

Rating

Masari LP HR A-
Masari CP HR2

Outlook Stable

Evolution of the Credit Rating



HR Ratings upgrades Masari's ratings from HR BBB+ to HR A- with Stable Outlook and from HR3 to HR2.

The upgrading of Masari Casa de Bolsa's¹ rating is based on a solid implementation of the Brokerage Firm's business plan, as demonstrated by a financial performance above our base scenario expectations. Two new branches were opened in 2020 and new business lines consolidated, including derivatives trading and joint representation services. While foreign exchange and money markets continue to be the main revenue generators, market diversification has permitted steady growth. At the close of June 2021, this resulted in 12 m net earnings of 108.7 m, reflected in profitability with ROA and ROE of 6.6% and 51.6% as of 2Q21 (vs. 3.9% and 38.2% as of 2Q20 and 3.7% and 33.8% base scenario). Despite an aggressive investment plan, revenue generation has maintained a stable efficiency ratio of 66.8% (vs. 63.7% as of 2Q20 and 54.9% base scenario). Lastly, the Brokerage Firm has a strong solvency position as revealed in its 98.3% capitalization ratio (vs. 77.8% as of 2Q20 and 67.3% base scenario). The main assumptions and results are as follows:

Contacts

Angel Garcia
Director of Financial Institutions / ABS
Head Analyst
angel.garcia@hrratings.com

Anais Padilla
Analyst
anais.padilla@hrratings.com

Assumptions and Results: MCB	Quarterly		Annual			Base Scenario			Stress Scenario		
	2Q20	2Q21	2018	2019	2020	2021P*	2022P	2023P	2021P*	2022P	2023P
Customer Securities in Custody	2,187	2,430	1,720	2,407	2,265	3,624	4,168	4,793	3,389	3,897	4,481
Net Operating Income 12m	317	440	68	210	380	581	663	755	388	393	521
Administrative expenses 12m	-271	-344	-72	-186	-313	-439	-483	-555	-429	-468	-517
Net Income 12m	46	94	-5	24	67	114	126	140	-43	-75	2
Average ROA	3.9%	6.6%	-0.5%	2.0%	4.5%	7.5%	8.3%	8.3%	-2.9%	-5.6%	0.1%
Average ROE	38.2%	51.6%	-8.1%	23.3%	44.5%	51.0%	37.3%	29.7%	-24.1%	-89.4%	3.9%
Operating Margin	10.8%	18.6%	-2.7%	7.7%	14.0%	20.8%	24.0%	24.2%	-8.3%	-15.7%	0.7%
Net Margin	10.8%	18.2%	-2.7%	7.7%	14.0%	16.7%	16.8%	17.0%	-8.8%	-15.7%	0.3%
Income Efficiency Ratio	63.7%	66.8%	42.7%	59.6%	65.7%	64.3%	64.2%	67.2%	88.1%	97.2%	87.0%
Assets Efficiency Ratio	23.6%	23.3%	8.0%	16.2%	24.1%	28.1%	32.3%	33.3%	27.8%	34.8%	35.5%
Capitalization Index	77.8%	98.3%	55.6%	60.8%	82.8%	124.0%	145.5%	165.8%	62.2%	18.9%	16.7%
VaR to Global Equity	0.47%	0.28%	1.57%	0.47%	0.06%	0.13%	0.14%	0.15%	0.29%	1.24%	1.74%
Liquidity Ratio	1.1	1.2	1.1	1.1	1.1	1.2	1.3	1.4	1.1	1.0	1.0
Commissions Collected / Assets under Management in Memorandum Accounts	0.14%	0.16%	0.20%	0.15%	0.30%	0.30%	0.31%	0.30%	0.22%	0.55%	0.55%

Source: HR Ratings with information from the brokerage firm.
*Projections made as of 3Q21 using a base and stress scenario.

