

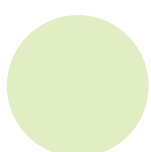
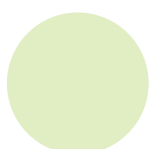
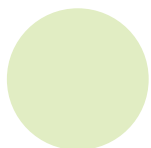
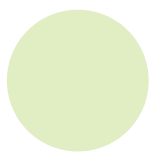


2005 Annual Report

GRUPO FINANCIERO

monex

Tu Futuro. Nuestro Presente.



2005 Annual Report

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1. Message from the Chairman of the Board

2005 WAS A VERY IMPORTANT YEAR AS WE CONTINUED STRENGTHENING OUR GROUP:

- In early 2005, we launched our new logo and corporate image.
- In April 2005, Standard & Poor's granted the first "Common Representative" rating to Monex Casa de Bolsa. The rating is "Above Standard" with a stable outlook, indicating that Monex has a solid capacity to provide Common Representative Services for the Mexican market.
- Standard & Poor's confirmed its long-and short-term counterparty credit ratings of as 'mxA-/mxA-2', and revised the outlook for Monex Casa de Bolsa from stable to positive.
- Fitch Ratings confirmed Monex Casa de Bolsa's A (mex) rating, which denotes high credit quality,
- Monex Financiera achieved the best financial results among all recently created SOFOLES in the business financing sector.
- A significant number of our branches continued strengthening their local market share, and several of them moved to new facilities.
- We continued to invest in technology and systems to make our operation more efficient and improve the quality of the services we provide.
- We received the Great Place to Work award as one of Mexico's best employers. We were also recognized as a Socially Responsible Business by the Mexican Philanthropy Center.
- In late 2005, we were involved in a Monex stock placement project and were authorized by Mexico's National Banking and Securities Commission to list Monex's shares in the National Securities Registry, and carry out a mixed public offering. However, the placement price was not satisfactory for the shareholders of our Financial Group who would participate as sellers in the public offering, which led to a postponement of the transaction.

IN 2005, MONEX'S FINANCIAL RESULTS WERE HIGHLY SATISFACTORY:

- Total revenue was \$1.33 billion pesos, a 16.5 percent increase over 2004.
- Pretax net income was \$451 million pesos.
- Consolidated net income was \$267 million pesos.
- Total stockholder's equity was over \$1.3 billion pesos.

At Monex, we are moving forward with our business development and growth plans, focusing on optimizing our processes in order to offer our customers the high levels of service quality that set us apart.

Sincerely,

Héctor Lagos Dondé
Chairman and CEO
Grupo Financiero Monex

2. Soundness and Profitability

Grupo Financiero Monex is a Mexican company made up of four financial entities: Monex Casa de Bolsa, Monex Operadora de Fondos, Monex Financiera, and Monex Divisas. Grupo Financiero Monex offers its customers the following services: Foreign Exchange, Investment Funds, Securities (money market, capital market, investment banking and trust services), Derivatives, International Investments, Ex-Im Bank and inventory-secured loans.

Throughout its history, Monex has demonstrated consistent growth in trading volume and number of customers, both in our foreign exchange operation as well as our other product lines.

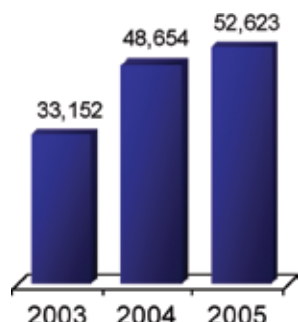


- In 2005, Monex was the number one player in the foreign exchange market¹ by volume; the second largest player was Banamex with a volume that was 8.4 percent below Monex's
- In 2005, Monex achieved major trading volume increases in the various markets in which it operates.

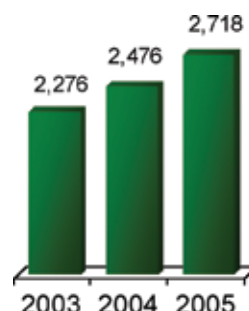
FOREIGN EXCHANGE:

Monex traded over US\$113.2 billion (including interbank transactions), which represents a 19.2 percent increase over 2004. The number of customer transactions also increased by 8.1 percent.

Monex processed, on average, more than 226,000 customer payments per month during 2005, a 9.8 percent increase over the previous year.



