of the stockholders' equity.
7/ ROA = Net earnings accrued (12 months) / average 12-month balance of the total assets.
8/ Liquidity= Availabilities + securities investments / short-term liabilities
9/ Leverage = total liabilities / total assets
10/ Nicap = Net capital / capital requirements for risks.
11/ Capital stock yield= net earnings / capital stock.

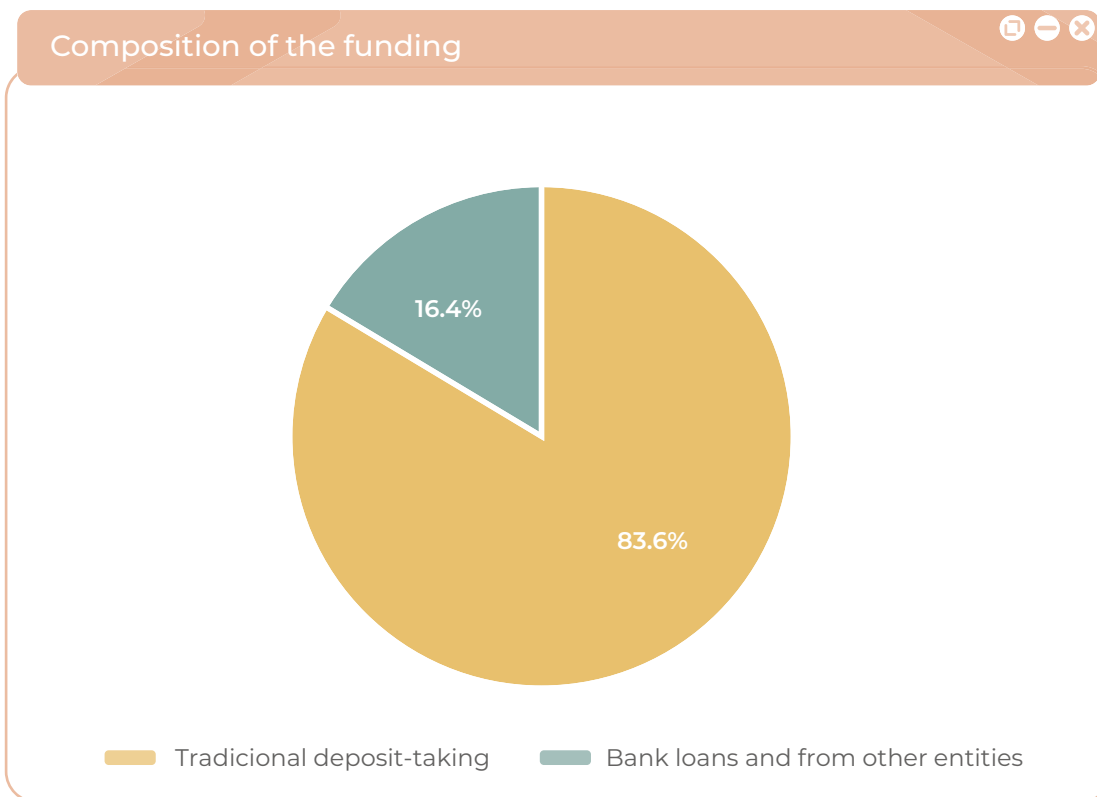
Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

Adequacy to capital requirement (Nicap) ¹⁰	204.49	216.26	11.77	5.76%
Administrative and promotion costs / total operating income	58.18	54.67	-3.51	-6.03%
Net earnings / total operating income	-4.43	-6.32	-1.89	42.66%
Capital stock yield ¹¹	-8.079	-9.873	-1.794	-22.21%
Others	14,785	22,975	8,190	55.39%
HHI Concentration index				
Total portfolio	1,845.3	1,607.5	-237.8	-12.89%
Commercial	1,372.0	1,380.3	8.3	0.60%
Consumer	3,547.6	3,582.3	34.7	0.98%
Housing	5,089.1	3,969.6	-1,119.5	-22.00%
HHI Concentration index (entities)				
Total portfolio	5.419	6.221	0.802	14.80%
Commercial	7.289	7.245	-0.044	-0.60%
Consumer	2.819	2.791	-0.028	-0.99%
Housing	1.965	2.519	0.554	28.19%

By the end of fiscal year 2020, the sector was made up of 38 operating entities. Throughout the fiscal year, there was one entity less compared to the end of the previous year, because of the revocation of the authorization to operate of Operadora de Recursos Reforma. The sector holds total assets worth \$33.17 billion MXN, 7.02% more than the year before.

The sector's financial situation was not favorable in the fiscal year reported due to the effect of the contingency resulting from COVID-19, which slowed down the placement of loan portfolio, reflecting a 5.92% decrease in the total portfolio, reducing the sector's profitability, which in the past years has been negative, with a ROE of -11.40% and a ROA of -2.20%. This reflects the fact that the income generated by the net earning assets of the entities, especially the loan portfolio, turn out to be insufficient to cover the administrative costs, as well as a high share of preventive estimates for loan risks that affect the net interest margin.

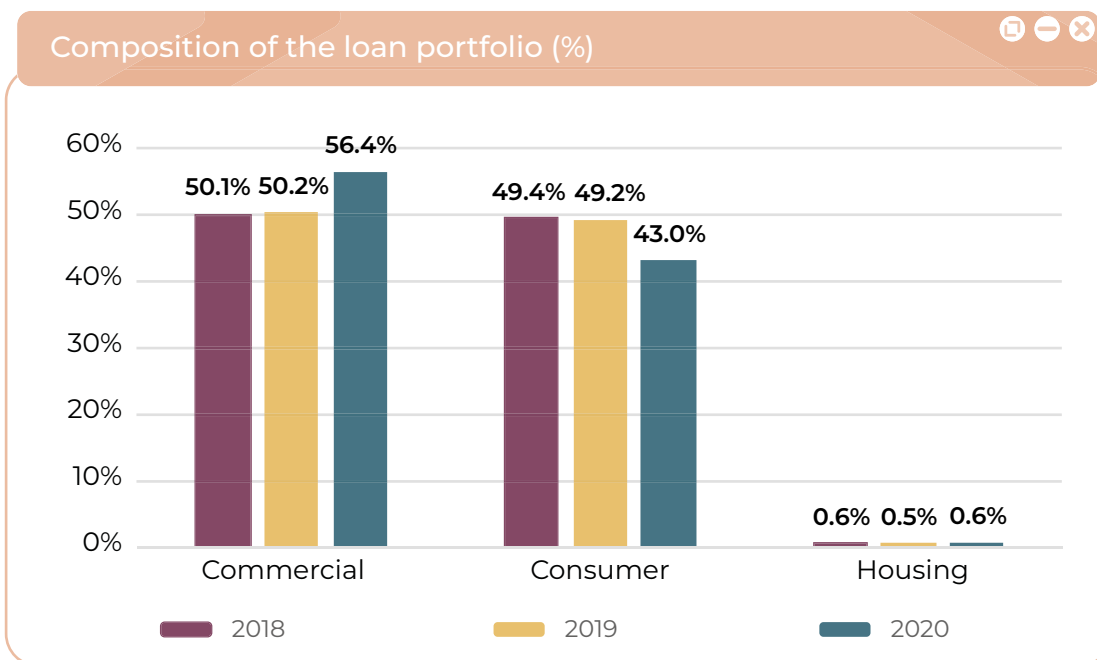




The reduction in the IMOR observed throughout 2020 corresponded mainly to the application of penalties, and also partially to the CCE regulatory facilities in terms of registering restructured portfolio because of the contingency. Which is why, despite the sector's improved IMOR and ICOR indicators, still most entities maintain high levels of delinquency and must continue with their efforts to reduce them.

Even though the sector's Nicap was at 216.26% (equivalent to an ICAP of 17.3%), the socio-economic profile of the base of savers and borrowers of most entities makes the sector more sensitive to the impacts of an adverse scenario in the economy, such as a downturn of the economic activity, the decline in employment levels and a spike in inflation.

In view of the foregoing, and structurally speaking, the sector faces an outlook of weak profitability and volatile solvency, which makes it difficult for most entities to increase their assets at risk, especially of the loan portfolio, having to converge their actions in preserving their liquidity, improving their profitability by reducing their administrative costs and controlling the levels of delinquency with timely and efficient debt collection.



Source: CNBV, with information from the end of 2020, provided by the entities in April 2021. The figures may vary compared to the 2019 Report, due to resending and reprocessing of information by cutoff date.

SOFIPO

Nr.	Entity	Details
1.	Préstamo Empresarial Oportuno, S.A. de C.V., S.F.P.	Authorization for it to establish and operate as a SOFIPO. As a result of said authorization, from a non-regulated multi-purpose financing company, it turned into a SOFIPO, with authorization of level of operations I and prudential level II.

Registry of currency exchange centers and money transfer companies

N.º	Sector	Name	Registration or renewal
1.	Currency exchange center	Centro Cambiario Valcis, S.A. de C.V.	Registration
2.	Currency exchange center	Loma Centro Cambiario, S.A. de C.V.	Registration
3.	Currency exchange center	Centro Cambiario Smart Exchange, S.A. de C.V.	Registration
4.	Currency exchange center	Centro Cambiario Gisan, S.A. de C.V.	Registration
5.	Currency exchange center	Centro Cambiario Uriel Plenty, S.A. de C.V.	Registration
6.	Currency exchange center	Nethercoat Centro Cambiario, S.A. de C.V.	Registration
7.	Currency exchange center	Centro Cambiario Jireh, S.A. de C.V.	Registration
8.	Currency exchange center	Centro Cambiario Alameda, S.A. de C.V.	Registration
9.	Currency exchange center	Inversor Centro Cambiario, S.A. de C.V.	Registration
10.	Currency exchange center	Centro Cambiario Travelex, S.A. de C.V.	Registration
11.	Currency exchange center	Centro Cambiario El Popeye, S.A. de C.V.	Registration
12.	Currency exchange center	Anván Centro Cambiario, S.A. de C.V.	Registration
13.	Currency exchange center	Divisas del Sol Centro Cambiario, S.A. de C.V.	Registration
14.	Currency exchange center	Imperial Monarca Centro Cambiario, S.A. de C.V.	Registration
15.	Currency exchange center	Centro Cambiario Dinar & Rial, S.A. de C.V.	Registration
16.	Currency exchange center	Centro Cambiario Almaduer, S.A. de C.V.	Registration
17.	Currency exchange center	Italian Cambio Centro Cambiario, S.A. de C.V.	Registration
18.	Currency exchange center	Centro Cambiario Master, S.A. de C.V.	Registration
19.	Currency exchange center	Centro Cambiario Aromi, S.A. de C.V.	Registration
20.	Currency exchange center	Centro Cambiario Gonzalo, S.A. de C.V.	Registration
21.	Currency exchange center	Centro Cambiario Grupo Valuemex, S.A. de C.V.	Registration