Historical Performance / Comparative vs. Projections

- **Increased trading volumes with 23.9% growth in memoranda accounts, with a closing balance as of June 2021 of P\$8.854b (vs. P\$7.153b in June 2021 and P\$6.466b base scenario).** Greater market penetration due to expansion strategies is reflected by new clients. There was also an increase in the amounts traded by existing clients.
- **Strong solvency position with capitalization ratio of 98.3% as of 2Q21 (vs. 77.8% as of 2Q20 and 67.3% base scenario).** Despite growth in trading, continuous revenue generation has strengthened its solvency position.
- **Improved profitability with ROA and ROE of 6.6% and 51.6% as of 2Q21 (vs. 3.9% and 8.2% as of 2Q20 and 3.7% and 33.8% base scenario).** Business plan consolidation has meant ongoing revenue generation.
- **Net margin up to 18.2% as of 2Q21 (vs. 10.8% as of 2Q20 and 14.7% base scenario).** Increased trading and transaction volume has increased the net margin.

Expectations for Future Quarters

- **Memoranda accounts will grow 17.7% on average over the next three quarters, accruing a balance of P\$9.059b in 2021 and P\$10.418b in 2022 (vs. P\$7.365b in 2020).** We therefore believe growth will be mainly driven by management operations, which will grow 9.3% on average, at amounts of P\$4.529b in 2021 and P\$5.209b in 2022.
- **Strengthening of equity with capitalization ratio of 125.4% as of 4Q21 and 147.8% as of 4Q22 (vs. 82.8% as of 4Q20).** We do not expect any capital contributions but believe continued earnings generation will strengthen equity.

Additional Factors Considered

- **Solid VaR levels at 0.62% as of 2Q21.** The Firm's strategy is to not take a position of its own, as reflected in its investment profile and, in turn, VaR.
- **Increased revenue diversification.** We began to see revenues from new business lines, the derivatives market and trusts. At the close of June 2021, the two main lines of business accounted for 93% of revenues (vs. 99% at close of June 2020).
- **Low key customer concentration.** At the close of June 2021 revenue concentration stood at 18.7% and capital concentration 0.4x, so we do not believe there is any risk of over-reliance on key customers.
- **Strengthening of structure.** The workforce has been strengthened at all levels as part of the expansion process, with the sales, systems and internal control departments at the forefront of this drive.

Factors That May Improve Rating

- **Increased revenue diversification.** Decreasing the share of the two main business lines to 70.0% could improve the rating.
- **Decreasing efficiency to revenue ratios to below 50.0%.** Decreasing the efficiency ratio would reflect the break-even point in ongoing investment by the Firm.

Factors That May Lower Rating

- **Revenue generation instability.** The rating may drop if the earnings growth trend starts producing mixed results because of the Firm's failure to reach the break-even point for ongoing investment.
- **Drop in capitalization ratio below 20.0%.** The rating may change if there are ongoing losses.

Annex - Base scenario

Masari Casa de Bolsa: Balance Sheet (Millions of Pesos) Base Scenario	Annual						Quarterly	
	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
ASSETS	1,025	1,385	2,159	1,428	1,641	1,804	1,245	1,248
Liquid Assets	114	100	122	98	121	137	111	126
Investments in Securities with Underlying Repurchase Agreement	895	1,247	1,175	1,108	1,218	1,340	1,079	1,005
Securities and derivatives operations without Repurchase Agreement (Debtor Bal.)	3	9	819	109	163	174	17	20
Accounts Receivable	0	0	13	74	103	119	7	58
Property, Furniture and Equipment	2	15	17	22	20	18	17	23
Deferred taxes (receivable)	5	5	5	4	4	4	5	4
Other Assets ¹	6	10	8	12	12	12	9	12
LIABILITIES	930	1,266	1,973	1,149	1,237	1,259	1,099	1,029
Securities and derivatives operations without Repurchase Agreement (Creditor Bal.)	895	1,247	1,949	1,132	1,216	1,234	1,081	1,004
Colaterales vendidos o dados en garantía por reportos	0	0	0	0	0	0	0	0
Other Accounts Payable	35	19	24	17	21	25	18	25
Creditors in Liquidation of Operations	30	12	0	14	17	20	0	0
Miscellaneous creditors and EPS	4	7	24	3	4	5	18	25
EQUITY	95	119	186	277	404	544	146	218
Paid-in Capital	120	120	120	119	119	119	119	119
Capital stock	70	109	109	109	109	109	109	109
Contributions for future capital increases	50	0	0	0	0	0	0	0
Premium on sale of shares	0	10	10	10	10	10	10	10
Earned Capital	-25	-1	66	158	285	425	27	99
Capital Reserves	2	2	2	5	5	5	2	5
Profits of prior years	-22	-27	-3	39	153	280	-3	39
Net Profit	-5	24	67	114	126	140	28	55