MONEX FOREIGN EXCHANGE VOLUME¹
(MILLIONS OF US\$)



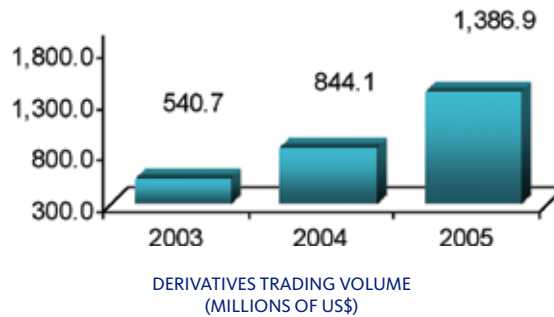
MONEX NUMBER OF PAYMENTS²
(THOUSANDS)

¹ Foreign Exchange market: Includes foreign exchange trading with non-financial private sector parties.

² Number of payments processed, incoming and outgoing.

DERIVATIVES:

With regard to derivatives volume, Monex traded US\$1,387 billion, 64.3 percent more than in 2004.



CAPITAL MARKET:

In 2005, the volume traded by Monex in the capital market increased by 24 percent, reaching \$16.42 billion pesos.



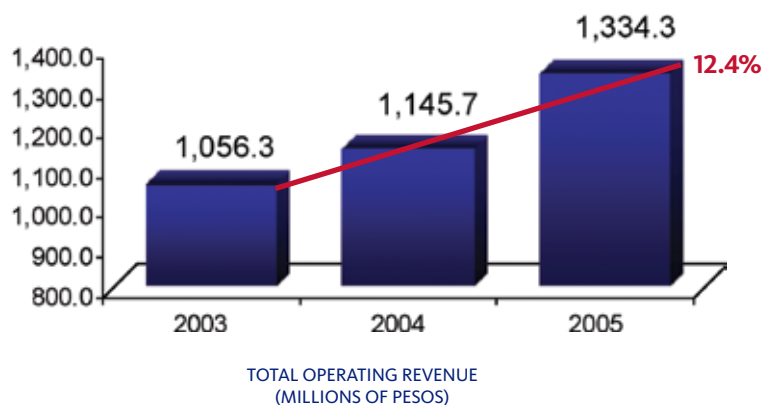
- At the end of 2005, Monex had more than 37,000 active foreign exchange customers. Additionally, at the end of 2005, Monex had over 12,000 active securities customers.

MONEX'S OPERATION IS BACKED BY SOLID EQUITY AND EXCELLENT COUNTERPARTY RISK RATINGS.

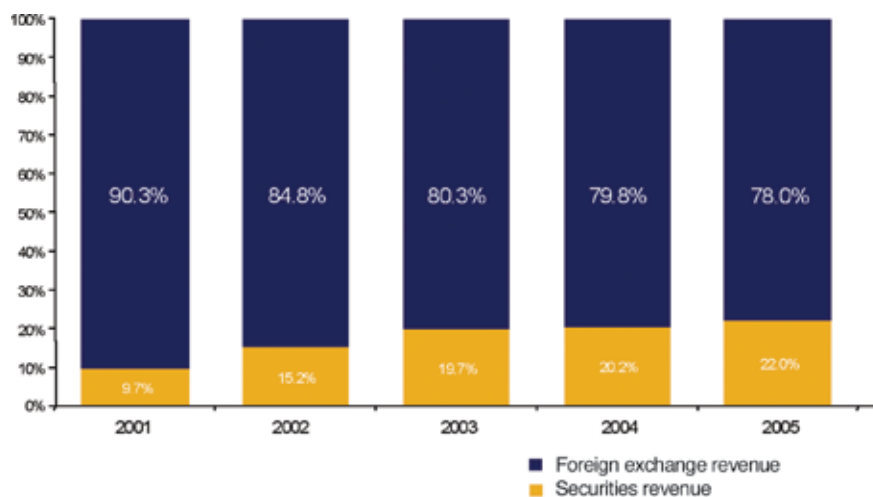
- Standard & Poor's confirmed its long- and short-term counterparty ratings of 'mxA-/mxA-2' and revised the outlook for Monex Casa de Bolsa from stable to positive, based on Casa de Bolsa's positive trend in terms of revenue diversification. Monex Is also showing improved operating efficiency, which further benefits its profitability.