Registry of currency exchange centers and money transfer companies

N.º	Sector	Name	Registration or renewal
22.	Currency exchange center	Centro Cambiario Cash Dlls, S.A. de C.V.	Registration
23.	Currency exchange center	Cambicash Centro Cambiario, S.A. de C.V.	Registration
24.	Currency exchange center	Servicios Valle del Sol Centro Cambiario, S.A. de C.V.	Registration
25.	Currency exchange center	Cmercam Centro Cambiario, S.A. de C.V.	Registration
26.	Currency exchange center	American Top Dollars Centro Cambiario, S.A. de C.V.	Registration
27.	Currency exchange center	Centro Cambiario Mundo del Dólar, S.A. de C.V.	Registration
28.	Currency exchange center	Intercom Divisas Centro Cambiario, S.A. de C.V.	Registration
29.	Currency exchange center	Centro Cambiario Cams, S.A. de C.V.	Registration
30.	Currency exchange center	Centro Cambiario Justo a la Medida, S.A. de C.V.	Registration
31.	Currency exchange center	Grupo Gi Centro Cambiario, S.A. de C.V.	Registration
32.	Currency exchange center	Centro Cambiario Mervak, S.A. de C.V.	Registration
33.	Currency exchange center	Centro Cambiario Dimesa, S.A. de C.V.	Registration
34.	Currency exchange center	Finth Centro Cambiario, S.A. de C.V.	Registration
35.	Currency exchange center	Centro Cambiario la Pirámide, S.A. de C.V.	Registration
36.	Currency exchange center	Orbis Centro Cambiario, S.A. de C.V.	Registration
37.	Money transfer company	Dinero Cerca, S.A. de C.V.	Registration
38.	Money transfer company	Mcartera Mx, S. De R.L. De C.V.	Registration
39.	Money transfer company	Transfermate México, S De R.L. De C.V.	Registration
40.	Money transfer company	Envicon, S.A. de C.V.	Registration
41.	Money transfer company	Miranda Transfers, S.A. de C.V.	Registration
42.	Currency exchange center	Centro Cambiario Tonajal, S.A. de C.V.	Renewal
43.	Currency exchange center	Divisas Luca Centro Cambiario, S.A. de C.V.	Renewal
44.	Currency exchange center	Centro Cambiario Acamm, S.A. de C.V.	Renewal
45.	Currency exchange center	Centro Cambiario Bachicuy, S.A. de C.V.	Renewal
46.	Currency exchange center	Centro Cambiario Meritrade, S.A. de C.V.	Renewal
47.	Currency exchange center	Centro Cambiario Gares, S.A. de C.V.	Renewal
48.	Currency exchange center	Centro Cambiario Tcc, S.A. de C.V.	Renewal
49.	Currency exchange center	Centro Cambiario Transpeninsular, S.A. de C.V.	Renewal
50.	Currency exchange center	Dollar Acuña Pesos, Centro Cambiario, S.A. de C.V.	Renewal
51.	Currency exchange center	Karrusell Centro Cambiario, S.A. de C.V.	Renewal

Registry of currency exchange centers and money transfer companies			
N.º	Sector	Name	Registration or renewal
52.	Currency exchange center	Centro Cambiario Divisas Extranjeras Change, S.A. de C.V.	Renewal
53.	Currency exchange center	Centro Cambiario Alzaol, S.A. de C.V.	Renewal
54.	Currency exchange center	Dollar Trade Centro Cambiario, S.A. de C.V.	Renewal
55.	Currency exchange center	Centro Cambiario Romisa, S.A. de C.V.	Renewal
56.	Currency exchange center	Centro Cambiario, Agencia Cambiaria Gladis, S.A. de C.V.	Renewal
57.	Currency exchange center	Centro Cambiario Bricel, S.A. de C.V.	Renewal
58.	Currency exchange center	Centro Cambiario Grupo Miki, S.A. de C.V.	Renewal
59.	Currency exchange center	Centro Cambiario Divisas Sagafe, S.A de C.V.	Renewal
60.	Currency exchange center	Centro Cambiario Lopsan, S.A. de C.V.	Renewal
61.	Currency exchange center	Torreval Cash Centro Cambiario, S.A. de C.V.	Renewal
62.	Currency exchange center	Operadora de Valores Internacional Centro Cambiario, S.A. de C.V.	Renewal
63.	Currency exchange center	Centro Cambiario Lenix, S.A. de C.V.	Renewal
64.	Currency exchange center	Centro Cambiario Quick Trade, S.A. de C.V.	Renewal
65.	Currency exchange center	Centro Cambiario la Superior de Mexicali, S.A. de C.V.	Renewal
66.	Currency exchange center	Re Rescate Divisas Centro Cambiario, S.A. de C.V.	Renewal
67.	Currency exchange center	Ht Centro Cambiario, S.A. de C.V.	Renewal
68.	Currency exchange center	Centro Cambiario Franklin, S.A. de C.V.	Renewal
69.	Currency exchange center	Centro Cambiario Kaluma, S.A. de C.V.	Renewal
70.	Currency exchange center	Mckenzie Centro Cambiario, S.A. de C.V.	Renewal
71.	Money transfer company	Servicio de Transmisión de Pagos, S.A. de C.V.	Renewal
72.	Money transfer company	24XORO, S.A. de C.V.	Renewal
73.	Money transfer company	Appriza Pay México, S.A. de C.V.	Renewal
74.	Money transfer company	Nueva Elektra del Milenio, S.A. de C.V.	Renewal
75.	Money transfer company	Transmoney Mexico, S.A. de C.V.	Renewal

Enrollments in the Registry of investment advisors	
N.º	Legal entities
1.	Phi Investment Capital, Asesor de Inversiones Independiente, S.A.P.I. de C.V.
2.	Fintual México, S.A. de C.V., Asesor en Inversiones Independiente
3.	Soho Capital Management, Asesor en Inversiones Independiente, S.C.
4.	Area Capital, S.A. de C.V., Asesores en Inversiones Independientes
5.	Becon Consultores, Asesores Independientes, S.A. de C.V.
6.	Capital Analyst, Asesores en Inversiones Independientes, S.A. de C.V.
7.	Pacific Alternative Asset Management Company México, S.C., Asesor en Inversiones Independiente
8.	Kaan Capital Asesores Independientes, S.A.P.I. de C.V.
9.	Hymnts Asesor Independiente, S.C.

Enrollments in the Registry of investment advisors	
N.º	Natural persons
1.	Eduardo Valdés Acra
2.	Óscar Ruiz Padilla
3.	Gustavo Adolfo Mota Salinas

IBMs, brokerage firms and distributing companies and management companies of investment funds

N.º	Entity	Details
1.	CIBanco	Authorization for the merger of that institution as surviving company with the split company of Deutsche Bank as merged company.
2.	Deutsche Bank	Authorization for the demerger of Deutsche Bank to transfer its trust business to a company that subsequently merged with CIBanco, the latter remaining as surviving company.
3.	HSBC México	Authorization to carry out the demerger of said credit institution, with the purpose of transferring its consumer loan portfolio to a SOFOM, E. R.
4.	Bank of America	Authorization of the acquisition of all "F" Series shares representing the capital stock of Bank of America Mexico.
5.	CIBanco	Authorization for the indirect acquisition of more than 20% of the bank's capital stock by a trust.
6.	ABC Capital	Authorization for the indirect acquisition of more than 5% of the bank's capital stock by a trust.
7.	Consubanco	Authorization for the indirect acquisition of more than 20% of the bank's capital stock by three natural persons.
8.	CI Casa de Bolsa	Authorization for the indirect acquisition of more than 30% of the brokerage firm's capital stock by a trust.
9.	Evercore Casa de Bolsa	Authorization for the direct acquisition of 100% of the shares representing the brokerage firm's ordinary capital stock.
10.	CI Fondos	Authorization for the indirect acquisition of the management company's capital stock by a trust.

Opinions to the SHCP

N.º	Entity	Details
1.	GF Santander	A favorable opinion was issued authorizing the merger of Banco Santander as surviving company with Santander Vivienda as merged company, as well as the amendment to the second article of the corporate bylaws of Grupo Financiero Santander and to the Single liability agreement of that group.
2.	GF Banorte	A favorable opinion was issued for the merger of Banco Banorte as surviving company, with Inmobiliaria Interdiseño, Inmobiliaria Mobinter, Inmobiliaria Interorbe, Inmobiliaria Interín as merged companies.
3.	GF Banorte	A favorable opinion was issued for the merger of Sólida Administradora de Portafolios y Arrendadora as surviving company, with Factor Banorte as merged company, as well as for the amendment to the second article of the corporate bylaws of GF Banorte and to the Single liability agreement.
4.	GF Ve por Más	A favorable opinion was issued for the authorization of the direct or indirect acquisition of Series "O" shares representing 20% or more of the ordinary capital stock of that financial group.

