

Recommendations regarding the payment of dividends and repurchase of shares in Mexico

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Taking into account the health contingency enacted due to the COVID-19 pandemic in Mexico and in the world, as well as the prevailing uncertainty regarding the determination of the depth, duration and economic effects of such contingency, on March 31, 2020, the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or “CNBV”) advised multiple banking institutions to refrain from paying dividends, repurchasing shares or increasing variable remuneration or bonuses to their executives and officers.

The foregoing recommendations were issued in line with the measures taken by equivalent authorities such as the European Central Bank and the central banks and supervisory authorities of Sweden, Italy, Russia, Argentina, Canada, Great Britain, Belgium, Austria, Denmark and Japan, among others.

According to the CNBV, the purpose of these recommendations is to channel those resources to strengthening the institutions themselves, so that (i) they are in a better position to absorb the potential losses that may arise as a result of the pandemic, and (ii) they have more resources to support the economy.

The institutions that decide not to comply with the recommendation described above, must notify such decision to the CNBV within seven business days after the issuance of the recommendation, and such decision will be informed to the public.

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