- Fitch Ratings confirmed Monex Casa de Bolsa's A (mex) rating, which denotes high credit quality.
- According to data provided by AMIB, Monex is ranked 3rd among securities firms in terms of equity, at the end of 2004.
- At the end of 2005, Monex's equity was \$1.306 billion pesos, a \$116 million increase over 2004.

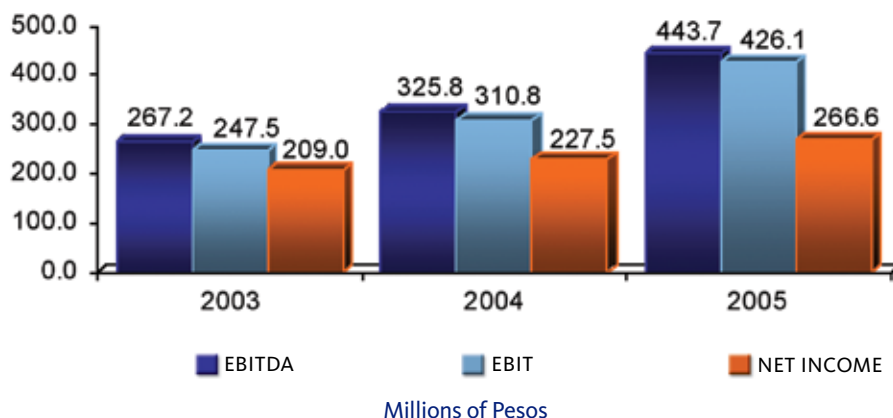
FOR THE PAST FEW YEARS, MONEX HAS CONSISTENTLY ACHIEVED DOUBLE DIGIT WEIGHTED AVERAGE GROWTH RATES IN TOTAL OPERATING REVENUE.



Monex has diversified its operating revenue by offering its customers financial products and services that complement our value offering.



Monex has demonstrated solid, consistent revenue growth by optimizing the use of its infrastructure and by taking advantage of synergies whenever possible.



MONEX HAS CONTINUED TO STRENGTHEN ITS INSTITUTIONALIZATION PROCESS WHILE MAINTAINING ITS PERSONALIZED CUSTOMER SERVICE.

- Monex's management model includes Corporate Governance Best Practices.
- The financial group is also actively involved in various industry forums, including:
 - The Mexican Association of Securities Intermediaries (AMIB)
 - The Mexican SOFOLs Association (AMSOFOL)
- Each Monex branch is well acquainted with its respective market and tailors its service offering to suit specific customer types.

MONEX CONTINUES TO BOLSTER ITS SELF-REGULATION PRACTICES.

- Monex launched a project to obtain the ISO 9001 certification for its Anti-Money Laundering function.
- Monex decided to purchase the SAS system.

MONEX MONITORS ITS CUSTOMER SATISFACTION PERFORMANCE AND HAS IMPLEMENTED PROCESS IMPROVEMENT MECHANISMS.

- Monex uses customer service evaluation questionnaires to obtain customer feedback with the purpose of improving its processes on an ongoing basis.
- At Monex, every area has clearly defined efficiency and process optimization goals.

MONEX HAS A HIGHLY TRAINED TEAM.

- More than 3 years ago, Monex implemented a graduate degree scholarship program.
- Monex has an in-house Ethics instructor authorized by the AMIB.
- In 2004, Monex was recognized by the AMIB as a "Training Institute"

3. Business Units

Using our sales force, which has nationwide coverage by virtue of its presence at 42 branches, we deliver financial products aimed at meeting our customers' foreign exchange, investment, hedging, and financial advice needs. Our goal is to provide specialized, fast, and efficient service, and constantly refine our product offering.



FOREIGN EXCHANGE

During 2005, Monex's foreign exchange operation traded US\$113.2 billion. In terms of volume, Monex was the leading foreign exchange operator in Mexico, achieving a 13.36 percent market share.

In terms of revenue, Monex accounted for 18.6 percent of the total market revenue, second only to Banamex.

At Monex, our team of 472 foreign exchange sales executives have access to highly competitive exchange rates, enabling us to serve our customers efficiently and offer faster, customized service.

We have developed state-of-the-art technologies and procedures that allow us to effectively handle a large volume of transactions with thousands of customers. In 2005, we processed more than 2.7 million payments.