IBMs

Name	Approval of corporate bylaws and reforms		
	Capital stock	Administration	Others
ABC Capital	1		
Barclays Bank México	1		
Banco PagaTodo	1		
BBVA Bancomer			1
BNP Paribas México			1
Banco Mercantil del Norte	1		
Banco Inmobiliario Mexicano			1
Banco Autofin México	2		
Credit Suisse	1		
Bancrea	1		
Forjadores	1		1
Ve por Más	1		1
Accendo Banco			1
Banco Base			1
Banco S3			1
Banco Compartamos	1		
Banco Finterra	1		
Banco J.P Morgan	2		
Banco Sabadell	1		
CIBanco	2		
Compartamos	1		
Deutsche Bank	1		
Intercam	4		
Total (31 reforms)		23	0
			8

Brokerage firms			
Approval of corporate bylaws and reforms			
Name	Capital stock	Administration	Others
Altor Casa de Bolsa			1
Casa de Bolsa BBVA			1
Bancomer			
Evercore Casa de Bolsa	1		
Invex Casa de Bolsa	1		
Scotia Inverlat Casa de Bolsa	1		
Total (5 reforms)	3	0	2

SOFIPO				
Approval of corporate bylaws and reforms				
Name	Capital stock	Legal name	Corporate address	Administration
KU-BO Financiero				1
Financiera Más		1	1	
Opciones Empresariales del Noreste	1			
Te Creemos	1			
Consejo de Asistencia al Micro Emprendedor	1			
Financiera Tamazula	1			
Total (7 reforms)	4	1	1	1

Investment fund management companies and service companies					
Approval of corporate bylaws and reforms					
Sector	Entity	Capital stock	Corporate purpose	Legal name	Administration
Investment fund management companies	GAF Operadora	1			
	BBVA Bancomer Gestión			1	
	Operadora Valmex	1			
	Operadora GBM	1			
	Operadora COVAF	1			
	Finaccess	1			
	Sura	1			
Service company	Santander Servicios Corporativos		1		
Total (8 reforms)		6	1	1	0

SOCAP					
Approval of corporate bylaws and reforms					
Name	Capital stock	Legal name	Corporate address	Administration	Others
Caja Solidaria Aguascalientes					1
Total (1 reforms)	0	0	0	0	1

Credit unions					
Approval of corporate bylaws and reforms					
Entity	Capital stock	Corporate address	Regime	Corporate purpose	Legal name
Unión de Crédito Agrícola Ganadero del Estado de Yucatán			1		
Crece Unión de Crédito				1	
Unión de Crédito Agrícola de Huatabampo	1				
Total (3 reforms)	1	0	1	1	0

New commission agents and service provision contracts			
Sector	Entity	New commission agents	Service provision
IBM	Banco Actinver		1
	Barclays Bank México		1
	BBVA Bancomer	1	14
	BNP Paribas México		14
	HSBC México		5
	Volkswagen Bank		1
	Banorte	1	
	Banregio	1	1
	Banamex		9
	Credit Suisse		1
	Shinhan		1
	Accendo		1
	Banco Afirme		1
	CIBanco		1
	Compartamos		2
	Scotiabank		6
	Sabadell		2
	Santander		2
	JP Morgan		1
	Intercam		1
IBD	Bienestar		2
Brokerage firm	Bursamétrica		1
	Casa de Bolsa Credit Suisse		1
	Casa de Bolsa Finamex		2
	JP Morgan Casa de Bolsa		1

New commission agents and service provision contracts			
Sector	Entity	New commission agents	Service provision
SOFIPO	KU-BO Financiero		1
	Financiera T Agiliza		1
	Fincomún	1	
	Fincomún	1	
	Crediclub		1
SOCAP	Caja Popular la Providencia		1
	Caja Gonzalo Vega		1
	Caja Popular Mexicana		1
	Caja San Nicolás		1
	Caja Popular San Rafael		1
	Caja Hipódromo		1
	Caja Morelia Valladolid		7
	Caja Popular las Huastecas		1
SOFOM E.R.	Tarjetas Banamex		15
	Santander Consumo		1
	Crédito Familiar		1
Total		5	106

Self-correcting programs				
Sector	Entity	Authorized	Inadmissible	Not presented
IBM	Banco J.P. Morgan		1	
	Banamex	1		
	Credit Suisse	1		
	BBVA Bancomer		1	
Brokerage firms	Bursamétrica		1	
	Casa de bolsa Santander	2		
	Credit Suisse	1		
Investment fund management companies	Operadora Inbursa	1		
	Sam Asset Management	1		
	Sura Investment Management			1
	Finamex Inversiones		1	
	Más Fondos Operadora		1	
Investment advisors	Morales y Guerra Capital Asesores		1	
Credit unions	Industrial y Comercial de la Construcción del Estado de México			1
Popular savings and loan	Caja Solidaria San Miguel de Cruces	1		
	KU-BO Financiero		1	
	Cooperativa Yolomecatl	1		
	Caja Popular Mexicana		1	
Total (19)		9	8	2

Increase in capital investment			
Investor entity		Receiving entity	
Sector	Name	Name	Activity
IBM	Intercam Banco	Intercam Banco Internacional Inc.	International financial entity
	Intercam Banco	Intercam Banco Internacional Inc.	International financial entity

Capital divestments			
Investor entity		Receiving entity	
Sector	Name	Name	Activity
Banking	Banco Azteca	Aerotaxis	Services
Stock market	Casa de Bolsa Banorte*	Inmobiliaria Interín	Real estate

*Derived from the divestment, the authorization to invest in the services company and in the real estate company was overruled and rendered ineffective.

Capital investments			
Investor entity		Receiving entity	
Sector	Name	Name	Activity
Stock market	Vector Casa de Bolsa	Vector Global WMG Uruguay	Subsidiary

Operational and legal authorizations and approvals		
Sector	Entity	Details
Stock exchanges	BMV	3 authorizations for the modification of tariffs.
		4 authorizations for cancellations of securities listed in the International Quotation System.
		1 authorization to modify the internal rules.
	BIVA	3 authorizations for the modification of tariffs.
		4 authorizations to modify the internal rules.
		10 authorizations for cancellations of securities listed in the International Quotation System.
Credit unions	Unión de Crédito Mixta del Estado de Veracruz	Approval to their Capital Restoration Plan.
	Unión de Crédito Mexicano de Servicios Profesionales	Approval to their Capital Restoration Plan.
	Unión de Crédito del Comercio, Servicios y Turismo del Sureste	Authorization to exceed the maximum limits referred to in Article 47 of the LUC.
	Agrícola Pecuario y de Servicios del Noroeste	Authorization to grant a loan 50% above the net capital and to grant loans 100% above the capital to related persons.
	Unión de Crédito Industrial y Agropecuaria de la Laguna	Authorization to exceed the maximum operating limits.
	Unión de Crédito Delicias	Authorization to exceed the maximum operating limits.
	Unión de Crédito Concreces	Authorization for the issuance of preferred shares.
	Unión de Crédito Progreso	Approval to their capital restoration plan.
SOFIPO	Administradora de Caja Bienestar	Authorization to acquire directly more than 5% of the shares representing its capital stock from a natural person.
	Financiera Broxel	Authorization to modify the authorization for remote contracting.
	Servicios Financieros Alternativos	Authorization to share information.
Bonded warehouses	Almacenadora Mercader	Authorization to lease an industrial real estate with a 37,500 square meter extension.
	Almacenadora Mercader	Authorization to affect the contingency reserve.
	Almacenadora Banorte	Authorization to exceed the limits of non-negotiable certificates.

Operational and legal authorizations and approvals		
Sector	Entity	Details
Bonded warehouses	Almacenadora Banorte	Authorization to exceed the limits of non-negotiable certificates.
	Almacenadora Banorte	Authorization to exceed the limits of non-negotiable certificates.
	Almacenes generales de depósito del Yaqui	Authorization to exceed the limits of non-negotiable certificates.
	Almacenes generales de depósito del Yaqui	Authorization to use the investment of the contingency reserve.
SOFOM E.R.	Tarjetas Banamex	Approval for the remote identification of its customers or potential customers that are natural persons of Mexican nationality, when signing remotely agreements on loans that are granted to natural persons and to natural persons with business activities, for amounts below the equivalent in local currency of 60,000 UDIs.
SOFOM E.N.R.	Consorcio AYA	Approval for the remote identification of its customers or potential customers that are natural persons of Mexican nationality, when signing remotely agreements on loans that are granted to natural persons and to natural persons with business activities, for amounts below the equivalent in local currency of 60,000 UDIs.

Substitution of representative in representative offices	
Substitution of representative	Shinhan Bank, Oficina de Representative Office in Mexico.
Substitution of representative	JP Morgan Chase Bank, N.A., New York, New York, United States of America, Representative Office in Mexico.
Substitution of representative	KEB Hana Bank, Representative Office in Mexico..
Substitution of representative	MUFG Bank, Ltd., Representative Office in Mexico.

Opinions to the SHCP		
Sector	Entity	Details
Financial groups	Intercam GF	A favorable opinion was issued so that this entity is authorized to increase the amount of the investment it currently keeps, indirectly through Intercam Banco, in the financial entity from abroad incorporated in Puerto Rico called Intercam Banco Internacional, Inc.
	GF Credit Suisse	A favorable opinion was issued for the amendment to article eight of its corporate bylaws, due to an increase in the minimum fixed share of its capital stock.
	GF Barclays México	A favorable opinion was issued regarding the amendment to article eight of its corporate bylaws, to show the current right amount of fixed capital.
	GF BBVA Bancomer	A favorable opinion was issued regarding the amendment to 1) articles first and second of its corporate bylaws, due to the change in its name and in the name of the financial entities that are part of the group; 2) the corporate bylaws of BBVA Operadora, due to the change in its name, and 3) the Single liability agreement.
	GF HSBC	A favorable opinion was issued so that this financial group is authorized to reduce in full the investment it keeps in the capital stock of HSBC Inmobiliaria (Mexico).
	GF HSBC y HSBC México	A favorable opinion was issued so that HSBC México is authorized to accept as collateral shares representing the capital stock of another commercial banking institution, in terms of Article 115 of the LRAF.
	Grupo Financiero Inbursa	An opinion was issued regarding the amendment to the first clause of the corporate bylaws of Outsourcing Inburnet, due to the change in its name, and to the second article of the corporate bylaws of this financial group.
Bonded warehouses	Argo Almacenadora	An opinion was issued regarding the authorization for the acquisition of shares representing its capital stock.
	Almacenes generales del Depósito del Yaqui	A favorable opinion was issued for capital increase.

Opinions to the SHCP		
Sector	Entity	Details
Currency exchange offices	Order Express Casa de Cambio	An opinion was issued regarding the authorization to transfer shares representing its capital stockand to amend its corporate bylaws.
	Única Casa de Cambio	A favorable opinion was issued regarding the revocation of the authorization granted.
Clearing houses and futures and options exchanges Futures and options exchanges	Asigna, Compensación y Liquidación	A favorable opinion was issued regarding the fees for registering operations and settlement fees.
		A favorable opinion was issued regarding contracts with professional associations.
		A favorable opinion was issued regarding the fee for the contract of futures with a 30-day TIIE.
		A favorable opinion was issued regarding its external auditors.
	Grupo Bursátil Mexicano, S.L.	A favorable opinion was issued regarding the modifications to its internal rules.
		A favorable opinion was issued regarding the modifications to the Manual on policies and procedures.
		A favorable opinion was issued regarding the modifications to the Manuals on policies.
	Banco Santander Fideicomisos GFSSLPT (Own position) and 100740 (Position of third parties)	A favorable opinion was issued regarding the modifications to the Manuals on policies.
	Mercado Mexicano de Derivados, S.A. de C.V.	A favorable opinion was issued regarding its external auditors.