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

1.- Other Assets: Deferred charges

MEMORANDUM ACCOUNTS	4,310	7,087	7,365	9,059	10,418	11,980	7,153	8,854
Customer Current Accounts	0	0	80	-1	-1	-1	-1	-1
Custodial operations	1,720	2,407	2,265	3,624	4,168	4,793	2,187	2,430
Securities in Custody	1,720	2,407	2,265	3,624	4,168	4,793	2,187	2,430
Company operations	267	400	400	906	1,042	1,198	687	891
Management operations	2,324	4,280	4,621	4,529	5,209	5,990	4,280	5,534
Repurchase agreements on behalf of customers	1,162	2,139	1,574	1,812	2,084	2,396	1,762	1,894
Collateral received / pledged as guarantee	1,162	2,141	1,575	1,812	2,084	2,396	1,766	1,896
Derivatives purchase / sale trading	0	0	1,472	906	1,042	1,198	752	1,744

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.



Masari Casa de Bolsa: Income Statement (Millions of pesos) Base Scenario	Annual						Cumulative	
	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
Commissions and Fees Collected	3	4	7	11	13	14	3	4
Commissions and Fees Paid	-9	-13	-18	-26	-29	-32	-8	-10
Profits from Services	-5	-10	-11	-15	-16	-18	-5	-6
Purchase and Sale Earnings	63	207	367	574	637	699	189	251
Purchase and Sale Loss	-0	0	0	-6	-6	-7	-6	-3
Interest Revenues	104	104	93	92	96	106	56	35
Interest Expenses	-94	-89	-78	-70	-54	-32	-48	-28
Fair Value Valuation Profit	-0	-2	9	7	7	7	3	0
Financial Brokerage Margin	73	219	391	596	679	773	194	255
Other operating revenue	0	0	0	0	0	0	0	0
Net Operating Income	68	210	380	581	663	755	189	249
Administrative Expenses	-72	-186	-313	-439	-483	-555	-161	-192
Income before Income Tax (ISR) and Employees Profit Sharing	-5	24	67	142	180	200	28	57
Income Tax and EPS Incurred	0	0	0	-25	-54	-60	0	0
Deferred Income Tax and EPS	0	0	0	-2	0	0	0	-2
Net Profit	-5	24	67	114	126	140	28	55

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

Financial Metrics	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
ROA Average	-0.5%	2.0%	4.5%	7.5%	8.3%	8.3%	3.9%	6.6%
ROE Average	-8.1%	23.3%	44.5%	51.0%	37.3%	29.7%	38.2%	51.6%
Operating Margin	-2.7%	7.7%	14.0%	20.8%	24.0%	24.2%	10.8%	18.6%
Net Margin	-2.7%	7.7%	14.0%	16.7%	16.8%	17.0%	10.8%	18.2%
Revenue Efficiency Ratio	42.7%	59.6%	65.7%	64.3%	64.2%	67.2%	63.7%	66.8%
Assets Efficiency Ratio	8.0%	16.2%	24.1%	28.1%	32.3%	33.3%	23.6%	23.3%
Capital Consumption Ratio	14.4%	13.2%	9.7%	6.3%	5.3%	4.6%	10.3%	8.1%
Capitalization Ratio	55.6%	60.8%	82.8%	124.0%	145.5%	165.8%	77.8%	98.3%
VaR to Global Capital	1.57%	0.47%	0.06%	0.13%	0.14%	0.15%	0.47%	0.28%
Liquidity Ratio	1.1	1.1	1.1	1.2	1.3	1.4	1.1	1.2

* Projections made as of 3Q21.