One of Monex's distinguishing traits when it comes to Foreign Exchange is that our trading desk focuses on serving our customers, whereas other intermediaries strive mainly to profit by managing their own interbank market positions. This is reflected on the number of customers we serve. More than 17,000 business and corporate customers carry out their foreign exchange transactions with Monex. Three out of five customers among Mexico's Top 500 companies choose Monex.

FIXED INCOME SECURITIES

Monex offers all local debt instruments, including government, bank, and corporate bonds, both in pesos and UDIS. We also offer to our customers UMS bonds, which are USD-denominated bonds issued by Mexico's Federal government.



In 2005, Monex's fixed income custody increased to \$10.2 billion pesos, a 41 percent increase over the previous year. Along with our strengthened commitment to meeting our customers' needs, the fixed income desk and Analysis areas also worked harder to provide accurate and timely advice, an effort reflected on the 19-percent growth in revenue on fixed income sales. Total fixed income revenue was \$110 million pesos in 2005.





The volume of transactions conducted by electronic means in 2005 grew to \$7.4 trillion pesos, a 22 percent increase over the previous year.

In 2005, Monex tackled the challenge of developing the necessary technology and commercial infrastructure to launch, in the first quarter of 2006, the Monex Corros System. This is an innovative electronic tool that makes it possible to conduct online local debt instrument transactions. Corros Monex offers major benefits, because it allows users to instruct and trade in a fast, secure, and confidential manner while enjoying competitive pricing. Corros Monex is geared mainly at institutional customers, large corporations, government agencies, and pension funds. Monex is the only financial intermediary currently offering such a platform.

EQUITY SECURITIES

We strive to safeguard and increase our customers' wealth by providing all-encompassing advisory services, and by conducting securities transactions under conditions that are advantageous for our customers.

As of December 2005, Monex's average holdings custody \$3.93 billion pesos, an 8 percent increase over the previous year. Revenue, in turn, increased by 42 percent to \$64 million pesos. In 2005, Monex traded 898 million shares in the stock market. The volume traded in the stock market was \$16.5 billion pesos, which represents a 24 percent growth over 2004.

Monex was actively involved in primary, secondary, and mixed placings, including issuances by FEMSA, ASUR, ICH, SARE, and AXTEL.

A new system was deployed in 2005 that has made it possible to implement a highly efficient and secure procedure for executing and tracking stock transaction orders.

Additionally, significant progress was made in 2005 towards developing a system that will allow securities loans and short sales, effectively enabling our customers to take advantage of opportunities to enhance their wealth in the event of bearish markets or stocks.

INVESTMENT FUNDS

With the primary objective of giving our customers access to the best investment options in the market, Monex's philosophy is to offer both Monex's own funds as well as third party funds. In either case, our main concern is to ensure that they are managed according to the highest quality standards.

Monex manages six fixed income funds of its own, and these are the kind of investments preferred by most customers. The current offering of funds invest in local currency securities and provides our customers with a wide and diversified range of products with varying yield, risk, investment horizon, and liquidity characteristics.

In 2005, we reengineered MonexUS, allowing our customers to invest and withdraw funds in US dollars. The purpose of MonexUS is to offer currency hedging and positive equivalent yields in dollars by investing in highly rated US dollar checking accounts and securities, thereby protecting our customers' investment against currency fluctuations.

Monex's investment funds have offered excellent yields, making them a great choice that is ranked highly in the market:

- Monex was ranked 1st and 2nd in investment funds among corporate customers with MonexM+ and MonexLP, respectively.
- Among individual customers, MonexM+ was ranked 3rd and MonexLP was ranked 21st out of 175 possible choices in this category.
- In the category of non-taxpayers, MonexM+ and MonexLP were ranked 2nd and 10th, respectively, out of 40 investment fund choices in pesos.
- MonexUS cemented a position as an excellent alternative to invest in US dollars, ranking 2nd among currency hedging funds overall.
- Particularly worth noting is the positioning that Monex28 achieved among funds with the highest credit rating (AAA) and lowest market risk (1). In this group, Monex28 was ranked 2nd among individual investors and 3rd among corporate investors.

Monex has agreements in place with five investment fund operators to sell nine complementary funds geared mainly at stock investments in Mexico and abroad.

Total investment fund holdings were \$2.93 billion pesos, a 35 percent increase over the previous year. The number of accounts reached 11,380, a 24 percent increase over 2004. Total revenue, including managed and co-distributed investment funds, reached \$26 million pesos in 2005.