Opinions to Banxico	
Entity	Description of the opinion
Mercado Mexicano de Derivados, S.A. de C.V.	A favorable opinion was issued regarding the CGCs Futuro of the 30-day funding TIIE.
Asigna, Compensación y Liquidación	A favorable opinion was issued regarding the Asigna margin methodology.

Requests to use reserved terms

3 requests to use the term “inversiones” [investments], 1 to use the term “investment” [in English] and 1 for the term “Investments” [in English] were denied, in accordance with the LFI.

The financing company EC LOAN, S.A. de C.V. SOFOM E.N.R. was authorized to use the reserved term “LOAN” [in English].

Annex I. Revocations and cancellations

Revocations on request

Financial entity		Official letter	
Sector	Name	Number	Date
Referring distributing companies of investment fund shares	Distribuidores de Fondos Mexicanos, S.A. de C.V.	312-3/0276/2020	September 17, 2020
Investment fund management companies	Operadora Fiver, S.A. de C.V.	312-2/0274/2020	September 24, 2020
Representative offices	Deutsche Bank A.G., Frankfurt, Alemania, Representación en México.	312-3/0365/2020	November 20, 2020
	J.P. Morgan Chase Bank, National Association, New York, New York, Estados Unidos de Norte América, Oficina de Representación en México.	312-3/0284/202	September 23, 2020
	Bank of Montreal, Montreal, Canadá.	312-2/0046/2020	February 10, 2020
	Banco Caixa Geral, S.A.	312-2/0366/2020	November 20, 2020
	Mizrahi Tefahot Bank, Ltd., Oficina de Representación en México.	312-1/0052/2020	February 11, 2020

Revocations due to breaches			
Financial entity		Official letter	
Sector	Name	Number	Date
IBM	Banco Ahorro Famsa, S.A., Institución de Banca Múltiple.	P329/2020	June 30, 2020
SOCAP	Cooperativa de Ahorro y Préstamo Renacimiento Costa de Oro.	P410/2020	September 17, 2020
SOFIPO	Operadora de Recursos Reforma.	P479/2020	November 18, 2020
Credit unions	Unión de Crédito Credit Unión Empresarial.	P498/2020	December 02, 2002

Authorizations and recognitions rendered ineffective			
Financial entity		Official letter	
Sector	Name	Number	Date
Foreign company that carries out operations similar or equivalent to the companies that manage systems to facilitate operations with securities	TrueEX, LLC	312-1/0019/2020	April 02, 2020

Registry cancellations at the request of the interested party	
Sector	Name or designation
Currency exchange centers	Centro Cambiario Rosales, S.A. de C.V.
	Centro Cambiario Plaza Milenio, S.A. de C.V.
	Monrey Centro Cambiario, S.A. de C.V.
	Centro Cambiario San Ángel, S.A. de C.V.
	Centro Cambiario Asociados Av, S.A. de C.V.
	Centro Cambiario RI, S.A. de C.V.
	Plaza OH Centro Cambiario, S.A. de C.V.
	Centro Cambiario Shalom, S.A. de C.V.
	Centro Cambiario Divjal, S.A. de C.V.
	Centro Cambiario Huno, S.A. de C.V.
	Tamibe Centro Cambiario, S.A. de C.V.
	Centro Cambiario Rehobot, S.A. de C.V.
	Centro Cambiario Operadora Marg de Intercambios, S.A. de C.V.
	Centro Cambiario Altavista National Exchange, S.A. de C.V.
	Caraza y Asociados Centro Cambiario, S.A. de C.V.
	Centro Cambiario Divisas Avenida, S.A. de C.V.
Money transfer companies	Tauli Di Cambi Centro Cambiario, S.A. de C.V.
	Centro Cambiario Cardama, S.A. de C.V.
	Centro Cambiario Latino, S.A. de C.V.
	Centro Cambiario Palacio, S.A. de C.V.
	Envios Punto a Punto, S.A. de C.V.

Annex J. New issuances in the stock market

Shares: public offering

Public offering	Company	Approximate amount of public offerings (million MXN)
Initial Public offering	Cox Energy América, S.A.B de C.V.	\$453
Total		\$453

Shares: listing without any public offering

Company
Acosta Verde, S.A.B. de C.V.
Controladora Nemak, S.A.B. de C.V.

Companies that carried out OPA of shares

Company		Amount (million MXN)
Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V.	Sana Infrastructure Holdings México, S.A.P.I. de C.V. y CPPIB Infraestructuras Holdings Mexico, S.A.P.I. de C.V.	\$50,396
Bio Pappel S.A.B. de C.V.	Enverlis, S.A. de C.V.	\$886
General de Seguros, S.A.B.	General de Seguros, S.A.B.	\$34,408
Total		\$85,690

Development capital certificates (CKD)

Description
The initial public offering of 4 CKD issuances was made for an estimated total amount of \$3.87 billion MXN; 80 additional placements made up of follow-on issuances, optional series and capital calls for \$35.6 billion MXN.

Updates of issuers of shares

Desarrolladora Homex, S.A.B. de C.V.
Banco Santander, S.A.
Controladora Vuela Compañía de Aviación, S.A.B. de C.V.
CMR, S.A.B. de C.V.
Corporación Actinver, S.A.B. de C.V.
Grupo Hotelero Santa Fe, S.A.B. de C.V.
Alfa, S.A.B. de C.V.
Proteak Uno, S.A.B., de C.V. (2)
Grupo Herdez, S.A.B. de C.V.
Grupo Sports World, S.A.B. de C.V.
Qualitas Controladora, S.A.B. de C.V.
Unifin Financiera, S.A.B. de C.V. (3)
Vinte Viviendas Integrales, S.A.B. de C.V.
Minera Frisco, S.A.B. de C.V.
Urbi Desarrollos Urbanos, S.A.B. de C.V.
Grupo Rotoplas, S.A.B. de C.V.
Corporativo GBM, S.A.B. de C.V.
Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V.
Vista Oil & Gas, S.A.B. de C.V.
Genera, S.A.B. de C.V.

Real-estate Trust Certificates (CBFI): Fibra

Public offering	Issuing trustee	Administrator	Amount (billion MXN)
Initial	Banco Actinver, S.A., I.B.M., Grupo Financiero Actinver	Operadora de Sites Mexicanos, S.A. de C.V.	\$12.04
Total			\$12.04

Trust certificates for investment in energy and infrastructure:CBFE or Fibra E			
Public offering	Issuing trustee	Administrator	Amount (million MXN)
Initial	Banco Invex, S.A., I.B.M., Invex Grupo Financiero	Promotora del Desarrollo de América Latina, S.A. de C.V.	\$25,827
Initial	Banco Actinver, S.A., I.B.M., Grupo Financiero Actinver	Orión IEP, S.C.	\$650
Total			\$26,477

Structured securities: structured bank bonds		
Institution	Number of issuances	Total amount (million MXN)
HSBC México, S.A, IBM, Grupo Financiero HSBC	9	\$1,956
Scotiabank Inverlat, S.A, IBM, Grupo Financiero Scotiabank Inverlat	8	\$520
BBVA Bancomer, S.A, IBM, Grupo Financiero BBVA Bancomer	4	\$1,440
Total	21	\$3,916

Trust certificates for investment projects (CERPI)	
Description	
The initial public offering of 3 CERPI issuances was made for an estimated total amount of \$1.61 billion MXN; 27 additional placements made up of follow-on issuances, optional series and capital calls for \$14.36 billion MXN.	

Issuances of optional bonds		
Institution	Number of issuances	Total amount (million MXN)
BBVA Bancomer, S.A, IBM, Grupo Financiero BBVA Bancomer	666	\$31,624
Citibanamex Casa de Bolsa, S.A. de C.V., Casa de Bolsa, Integrante del Grupo Financiero Citibanamex	84	\$12,039
Scotia Inverlat Casa de Bolsa S.A de CV, Grupo Financiero Scotiabank Inverlat	13	\$755
Banco Santander (México), S.A, IBM, Grupo Financiero Santander	15	\$835
Total	778	\$45,253

Market: short-term CB programs	
Issuer	Amount (million MXN)
Compañía Minera Autlan, S.A.B. de C.V.	\$600
Cetelem, S.A. de C.V., SOFOM, E.R.	\$20,000
ION Financiera, S.A.P.I. de C.V., SOFOM, E.R.	\$300
Almacenadora Afirme, S.A. de C.V., O.A.C., Afirme Grupo Financiero.	\$7,000
Grupo Comercial Chedraui, S.A.B. de C.V.	\$2,000
Arrendadora Actinver, S.A. de C.V.	\$4,000
Start Banregio, S.A. de C.V., SOFOM, E.R., Banregio Grupo Financiero	\$10,000
Grupo Aeroportuario del Pacífico, S.A.B. de C.V.	\$1,000
Banco de México/Ministry of Finance and Public Credit (FEFA)	\$5,000
Operadora de Sites Mexicanos, S.A. de C.V.	\$5,000
Grupo Traxión, S.A.B. de C.V.	\$800
Sofoplus, S.A.P.I. de C.V., SOFOM, E.R.	\$1,000
Financiera Bepensa, S.A. de C.V., S.O.F.O.M., E.R.	\$1,000
Comercializadora Círculo CCK, S.A. de C.V.	\$1,000
Organización Soriana, S.A.B. de C.V.	\$6,000
Grupo Vasconia, S.A.B.	\$350
Elementia, S.A.B. de C.V.	\$1,000
Toyota Financial Services México, S.A. de C.V.	\$3,000
Grupo Sanborns, S.A.B. de C.V.	\$5,000
Total	\$74,050

Debt market: long-term corporate		
Issuer	Number of issuances	Total amount (billion MXN)
Various issuers	39	\$73,899
Total	39	\$73,899

Debt market: operations with asset-backed trust certificates				
Trustee	Issuances	Type of asset		Total
Banco Invex, S.A., IBM, Invex Grupo Financiero	7	Collection rights*	Accounts receivable**	
CI Banco, S.A., IBM				
Total		\$6,956	\$2,500	\$9,456

*These include loan and lease contracts of movable and immovable assets., Vanrenta, S.A. de C.V., FHIPO, TIP de México, S.A.P.I. de C.V. and TIP Auto, S.A. de C.V., Exitus Capital, S.A.P.I. de C.V., S.F.O.M., E.N.R., and CEGE Capital, S.A.P.I. de C.V., SOFOM, E.N.R.

**They include income resulting from service provision of Internet and Cable TV generated by Total Play Telecomunicaciones, S.A. de C.V.