Masari Casa de Bolsa: Cash Flow (Millions of Mexican pesos)	Annual						Cumulative	
	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
Base Scenario								
OPERATING ACTIVITIES								
Net Income (Loss)	-5	24	67	114	126	140	28	55
Fair Value Valuation Profit	-0	-2	9	-7	-7	-7	3	0
Depreciation and Amortization	1	4	4	1	2	2	1	0
Cash Flow from Net Profit	-4	25	80	109	121	135	32	55
Cash Flows Generated from Operating-Related Entries	11	-23	-52	-104	-99	-119	-17	-22
Increase (Decrease) in Investment Securities	-168	-350	63	73	-103	-114	165	170
Increase (Decrease) in Debtors with Repurchase Agreement	-2	-6	-810	710	-54	-11	-8	799
Increase (Decrease) in Creditors with Repurchase Agreement	167	352	702	-817	84	18	-166	-945
Increase (Decrease) in Accounts Receivable	0	0	-13	-61	-29	-16	-7	-45
Increase (Decrease) in Other Operating Assets	-0	-3	1	-3	-0	-0	0	-3
Decrease (Increase) in Other Operating Liabilities	13	-16	5	-6	4	4	-1	2
Net Cash Flows from Operating Activities	7	3	28	5	23	16	15	33
Net Cash Flows from Financing Activities	50	0	-0	-23	0	0	-1	-23
Contribution for capital increase	50	0	0	0	0	0	0	0
Net Cash Flows from Investment Activities	-1	-16	-6	-6	0	0	-3	-6
Acquisition or Sale of Property, Furniture and Equipment (Net)	-1	-16	-6	-6	0	0	-3	-6
Net Increase (Decrease) in Cash	56	-14	21	-23	23	16	11	4
Cash and Cash Equivalents at Beginning of Period	58	114	100	122	98	121	100	122
Cash and Cash Equivalents at End of Period	114	100	122	98	121	137	111	126

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

Masari CB: FCF (millions of pesos)	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
Cash Flow Generated by Net Profit	-4.5	24.0	66.7	114.5	126.2	140.3	28.0	55.0
-Miscellaneous Obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-Depreciation	0.8	3.5	3.5	1.1	2.1	1.9	1.0	0.0
+Other Accounts Receivable	0.0	0.0	-13.4	-60.6	-29.0	-16.0	-7.0	-44.6
Free Cash Flow	-5	21	50	53	95	122	20	10

Annex - Stress Scenario

Masari Casa de Bolsa: Balance Sheet (Millions of Pesos) Stress Scenario	Annual						Quarterly	
	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
ASSETS	1,025	1,385	2,159	1,235	1,404	1,538	1,245	1,248
Liquid Assets	114	100	122	55	66	69	111	126
Investments in Securities with Underlying Repurchase Agreements	895	1,247	1,175	985	1,083	1,191	1,079	1,005
Securities and derivatives operations without Repurchase Agreement (Debtor Bal.)	3	9	819	90	133	142	17	20
Accounts Receivable	0	0	13	68	88	104	7	58
Property, Furniture and Equipment	2	15	17	22	20	18	17	23
Deferred taxes (receivable)	5	5	5	4	4	4	5	4
Other Assets ¹	6	10	8	11	11	11	9	12
LIABILITIES	930	1,266	1,973	1,113	1,358	1,491	1,099	1,029
Securities and derivatives operations without Repurchase Agreement (Creditor Bal.)	895	1,247	1,949	1,096	1,337	1,466	1,081	1,004
Other Accounts Payable	35	19	24	17	21	25	18	25
Creditors in Liquidation of Operations	30	12	0	14	17	20	0	0
Miscellaneous creditors and EPS	4	7	24	3	4	5	18	25
EQUITY	95	119	186	120	45	47	146	218
Paid-in Capital	120	120	120	119	119	119	119	119
Capital stock	70	109	109	109	109	109	109	109
Contributions for future capital increases	50	0	0	0	0	0	0	0
Premium on sale of shares	0	10	10	10	10	10	10	10
Earned Capital	-25	-1	66	1	-74	-72	27	99
Capital Reserves	2	2	2	5	5	5	2	5
Profits of prior years	-22	-27	-3	39	-4	-79	-3	39
Net Profit	-5	24	67	-43	-75	2	28	55