Monex has developed an area devoted exclusively to managing corporate savings plans, in order to offer companies the option of outsourcing the management of their employees' savings funds, including investment, account individualization, online queries, and loan management, among other services.

The number of savings funds under management grew from 238 in 2004 to 522 in 2005. The average assets managed in 2005 was \$364 million pesos, a 62 percent increase over 2004. The total number of participants enjoying Monex's account management and individualization services was 60,000.





DERIVATIVES

Monex's mission on the derivatives scene is to meet the investment and hedging needs of its customers – both individuals and companies plays a secondary role--, while managing its own position.

In order to offer better service, Monex's derivatives operations were moved to Casa de Bolsa during the 1st quarter of 2005.

One of Monex's core objectives is to become the market leader in currency hedging for Mexican businesses. A major step in that direction was the launch of the Exchange Rate Insurance product, which allows guaranteeing a future price of US dollar exchange transactions by paying a premium, regardless of the actual exchange rate at the time the insurance is claimed.

Both the focus and the actions implemented have yielded positive results. Total traded volume reached US\$1.387 billion during the year, a 64 percent year-over-year growth. Currency derivatives accounted for 60 percent of the total transaction volume. Monex has also become a relevant player in the IPC, and is currently ranked 4th at the MEXDER.

Other variables also exhibited a favorable trend. The total outstanding amount in derivatives, including the various underlying assets, jumped from \$664 million pesos in 2004 to \$2.2 billion in 2005. Revenue in 2005 soared to \$24 million, a 96 percent increase over the previous year.

Monex is currently offering forwards and options on several currencies and the IPC, as well as brokerage of all products traded at MEXDER. In 2006, we will be expanding considerably the range of available products, including forwards on currencies with attractive characteristics and more flexible conditions, interest rate derivatives and structured transactions.

INTERNATIONAL

Through Monex Securities, we offer high-quality, personalized financial advice, providing a wide range of international products and services whose common characteristics are security and transparency.

Monex Securities is a member of NASD (National Association of Securities Dealers) and SEC - registered in the US. Monex Securities settles all transactions through Pershing LLC, a Bank of New York subsidiary, who is responsible for the safekeeping of our customers' assets.

As a result of a strategy focused on improving our products and services, there has been significant growth in the customer assets we manage. It is important to note that we have strengthened our ability to attract funds, going from \$1.147 billion pesos in 2004 to \$1.7 billion pesos in 2005, a 48 percent increase. In 2004, Monex Securities managed approximately 500 accounts; by December, 2006, this figure had grown to 620, a 19.2 percent increase. Gross revenue was \$30 million pesos in 2005, which represents a 28 percent increment over 2004.

INVESTMENT BANKING AND TRUST FUNDS

In 2005, we consolidated our Common Representative leadership, which had been threatened by the entry of several intermediaries in the market. Despite this, however, our market share exhibited a clear upward trend.



Similarly, we maintained our leadership in our collateral agent service in transactions guaranteed via securities (caución bursátil), thus producing a steady revenue stream.

Concerning our trust services, we maintained a moderate growth, handling only trust requests from selected major customers.

Finally, with regard to our Investment Banking advisory services, we maintained a market presence by acting as placement agent in an issuance carried out by the municipality of Aguascalientes, and by structuring a loan securitization for Banco del Bajío.

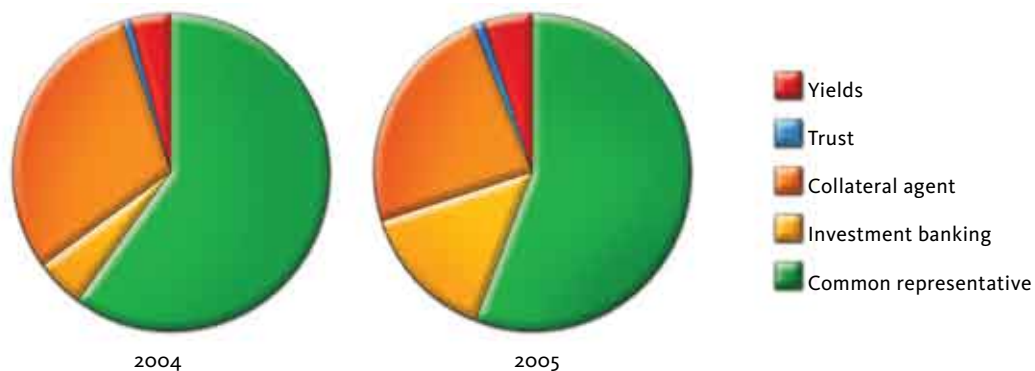
COMMON REPRESENTATIVE SHARE
(MOVING AVERAGE)



SOURCE: BOLSA MEXICANA DE VALORES WWW.BMV.COM.MX

Consequently, total revenue for this area increased by 20 percent compared to 2004, and was satisfactorily diversified.