Debt market: bank stock certificates		
IBM	Number of issuances	Total amount (million MXN)
Banco Actinver, S.A., I.B.M., Grupo Financiero Actinver	1	\$2,000
BBVA Bancomer, S.A, IBM, Grupo Financiero BBVA Bancomer*	3	\$15,000
Banco Compartamos, S.A., Institución de Banca Múltiple	1	\$1,860
Banco Mercantil del Norte, S.A., I.B.M., Grupo Financiero Banorte	1	\$700
Consubanco, S.A, IBM	1	\$1,000
HSBC México, S.A, IBM, Grupo Financiero HSBC	2	\$7,000
Total	9	\$27,560

Debt market: bank stock certificates		
Development banks	Number of issuances	Total amount (billion MXN)
Banco Nacional de Comercio Exterior, S.N.C., I.B.D.	2	10
Banco Nacional de Obras y Servicios Públicos, SNC, IBD	2	7.5
Total	4	17.5

Debt market: State-owned companies		
Issuer	Number of issuances	Total amount (billion MXN)
Comisión Federal de Electricidad	3	10
Total	3	10

Debt market: stock certificates made directly and indirectly by promotion entities			
Issuer	Trustor	Issuances	Amount (billion MXN)
Banco de México	SHCP (Fondo Especial para Financiamientos Agropecuarios)	6	20
Banco Actinver, S.A., IBM, Grupo Financiero Actinver	Fovissste	2	13.99
Infonacot	Not applicable	1	2.44
Total		9	36.44

Debt market: long-term stock certificates placed without public offering			
Issuer/ Trustee	Trustor	Issuances	Amount (billion MXN)
Banxico	SHCP (Fondo Especial para Financiamientos Agropecuarios)	6	5.45
Banco Mercantil del Norte, S.A., I.B.M., Grupo Financiero Banorte	Not applicable	1	11
Total		7	16.45

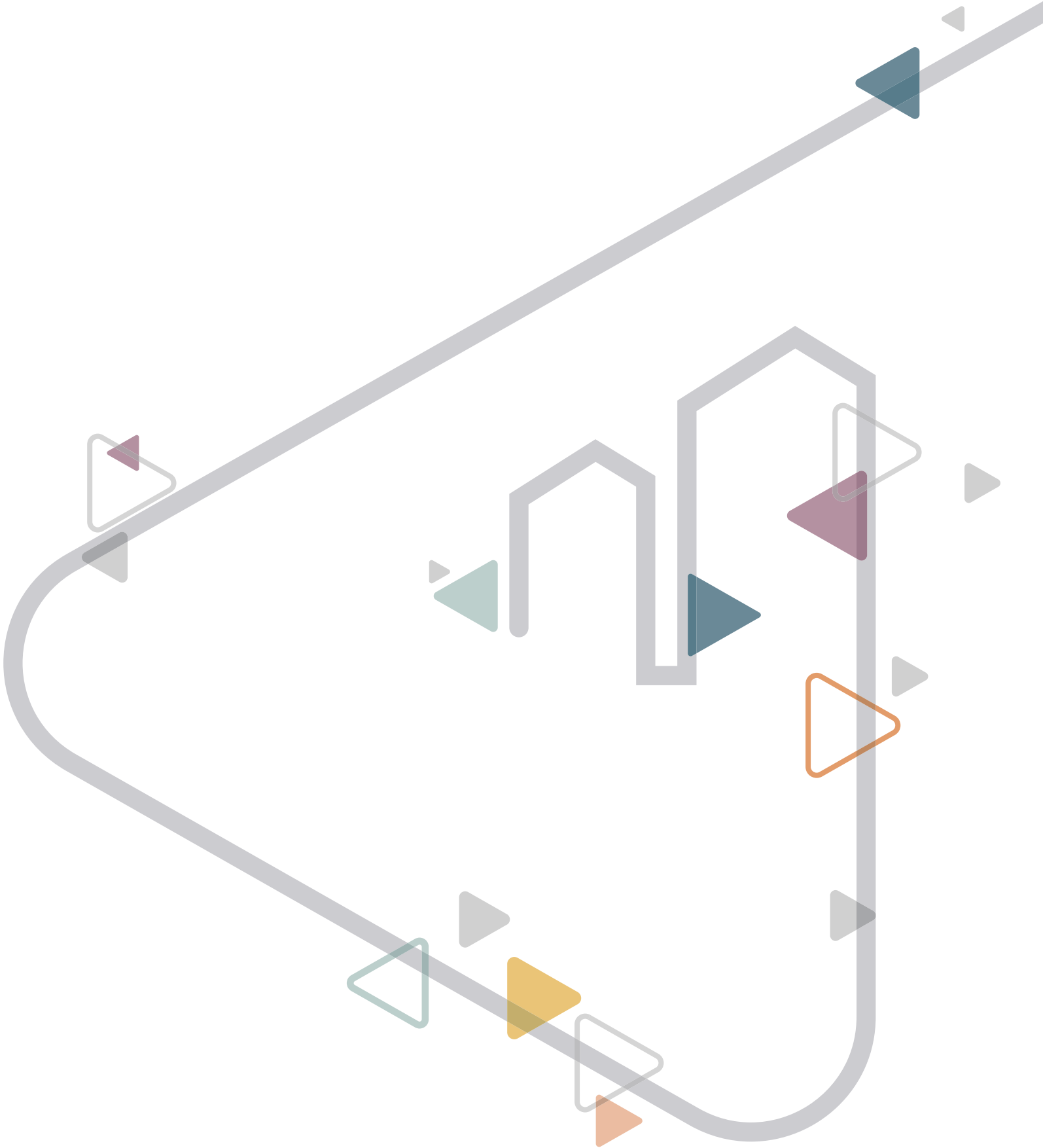
Debt market: obligations		
Development banks	Number of issuances	Total amount (million MXN)
Banco Afirme, S.A., I.B.M., Afirme Grupo Financiero	2	\$730
Total	2	\$730

Debt market: multilateral bodies		
Issuing trustee	Placements	Total (billion MXN)
Corporación Interamericana de Inversiones	1	2.00
Total	1	2.00

Debt market: guaranteed by the Federal Government			
Issuing trustee	Trustor	Placements	Total (billion MXN)
Banco Nacional de Obras y Servicios Públicos, S.N.C., I.B.D.	Fondo Nacional de Infraestructura	6	28.01
Total		6	28.01

Indexed trust certificates		
Trustee	Trustor	Reference asset
Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex	BlackRock México Operadora S.A. de C.V., Sociedad Operadora de Fondos de Inversión	Índice MSCI Mexico ESG Select Focus Index

Debt market: short-term securities		
	Number of placements	Total amount (billion MXN)
Various issuers	1,214	211.55
Total	1,214	211.55



Sanctions: January-December 2020

Sector	Sanction resolutions					Conducts sanctioned	Amount of sanctions imposed (MXN)	Amount of sanctions paid (MXN)
	Admonition (A)	Fine ¹ (B)	Cancellation of Registration (C)	Order to suspend operations (D)	Total			
IBM	3	43	0	0	46	86	80,890,530	59,678,060
Investment funds	0	1	0	0	1	1	422,450	0
Brokerage firms	1	8	0	0	9	14	10,313,638.64	7,767,311
Issuers	0	0	0	0	0	0	0	1,707,225
Credit unions	1	9	0	0	10	14	2,196,026	0
SOFOM E.R.	0	9	0	0	9	10	1,884,970	471,332
SOCAP	2	11	0	0	13	20	1,798,324	12,896
Natural persons	0	25	0	0	25	28	47,041,960	0
SOFIPO	1	13	0	0	14	22	5,361,757	1,611,262
SOFOM E.N.R.	24	130	0	0	154	154	16,895,447	8,381,839
Currency exchange centers	12	50	1	0	63	63	2,398,867	190,235
Bonded warehouses	1	9	0	0	10	12	595,316	191,823
Currency exchange offices	0	1	0	0	1	2	337,960	0
Participants in relevant payment system networks	4	4	0	0	8	8	1,535,350	754,900
Money transfer companies	1	4	0	0	5	13	8,032,039	31,218
Federation of popular savings and loan entities	0	0	0	0	0	0	0	12,275
Holding companies of financial groups	1	1	0	0	2	2	16,898	13,518
Development banks	0	2	0	0	2	3	1,901,600	1,521,280
Persons in irregular activities	0	0	0	2	2	2	0	0
Investment fund management companies of debt instruments and of variable income/ equity	0	2	0	0	2	2	1,717,208	2,641,126
Total general	51	322	1	2	376	456	183,340,340.64	84,986,300

1/3 of the fines include ineligibility.

COMMITTEE / GROUP
Basel Committee on Banking Supervision (BCBS)
Group of Governors and Heads of Supervision (GHOS)
International Conference of Banking Supervisors (ICBS)
BCBS
<ul style="list-style-type: none">• Supervision and Implementation Group (SIG)<ul style="list-style-type: none">- Stress Testing Network (STN)- Task Force on Fintech (TFFT)- Regulatory Consistency Assessment Programme (RCAP)- Market Risk Group (MRG)- Operational Resilience Group (ORG)• Policy Development Group (PDG)<ul style="list-style-type: none">- Working Group on the Quantitative Impact Study (QIS)- Working Group on Capital (WGC)- Working Group on Liquidity (WGL)- Large Exposures Group (LEG)• Accounting Experts Group (AEG)• Task Force on Sovereign Exposures (TFSE)• Anti-Money Laundering Experts Group (AMLEG)
International Organization of Securities Commissions (IOSCO-OICV)
IOSCO-OICV Board
<ul style="list-style-type: none">• Cyber Task Force• ICO Consultation Network• Data Analytics Group (DAG)• Consultation Network Fintech
Committee on Issuer Accounting, Audit and Disclosure (C1)
<ul style="list-style-type: none">• Accounting Sub-committee• Information Disclosure Sub-committee
Committee on Regulation of Secondary Markets (C2)
Committee on Regulation of Market Intermediaries (C3)
Committee on International Cooperation and Exchange of Information (C4)
<ul style="list-style-type: none">• Scrutiny Group• Monitoring Group of the Enhanced Multilateral Memorandum of Understanding (MMoU)
Committee on Investment Management (C5)
Committee on Credit Rating Agencies (C6)
Committee on Commodity Derivatives Markets (C7)
Committee on Retail Investors (C8)
Committee on Emerging Risks (CER)
Inter-American Regional Committee (IARC) / Council of Securities Regulators of the Americas (COSRA)
Growth and Emerging Markets Committee
Audit and Finance Committee