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

1.- Other Assets: Deferred charges

MEMORANDUM ACCOUNTS	4,310	7,087	7,365	8,470	9,740	11,201	7,153	8,854
Customer Current Accounts	0	0	80	-1	-1	-1	-1	-1
Custodial operations	1,720	2,407	2,265	3,389	3,897	4,481	2,187	2,430
Securities in Custody	1,720	2,407	2,265	3,389	3,897	4,481	2,187	2,430
Company operations	267	400	400	847	974	1,120	687	891
Management operations	2,324	4,280	4,621	4,235	4,870	5,600	4,280	5,534
Repurchase agreements on behalf of customers	1,162	2,139	1,574	1,694	1,948	2,240	1,762	1,894
Collateral received / pledged as guarantee	1,162	2,141	1,575	1,694	1,948	2,240	1,766	1,896
Derivatives purchase / sale trading	0	0	1,472	847	974	1,120	752	1,744

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

Masari Casa de Bolsa: Income Statement (Millions of pesos)	Annual						Cumulative	
	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
Commissions and Fees Collected	3	4	7	10	12	13	3	4
Commissions and Fees Paid	-9	-13	-18	-24	-27	-30	-8	-10
Profits from Services	-5	-10	-11	-14	-15	-17	-5	-6
Purchase and Sale Earnings	63	207	367	397	387	488	189	251
Purchase and Sale Loss	-0	0	0	-4	-4	-5	-6	-3
Interest Revenues	104	104	93	80	84	93	56	35
Interest Expenses	-94	-89	-78	-70	-58	-37	-48	-28
Fair Value Valuation Profit	-0	-2	9	-1	-1	-1	3	0
Monetary Position Result	0	0	0	0	0	0	0	0
Financial Brokerage Margin	73	219	391	402	408	538	194	255
Other operating revenue	0	0	0	0	0	0	0	0
Net Operating Income	68	210	380	388	393	521	189	249
Administrative Expenses	-72	-186	-313	-429	-468	-517	-161	-192
Income before Income Tax (ISR) and Employees Profit Sharing (EPS)	-5	24	67	-41	-75	4	28	57
Income Tax and EPS Incurred	0	0	0	0	0	-3	0	0
Deferred Income Tax and EPS	0	0	0	-2	0	0	0	-2
Profit before entries in subs and partners	-5	24	67	-43	-75	2	28	55
Net Profit	-5	24	67	-43	-75	2	28	55

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

Financial Metrics	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
ROA Average	-0.5%	2.0%	4.5%	-2.9%	-5.6%	0.1%	3.9%	6.6%
ROE Average	-8.1%	23.3%	44.5%	-24.1%	-89.4%	3.9%	38.2%	51.6%
Operating Margin	-2.7%	7.7%	14.0%	-8.3%	-15.7%	0.7%	10.8%	18.6%
Net Margin	-2.7%	7.7%	14.0%	-8.8%	-15.7%	0.3%	10.8%	18.2%
Revenue Efficiency Ratio	42.7%	59.6%	65.7%	88.1%	97.2%	87.0%	63.7%	66.8%
Assets Efficiency Ratio	8.0%	16.2%	24.1%	27.8%	34.8%	35.5%	23.6%	23.3%
Capital Consumption Ratio	14.4%	13.2%	9.7%	12.6%	40.8%	45.3%	10.3%	8.1%
Capitalization Ratio	55.6%	60.8%	82.8%	62.2%	18.9%	16.7%	77.8%	98.3%
VaR to Global Capital	1.57%	0.47%	0.06%	0.29%	1.24%	1.74%	0.47%	0.28%
Liquidity Ratio	1.1	1.1	1.1	1.1	1.0	1.0	1.1	1.2

* Projections made as of 3Q21.