COMMITTEE / GROUP
Cross-sector groups
CPMI-IOSCO
<ul style="list-style-type: none">• Policy Standing Group (PSG)<ul style="list-style-type: none">- Steering Group- Implementation Monitoring Standing Group (IMSG)
BCBS-CPMI-FSB-IOSCO
Financial Stability Board (FSB)
Standing Committee on Supervisory and Regulatory Cooperation (SRC)
Standing Committee on Standards Implementation (SCSI)
<ul style="list-style-type: none">• Compensation Monitoring Contact Group (CMCG)• Implementation Monitoring Network (IMN)• Workstream 3 on Development of the capacity of the national jurisdictions of the countries of origin of affected local banks• Workstream 4 on Strengthening of due diligence tools by banking correspondents
Regional Consultative Group of the Americas (RCGA)
<ul style="list-style-type: none">• Non-Bank Financial Intermediation for the Americas (previously Working Group of Shadow Banking of the Americas)
Alliance for Financial Inclusion (AFI)
Board of Directors
Global Policy Forum (GPF)
Global Standards Proportionality Working Group (GSPWG)
SME Finance Working Group (SMEFWG)
Financial Inclusion Data Working Group (FIDWG)
Financial Inclusion Strategy Peer Learning Group (FISPLG)
Digital Financial Services Working Group (DFS WG)
Consumer Empowerment and Market Conduct Working Group (CEMC)
Financial Inclusion Initiative for Latin America and the Caribbean (FILAC)
Inclusive Green Finance (IGF)
Financial Action Task Force (FATF-GAFI)
FATF Plenary meeting
GAFILAT Plenary meeting
Policy Development Group
Group on Risks, Trends and Methods
Group on Evaluation and Cooperation
Group on Review of International Cooperation

COMMITTEE / GROUP
Various
Prosperity Fund Mexico Financial Services Programme
Anti-corruption and Rule of Law Prosperity Fund Programme
Authorities of the IIMV Board (Ibero-American Securities Market Institute)
Colleges of Bank Crisis Supervision and Management
BBVA Bancomer
<ul style="list-style-type: none"> • Home authorities. European Central Bank and Single Resolution Board: <ul style="list-style-type: none"> - BBVA Supervisory College - Resolution College
Santander
<ul style="list-style-type: none"> - Home authorities. European Central Bank and Single Resolution Board: Core College - General College • Resolution • Crisis Management Group
Bank of NovaScotia
<ul style="list-style-type: none"> • Home authorities. Office of the Superintendent of Financial Institutions (OSFI) Canada <ul style="list-style-type: none"> - Supervisory College - Crisis Management Group
CitiGroup
<ul style="list-style-type: none"> • Home authorities. Board of Governors of the Federal Reserve System (Fed) and Office of the Comptroller of the Currency: <ul style="list-style-type: none"> - CitiGroup Core College - CitiGroup Expanded College of Supervisors - CitiGroup Crisis Management Group
HSBC
<ul style="list-style-type: none"> • Home authorities Bank of England / Prudential Regulation Authority (PRA) of the United Kingdom: <ul style="list-style-type: none"> - Core College - Global College - General College - Resolution - Crisis Management Group
UBS
<ul style="list-style-type: none"> • Supervisory College – UBS (Swiss Financial Market Supervisory Authority FINMA – Switzerland)
CREDIT SUISSE
<ul style="list-style-type: none"> • Supervisory College - Credit Suisse (Swiss Financial Market Supervisory Authority FINMA – Suiza)
Supervisory College of Credit Rating Agencies (CRAS)
<ul style="list-style-type: none"> • Standard & Poor's; Moody's (SEC – EUA)
<ul style="list-style-type: none"> • Fitch (ESMA – European Union)
Pacific Alliance
Supervisors Meeting

COMMITTEE / GROUP
Organization for Economic Cooperation and Development (OECD)
Roundtable on Corporate Governance in Latin America
Working Group on Bribery
North American Securities Administrators Association (NAASA)
Plenary Meeting
Annual Conference
International Committee
Investment Adviser Committee
Broker-Dealer Committee
Investor Education Committee
Corporate Finance Committee
Fintech Committee
Cybersecurity Committee
Association of Supervisors of Banks of the Americas (ASBA)
Annual Meeting
Governing Board
Audit Committee
Technical Committee
Committee on Training and Technical Cooperation
Task Force on Nature-related Financial Disclosures (TNFD)
Informal Working Group
Working group/ Line of work 1: Governance, leadership and membership
Working group/ Line of work 2.1: Foundation of a framework
Financial Conduct Authority (FCA)
Global Financial Innovation Network (GFIN)
<ul style="list-style-type: none"> • Plenary session • Cross border testing

GLOSSARY

Glossary	
Acronym	Name
ABM	<i>Asociación de Bancos de México</i> (Banks of Mexico Association)
AFI	Alliance for Financial Inclusion
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
APF	<i>Administración Pública Federal</i> (Federal Public Administration)
API	Application Programming Interface
APSRT	<i>Activos ponderados sujetos a riesgo totales</i> (Total risk-weighted assets)
ASBA	Association of Supervisors of Banks of the Americas
ASF	<i>Auditoría Superior de la Federación</i> (Federal Superior Audit Office)
Asigna	<i>Asigna Compensación y Liquidación</i> (Clearing house)
ASRC	<i>Activos sujetos a riesgo de crédito</i> (Assets subject to loan risks)
ASRM	<i>Activos sujetos a riesgos de mercado</i> (Assets subject to market risks)
ASRT	<i>Activos sujetos a riesgo totales</i> (Total assets subject to risk)
Banjército	<i>Banco Nacional de Comercio Exterior</i> (National Foreign Trade Bank)
Bancomext	<i>Banco Nacional del Ejército, Fuerza Aérea y Armada</i> (National Bank of the Army, Air Force and Navy)
Banobras	<i>Banco Nacional de Obras y Servicios Públicos</i> (National Bank for Public Works and Services)
Banxico	<i>Banco de México</i> (Central Bank of Mexico)
BCBS	Basel Committee on Banking Supervision
billion MXN	Billions of Mexican pesos
BIOFIN	Biodiversity Finance Initiative
BIVA	<i>Bolsa Institucional de Valores, S.A. de C.V.</i>
BMV	<i>Bolsa Mexicana de Valores, S.A.B. de C.V.</i> (Mexican Stock Exchange)
bp	Base points
CASFIM	<i>Catálogo del Sistema Financiero Mexicano</i> (Mexican Financial System Catalogue)
CB	<i>Certificados bursátiles</i> (Securities certificates/ Stock certificates)
CBB	<i>Certificados bursátiles bancarios</i> (Bank stock certificates)
CBF	<i>Certificados bursátiles fiduciarios</i> (Trust certificates)
CBFE	<i>Certificados bursátiles fiduciarios de Inversión en energía e infraestructura</i> (Trust Certificates for Investment in Energy and Infrastructure)
CBFI	<i>Certificados bursátiles fiduciarios inmobiliarios</i> (Real-estate trust certificates)
CCE	<i>Criterios contables especiales</i> (Special accounting criteria)

Glossary	
Acronym	Name
CCPT	<i>Costo de captación porcentual promedio</i> (Total average deposit-taking cost)
CCV	<i>Contraparte Central de Valores de México S.A. de C.V.</i>
CD	<i>Certificados de depósito</i> (Deposit certificates)
CDMX	<i>Ciudad de México</i> (Mexico City)
CEFER	<i>Calificación de entidades financieras con enfoque de riesgos</i> (Risk-based rating matrix of financial entities)
CEPCI	<i>Comité de Ética y de Prevención de Conflictos de Interés</i> (Committee on Ethics and on Prevention of Conflicts of Interest)
Cerpi	<i>Certificados bursátiles fiduciarios de proyectos de inversión</i> (Trust certificates for investment projects)
CESF	<i>Consejo de Estabilidad del Sistema Financiero</i> (Stability Council of the Financial System)
CFI	Crowdfunding institutions
Cinif	<i>Consejo Mexicano de Normas de Información Financiera A.C.</i> (Mexican Board of Financial Reporting Standards)
CISO	Chief Information Security Officer
CKD	<i>Certificados bursátiles fiduciarios de desarrollo</i> (Development capital certificates)
CNBV	<i>Comisión Nacional Bancaria y de Valores</i> (National Banking and Securities Commission)
CNDH	<i>Comisión Nacional de los Derechos Humanos</i> (National Commission for Human Rights)
CoDi	<i>Cobro Digital</i> (Digital Charge)
COFECE	<i>Comisión Federal de Competencia Económica</i> (Federal Economic Competition Commission)
Conaif	<i>Consejo Nacional de Inclusión Financiera</i> (National Council for Financial Inclusion)
CONDUSEF	<i>Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros</i> (National Commission for the Protection of Users of Financial Services)
CUB	General provisions applicable to credit institutions (<i>Circular única de bancos</i>)
CUCB	General provisions applicable to brokerage firms (<i>Circular única de casas de bolsa</i>)
CUE	General provisions applicable to securities issuers and to other the stock market participants (<i>Circular única de emisoras</i>)
CUEACP	General provisions applicable to popular savings and loan entities, integration bodies, community financial companies and rural financing integration bodies, referred to by the Law on Popular Savings and Loan (<i>Circular única de entidades de ahorro y crédito popular</i>)
CUFI	General provisions applicable to investment funds and to natural persons that provide them with services (<i>Circular única de fondos de inversión</i>)