Masari Casa de Bolsa: Cash Flow (Millions of Mexican pesos)	Annual						Cumulative	
	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
OPERATING ACTIVITIES								
Net Income (Loss)	-5	24	67	-43	-75	2	28	55
Fair Value Valuation Profit	-0	-2	9	1	1	1	3	0
Depreciation and amortization	1	4	4	1	2	2	1	0
Cash Flow from Net Profit	-4	25	80	-40	-72	5	32	55
Cash Flows Generated from Operating-Related Entries	11	-23	-52	2	83	-2	-17	-22
Increase (Decrease) in Investment Securities	-168	-350	63	189	-99	-109	165	170
Increase (Decrease) in Debtors with Repurchase Agreement	-2	-6	-810	729	-43	-9	-8	799
Increase (Decrease) in Creditors with Repurchase Agreement	167	352	702	-853	241	128	-166	-945
Increase (Decrease) in Accounts Receivable	0	0	-13	-55	-20	-16	-7	-45
Increase (Decrease) in Other Operating Assets	-0	-3	1	-2	-0	-0	0	-3
Decrease (Increase) in Other Operating Liabilities	13	-16	5	-6	4	4	-1	2
Net Cash Flows from Operating Activities	7	3	28	-38	11	3	15	33
Net Cash Flows from Financing Activities	50	0	-0	-23	0	0	-1	-23
Contribution for capital increase	50	0	0	0	0	0	0	0
Net Cash Flows from Investment Activities	-1	-16	-6	-6	0	0	-3	-6
Acquisition or Sale of Property, Furniture and Equipment (Net)	-1	-16	-6	-6	0	0	-3	-6
Net Increase (Decrease) in Cash	56	-14	21	-66	11	3	11	4
Cash and Cash Equivalents at Beginning of Period	58	114	100	122	55	66	100	122
Cash and Cash Equivalents at End of Period	114	100	122	55	66	69	111	126

Source: HR Ratings using information from Brokerage Firm.

* Projections made as of 3Q21.

Masari CB: FCF (millions of pesos)	2018	2019	2020	2021P*	2022P	2023P	2Q20	2Q21
Cash Flow Generated by Net Profit	-4.5	24.0	66.7	-42.6	-75.5	1.8	28.0	55.0
-Miscellaneous Obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-Depreciation	0.8	3.5	3.5	1.1	2.1	1.9	1.0	0.0
+Other Accounts Receivable	0.0	0.0	-13.4	-54.6	-20.0	-16.0	-7.0	-44.6
Free Cash Flow	-5	21	50	-98	-98	-16	20	10

Brokerage Firm Glossary

Gross Revenue (Commissions and Fees Collected + Purchase and Sale Earnings + Interest Revenues + Fair Value Valuation Profit).

Net Revenue (Commissions and Fees Collected + Purchase and Sale Earnings + Interest Revenues + Fair Value Valuation Profit + Other Operating Revenues) - (Commissions and Fees Paid + Purchase and Sale Loss + Interest Expenses + Other Operating Expenses).

Operating Margin. (Operating Revenue 12m / Gross Operating Revenue 12m).

Net Margin. (Net Profit 12m / Gross Operating Revenue 12m).

Efficiency to Revenue Ratio. (Administrative Expenses 12m / Gross Operating Revenue 12m).

Efficiency to Assets Ratio. (Administrative Expenses 12m / Total Assets 12m).

ROA. (Net Earnings 12m / Average Total Assets 12m).

ROE. (Net Earnings 12m / Average Stockholders' Equity 12m).

Capital Consumption Ratio. (Total Capital Consumed 12m / Global Capital).

Capitalization Ratio. (Net Capital 12m / Total Risk Assets).

VaR to Global Capital. (VaR at Period Close / Global Capital 12m).