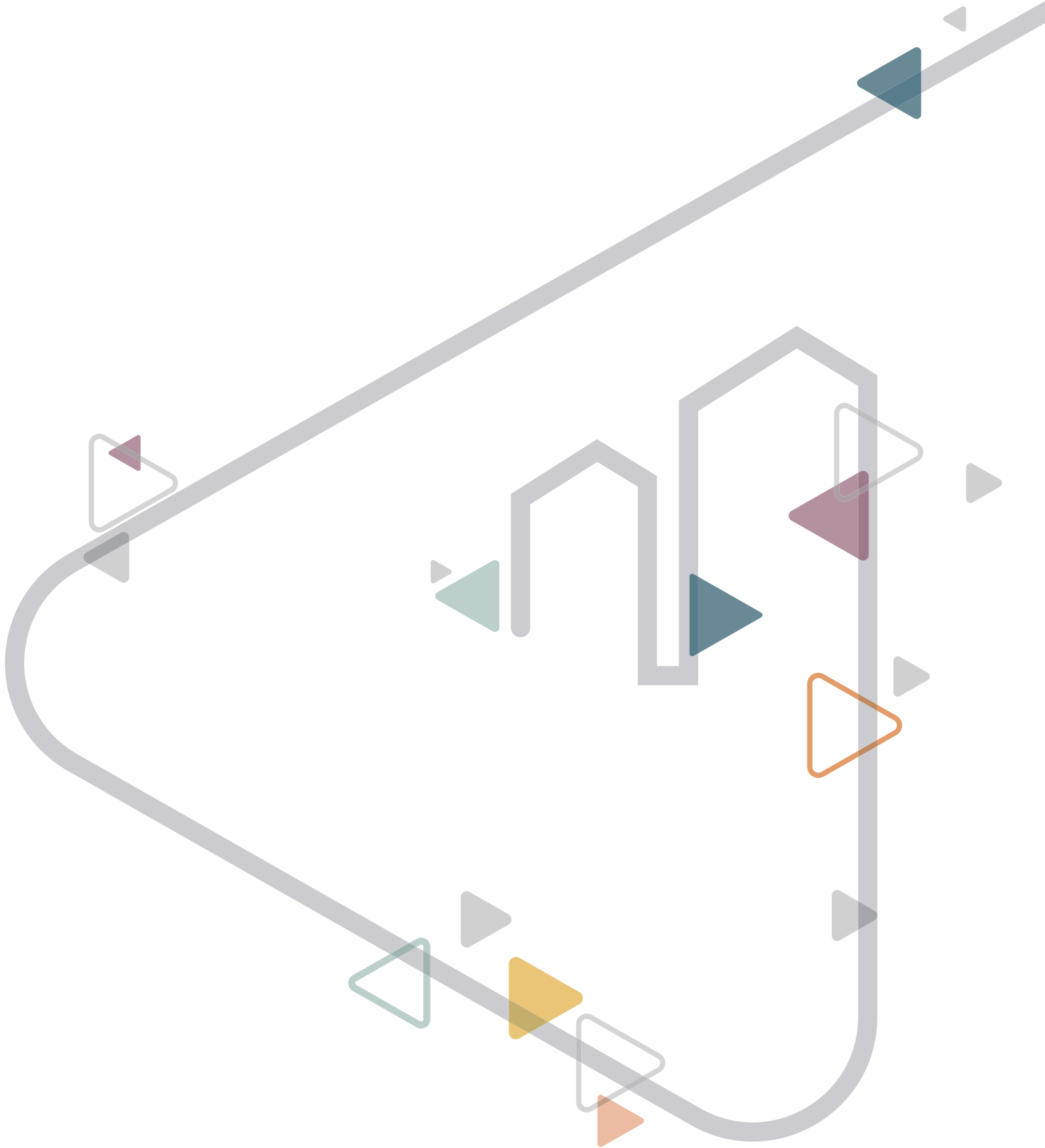
Glossary	
Acronym	Name
CUIFE	General provisions applicable to bonded warehouses, currency exchange offices, credit unions and regulated multi-purpose financing companies (<i>Circular única de intermediarios financieros especializados</i>)
CUSOCAP	General provisions applicable to the activities of the savings and loan cooperatives (<i>Circular única de savings and loan cooperatives</i>)
DOF	<i>Diario Oficial de la Federación</i> (Official Gazette of the Federation)
ECCO	<i>Encuesta de Clima y Cultura Organizacional</i> (Organizational Culture and Work Environment Survey)
EMN	<i>Esquema de modelos novedosos</i> (Innovative model scheme)
ENAFIN	<i>Encuesta Nacional de Financiamiento de las Empresas</i> (National Survey on the Financing of Companies)
ENIF	<i>Encuesta Nacional de Inclusión Financiera</i> (National Survey on Financial Inclusion)
EPFI	Electronic payment funds institutions
EPRC/CT	<i>Estimaciones preventivas para riesgo crediticio/cartera de crédito total</i> (Preventive estimates for loan risk/total loan portfolio)
ES	<i>Escenarios supervisores</i> (Supervision scenarios)
ESC	<i>Evaluación de suficiencia de capital</i> (Capital adequacy assessment)
ESC-EI	<i>Evaluación de suficiencia de capital bajo escenarios internos</i> (Capital adequacy assessment under internal scenarios)
ESC-ES	<i>Evaluación de suficiencia de capital bajo escenarios supervisores</i> (Capital adequacy assessment under supervision scenarios)
ETF	Exchange-traded fund
FCC	<i>Facilidades contables COVID</i> (COVID accounting facilities)
FGR	<i>Fiscalía General de la República</i> (Mexico's Attorney General Office)
Fibra	<i>Fideicomiso de infraestructura y bienes raíces</i> (Infrastructure and real estate trust)
Fibra E	<i>Fideicomiso de inversión en infraestructura y energía</i> (Investment trust in infrastructure and energy)
Fifomi	<i>Fideicomiso de Fomento Minero</i> (Mining Development Trust)
Fincas	<i>Fondos de inversión de capitales</i> (Capital investment funds)
Fintech	Financial technology
FIRA	<i>Fideicomisos Instituidos en Relación a la Agricultura</i> (Instituted Agricultural Funds)
FND	<i>Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero</i> (National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development)
Focoop	<i>Fondo de Supervisión Auxiliar de Sociedades Cooperativas de Ahorro y Préstamo y de Protección a sus Ahorradores</i> (Assistant Supervisory Fund of Savings and Loan Cooperatives and for Protection of its Savers)
Fonacot	<i>Fondo Nacional para el Consumo de los Trabajadores</i> (National Fund for the Consumption of Workers)

Glossary	
Acronym	Name
FOVI	<i>Fondo de Operación y Financiamiento Bancario a la Vivienda</i> (Fund of Operation and Bank Financing for Housing)
Fovissste	<i>Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado</i> (Housing Fund of the Institute of Social Security and Services of State Workers)
FATF	Financial Action Task Force
FSB	Financial Stability Board
FTI	Financial technology institutions
GDP	Gross Domestic Product
GFIN	Global Financial Innovation Network
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (Sociedad Alemana para la Cooperación Internacional)
HHI	Herfindahl-Hirschman Index
IADB	Inter-American Development Bank
IBD	<i>Instituciones de banca de desarrollo</i> (Development bank institutions)
IBM	<i>Instituciones de banca múltiple</i> (Commercial banking institutions)
ICAP	<i>Índice de capitalización</i> (Capitalization index)
ICOR	<i>Índice de cobertura</i> (Coverage index)
ICT	Information and communication technologies
IFP	<i>Índice de fortaleza patrimonial</i> (Financial strength index)
IFRS	International Financial Reporting Standards
IMOR	<i>Índice de morosidad</i> (Delinquency rate)
IMORA	<i>Índice de morosidad ajustado</i> (Adjusted delinquency rate)
INAI	<i>Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales</i> (National Institute of Transparency, Access to Information, and Protection of Personal Data)
Indeval	<i>Institución para el Depósito de Valores SD Indeval</i> (Institute for the Deposit of Securities)
INEGI	<i>Instituto Nacional de Estadística y Geografía</i> (National Institute of Statistics and Geography)
Infonacot	<i>Instituto del Fondo Nacional para el Consumo de los Trabajadores</i> (Institute for the National Fund for Consumption of Workers)
Infonavit	<i>Instituto del Fondo Nacional de la Vivienda para los Trabajadores</i> (Institute for the National Fund for Housing for Workers)
IOSCO / OICV	International Organization of Securities Commissions (<i>Organización Internacional de Comisiones de Valores</i>)

Glossary	
Acronym	Name
IPAB	<i>Instituto para la Protección al Ahorro Bancario</i> (Institute for the Protection of Bank Savings)
IPC	<i>Índice de Precios y Cotizaciones</i> (Mexican Stock Exchange Index)
IPO	Initial public offering
ISSSTE	<i>Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado</i> (Institute of Social Security and Services of State Workers)
LACP	<i>Ley de Ahorro y Crédito Popular</i> (Law on Popular Savings and Loan)
LCR	Liquidity coverage ratio
LFD	<i>Ley Federal de Derechos</i> (Federal Rights Law)
LFI	<i>Ley de Fondos de Inversión</i> (Law on Investment Funds)
LFRSP	<i>Ley Federal de Remuneraciones de los Servidores Públicos</i> (Federal Law on Public Officer Salaries)
LGOAAC	<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> (General Law on Auxiliary Credit Organizations and Activities)
LIC	<i>Ley de Instituciones de Crédito</i> (Law on Credit Institutions)
LMV	<i>Ley del Mercado de Valores</i> (Securities Market Law)
LRAF	<i>Ley para Regular las Agrupaciones Financieras</i> (Law to Regulate Financial Groups)
LRASCAP	<i>Ley para Regular las Actividades de las Sociedades Cooperativas de Ahorro y Préstamo</i> (Law to Regulate the Activities of Savings and Loan Cooperatives)
LRITF	<i>Ley para Regular las Instituciones de Tecnología Financiera</i> (Law to Regulate Financial Technology Institutions)
LRSIC	<i>Ley para Regular las Sociedades de Información Crediticia</i> (Law to Regulate Credit Information Bureaus)
LUC	<i>Ley de Uniones de Crédito</i> (Law on Credit Unions)
Mafar	<i>Margen financiero ajustado por riesgos crediticios</i> (Net interest margin adjusted for loan risks)
million MXN	Millions of Mexican pesos
MexDer	<i>Mercado Mexicano de Derivados, S.A. de C.V.</i>
Nafin	<i>Nacional Financiera, S.N.C., I.B.D.</i>
NIM	Net interest margin
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
Nicap	<i>Nivel de capitalización</i> (Capitalization level)
NIF	<i>Normas de Información Financiera</i> (Financial Reporting Standards)
NSFR	Net stable funding ratio

Glossary	
Acronym	Name
NVIO Pagos	<i>NVIO Pagos México, S.A.P.I. de C.V.</i>
OAAC	<i>Organizaciones y actividades auxiliares de crédito</i> (Auxiliary credit organizations and activities)
OIFR	<i>Organismos de integración financiera rural</i> (Rural financing integration Bodies)
OPA	<i>Oferta pública de adquisición de acciones</i> (Public takeover bid; Public offering of acquisition of shares)
OVD	<i>Operaciones con valores y derivados</i> (Operations with securities and derivatives)
PAP	<i>Plan de acción preventivo</i> (Preventive action plan)
PC	<i>Planes de contingencia</i> (Contingency plans)
PCN	Planes de continuidad de negocio (Business continuity plans)(Business continuity plans)
PES	<i>Padrón de Entidades Supervisadas</i> (Supervised Entities Registry)
PIR	<i>Programas institucionales de reestructuras</i> (Institutional restructuring programs)
PJF	<i>Poder Judicial de la Federación</i> (Judicial Power of the Federation)
PNIF	<i>Política Nacional de Inclusión Financiera</i> (National Policy for Financial Inclusion)
pp	Percentage points
PRD	<i>Perfil de riesgo deseado</i> (Desired risk profile)
Prosofipo	<i>Fondo de Protección de Sociedades Financieras Populares y de Protección a sus Ahorradores</i> (Fund for the Protection of popular financial companies and for the Protection of its Savers)
PTAR	<i>Programa de Trabajo de Administración de Riesgos</i> (Risk Management Work Program)
PTCI	<i>Programa de Trabajo de Control Interno</i> (Internal Control Work Program)
PTS	<i>Plataforma tecnológica de supervisión</i> (Technological Platform of Supervision)
RNV	<i>Registro Nacional de Valores</i> (National Securities Registry)
ROA	Return on assets
ROE	Return on equity
S.A.B.	<i>Sociedad anónima bursátil</i> (Publicly traded Corporation)
S.A.P.I.	<i>Sociedad anónima promotora de inversión</i> (Investment promotion limited company)
SAT	<i>Sistema de Administración Tributaria</i> (Tax Administration Service)
SCJN	<i>Suprema Corte de Justicia de la Nación</i> (Supreme Court of Justice of the Nation)
SDG	Sustainable Development Goals
SFM	<i>Sistema financiero en México</i> (Financial system in Mexico)

Glossary	
Acronym	Name
SFP	Secretaría de la Función Pública (Ministry of Public Administration)
SHCP	Secretaría de Hacienda y Crédito Público (Ministry of Finance and Public Credit)
SHF	Sociedad Hipotecaria Federal, S.N.C., I.B.D. (Federal Mortgage Company)
Siara	Sistema de atención de requerimientos de autoridad (System of Attention to Authority Requests)
SIC	Sociedades de información crediticia (Credit information bureaus)
SICOI	Sistema de control interno (Internal control system)
SITI	Sistema Interinstitucional de Transferencia de Información (Inter-institutional Information Transfer System)
SMA	Standardized measurement approach
SOCAP	Sociedades cooperativas de ahorro y préstamo (Savings and loan cooperatives)
SOFINCO	Sociedades financieras comunitarias (Community financial companies)
SOFIPO	Sociedades financieras populares (Popular financial companies)
SOFOM E.N.R.	Sociedades financieras de objeto múltiple entidades no reguladas (Multi-purpose financing companies non-regulated entities)
SOFOM E.R.	Sociedades financieras de objeto múltiple reguladas (Multi-purpose financing companies regulated)
SPC	Servicio Profesional de Carrera (Professional Career Service)
SPCT	Servidores Públicos de Carrera Titulares (Staff Career Public Officers)
Suptech	Supervisory technology
TDA	Tasa de Deterioro Ajustada (Adjusted impairment rate)
TFCA	Tribunal Federal de Conciliación y Arbitraje (Federal Conciliation and Arbitration Council)
TFJA	Tribunal Federal de Justicia Administrativa (Federal Court of Administrative Justice)
TIIE	Tasa de interés interbancaria de equilibrio (Interbank offering rate)
TPV	Terminales punto de venta (POS (Point of sale) terminals)
Trac	Títulos referenciados a acciones (Stock-referenced certificates)
UBVA	Unidad de Banca, Valores y Ahorro (Banking, Securities and Savings Unit)
UDI	Unidades de inversión (Investment units))
UIF	Unidad de Inteligencia Financiera (Unit of Financial Intelligence)
UNIFIN	UNIFIN Financiera, S.A.B. de C.V.
USA	United States of America
VPN	Virtual Private Network



ACKNOWLEDGEMENTS

For generating this 2020 Annual Report, we wish to thank the participation of all the administrative units for their contribution to integrating the information into this document.

In particular, we would also like to give special thanks to the coordinators of the different chapters and to all the persons that worked directly and indirectly in generating this Report.

Steering group

Juan Pablo Graf Noriega
President

Jorge Pellicer Ugalde

Vice President of Supervision for Financial Groups and Intermediaries A

José Ramón Canales Márquez

Vice President of Supervision for Financial Groups and Intermediaries B

Enrique Antonio Marrufo García

Vice President of Supervision for Development Banking and Popular Finances

Itzel Moreno Macías García

Vice President of Supervision for Securities Market

Sandro García Rojas Castillo

Vice President of Supervision for Preventive Processes

Anselmo Moctezuma Martínez

Technical Vice President

José Antonio Quesada Palacios

Vice President of Regulatory Policy

Mónica Brenda Villarreal Medel

Legal Vice President

Margarita de la Cabada Betancourt

Vice President of Regulations

Ignacio Javier Estévez González

Vice President of Administration and Strategic Planning

Editorial team

COORDINATION AND EDITING

Federico Abarca Reyes

Viliulfo Gaspar González

Michelle Ivonne Chabert Mendoza

Mayra Ramírez Chávez

Angélica Rauda Flores

General Directorate of Strategic Planning

CREATIVITY AND DESIGN

Luis Liñeiro Celaya

Tonatiuh Estrada Sandoval

Ángel Gómez Monjardín

Noemí Tecanhuey Sánchez

General Directorate of Special Projects and

Social Communication

COORDINATION OF CONTENT DEVELOPMENT

Alejandra Arias Bonilla

Alejandra Olivares Castorena

Antonio José Luis Coello Cerino

Ariadna García Cárdenas

Aydee Juárez Bello

Aurora Torres Arroyo

Daniel Miranda López

Darío Preisser Rentería

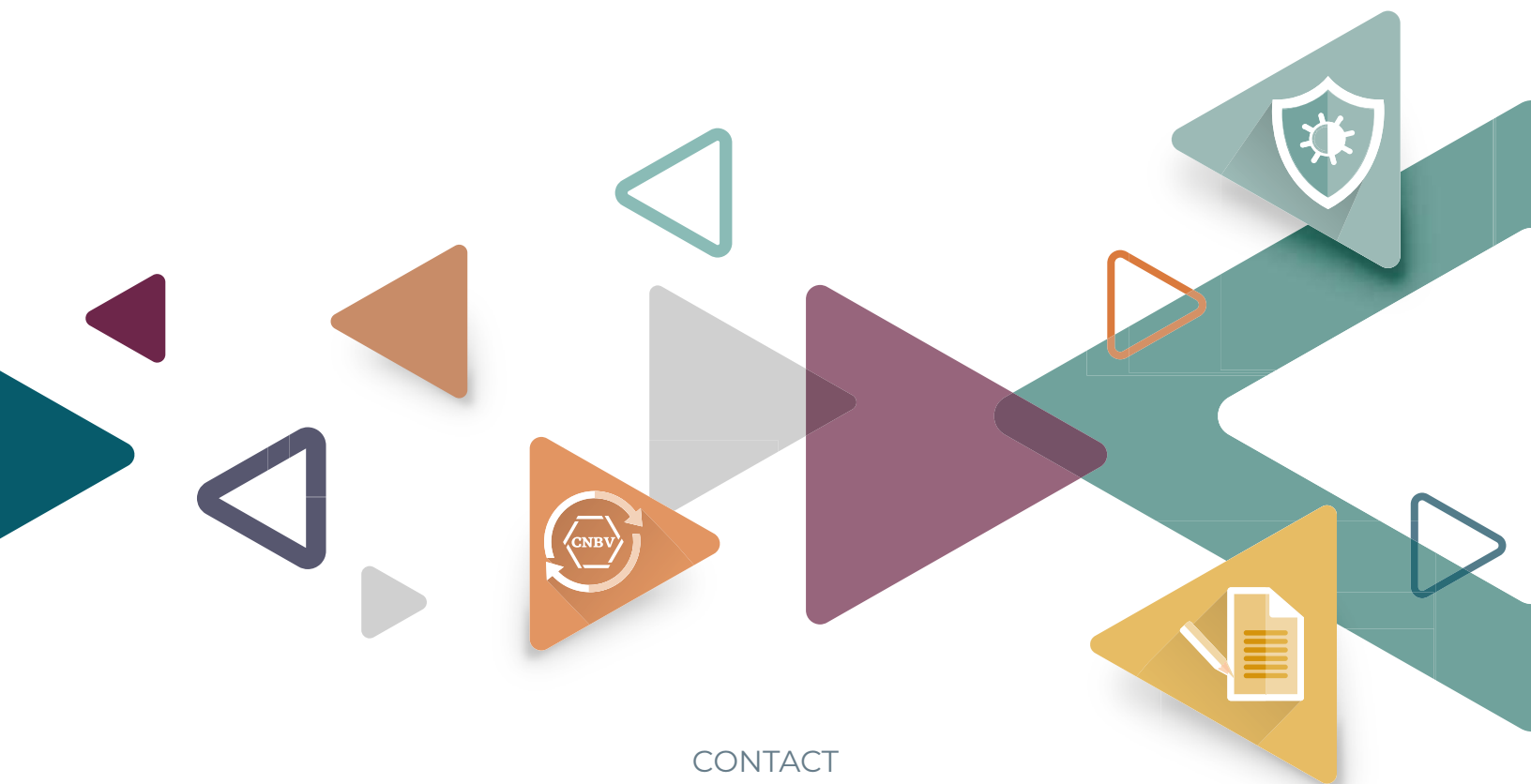
Gabriela Acevedo Mora

Gabriela Jaramillo Gabiño

Gloriella Robledo Cortés

Jessica Valeria García Mercado

José Carlos González Trujillo
José Luis Ortiz Guzmán
Lydia Anzures López
Marco Antonio Medina González
Ma. del Socorro Aguirre Manzanares
Mario Barajas Boyzo
Mauricio Montaña Peña
Mayra Mortera Cabrera
Milton Monzalvo Laguna
Raúl Flores Ogarrio
Verónica Quezada Gasca
Yearim Valles Arellano



CONTACT

Insurgentes Sur N° 1971, Plaza Inn,
Guadalupe Inn, Álvaro Obregón, Mexico City,
PC. 01020. TN: (55) 14 54 6000

    gob.mx/cnbv



**GOBIERNO DE
MÉXICO**

HACIENDA
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



COMISIÓN NACIONAL
BANCARIA Y DE VALORES