Liquidity Ratio. Current Assets / Current Liabilities



HR Ratings Contacts Address

Governance of the Board of Directors and General Management

Chair of the Board of Directors

Alberto I. Ramos +52 55 1500 3130
alberto.ramos@hrratings.com

CEO

Fernando Montes de Oca +52 55 1500 3130
fernando.montesdeoca@hrratings.com

Vice President of the Board of Directors

Anibal Habeica +52 55 1500 3130
anibal.habeica@hrratings.com

Analysis

Chief Credit Officer

Pedro Latapí +52 55 8647 3845
pedro.latapi@hrratings.com

Chief Credit Officer / Economic Analysis

Felix Boni +52 55 1500 3133
felix. boni@hrratings.com

Unsecured Public Finance / Sovereign Wealth Funds

Ricardo Gallegos +52 55 1500 3139
ricardo.gallegos@hrratings.com

Álvaro Rodríguez +52 55 1500 3147
alvaro. rodriguez@hrratings.com

Structured Public Finance / Infrastructure

Roberto Ballinez +52 55 1500 3143
roberto. ballinez@hrratings.com

Roberto Soto +52 55 1500 3148
roberto.soto@hrratings.com

Financial Institutions / ABS

Angel García +52 55 1253 6549
angel.garcia@hrratings.com

Akira Hirata +52 55 8647 3837
akira.hirata@hrratings.com

Corporates / ABS

Luis Miranda +52 55 1500 3146
luis. miranda@hrratings.com

Heinz Cederborg +52 55 8647 3834
heinz.cederborg@hrratings.com

Methodologies

Alfonso Sales +52 55 1253 3140
alfonso.sales@hrratings.com

Regulation

Chief Risk Officer

Rogelio Argüelles +52 181 8187 9309
rogelio.arguelles@hrratings.com

Head Compliance Officer

Alejandra Medina +52 55 1500 0761
alejandra. medina@hrratings.com

Business

General Director Business Development

Francisco Valle +52 55 1500 3134
francisco.valle@hrratings.com



Mexico: Guillermo González Camarena No. 1200, Piso 10, Colonia Centro de Ciudad Santa Fe, Del. Álvaro Obregón, C.P. 01210, Ciudad de México. Tel 52 (55) 1500 3130. United States: One World Trade Center, Suite 8500, New York, New York, ZIP Code 10007, Tel +1 (212) 220 5735.

The rating granted by HR Ratings de México, S.A. de C.V. to this entity, issuer and/or issue is based on the analysis performed in baseline and stress scenarios, in accordance with the following methodology(ies) established by the rating agency itself:

Rating Methodology for Brokerage Firms (Mexico), June 2009

For further information regarding methodologies, please consult www.hrratings.com/methodology/.

Supplementary information in compliance with Section V, paragraph A) of Annex 1 of the General Provisions applicable to securities rating agencies.

Table with 2 columns: Field (Previous rating, Date of last rating activity, etc.) and Value (HR BBB+ / Stable Outlook / HR3, 29 September 2020, etc.)

HR Ratings de México, S.A. de C.V. (HR Ratings), is a securities rating agency authorized by the National Banking and Securities Commission (CNBV), registered with the Securities and Exchange Commission (SEC) as a Nationally Recognized Statistical Rating Organization (NRSRO) for public finance, corporate and financial institution assets, as described in clause (v) of Section 3(a)(62)(A) of the U.S. Securities Exchange Act of 1934, and certified as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA).

The aforementioned rating was requested by or on behalf of the entity or issuer and HR Ratings has therefore received the corresponding fees for its rating services. The following information is available on our website www.hrratings.com: (i) internal procedure for monitoring our ratings and review intervals, (ii) criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) our Analysis Committee's voting structure and process, (iv) rating scales and their definitions.

The ratings and/or opinions of HR Ratings de México S.A. de C.V. (HR Ratings) are opinions with respect to the credit quality and/or asset management capacity, or regarding the performance of tasks designed to fulfill the corporate purpose, of issuing companies and other entities or sectors, and are based exclusively on the qualities of the entity, issue and/or operation, independent of any business activity between HR Ratings and the entity or issuer.

HR Ratings bases its ratings and/or opinions on information obtained from sources believed to be accurate and reliable, however, it does not authenticate, guarantee, or certify the precision, accuracy, or completeness of any information, and is not responsible for any errors or omissions, or the results obtained from the use of such information.

The ratings and/or opinions issued by HR Ratings include analysis of the relative credit quality of an entity, issuer and/or issue, and, therefore, do not necessarily reflect a statistical probability of payment default, which is understood as the inability or unwillingness of an entity or issuer to fulfill its contractual payment obligations, whereby creditors and/or holders are forced to take measures to recover their investment, including restructuring the debt due to a situation of stress faced by the debtor.

*HR Ratings de México, S.A. de C.V. (HR Ratings) is a securities rating agency registered with the Securities and Exchange Commission (SEC) of the United States of America as an NRSRO for this type of rating. HR Ratings' recognition as an NRSRO is limited to government, corporate and financial institution assets, as described in clause (v) of section 3(a)(62)(A) of the U.S. Securities Exchange Act of 1934.