2004 VS. 2005 REVENUE COMPARISON



MONEX FINANCIERA

Our Vision is to be the credit vehicle of choice for medium-sized businesses in Mexico. Our Mission, to improve access by these businesses to credit facilities with optimum collateral, cost, and maturity characteristics by using plans and programs seldom found in the marketplace.

Monex Financiera is a Non-bank financial institution- (known as "SOFOL" in Mexico) specialized in foreign trade and focused on Mexico's medium-sized business sector.

Monex Financiera, which officially began operations in 2005, continues to bolster its market presence through the following products:

- Short and medium-term Ex-Im Bank loans
- Working capital loans with inventory collateral
- Letters of Credit

2005 ACHIEVEMENTS

- During the first year of operation, we ended the fiscal year with a loss of only \$0.86 million pesos.

- Monex Financiera had the best results among all recently-created SOFOLES in the business sector.
- Below is a rundown of our performance by line of business:
 - 39 credit facilities approved by Monex and Ex-Im Bank for a total of US\$44.1 million, 33 of which (US\$20.4 million) were actually used.
 - 20 credit facilities approved totaling over \$133.6 million pesos.
 - We received from Mexico's Central Bank the first authorization to issue Letter of Credit business. This business went live in the fourth quarter, and we issued more than US\$4 million in Letters of Credit.
- In 2005, most of our efforts were concentrated on securing a diverse range of reliable, convenient funding sources for Monex Financiera.

Below is a list of the most relevant achievements:

- Ex-Im Bank discount facilities for US\$70 million.
- Development bank funding facilities for \$135 million pesos.
- Facilities with foreign banks for Letters of Credit and working capital lending for US\$5.25 million

2006 CHALLENGES

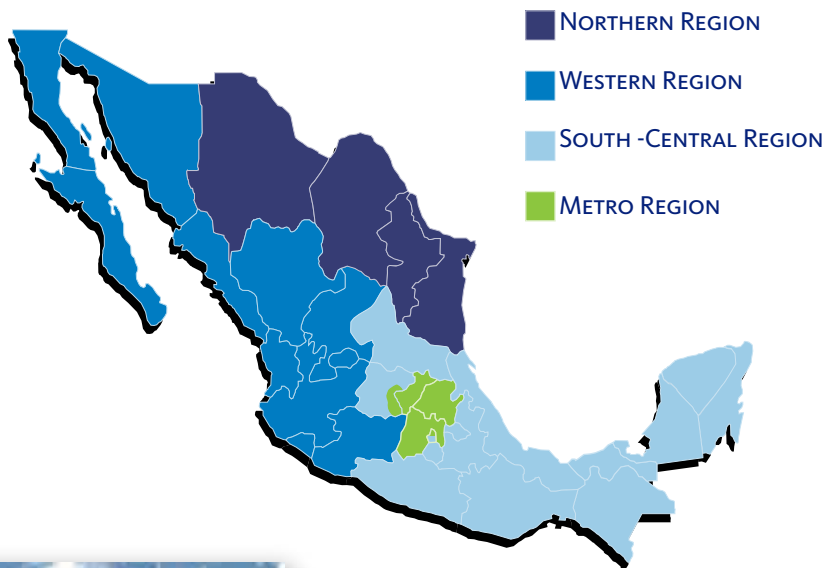
- Reach the breakeven point and start moving towards profitability, one year ahead of schedule.
- Become the financial Institution in Mexico with the largest number of Ex-Im Bank transactions.



4. Coverage

Monex is present in most major cities in Mexico:

NORTHERN REGION	SOUTH -CENTRAL REGION	METRO REGION	WESTERN REGION
Monterrey	Matriz Promoción II	Matriz Promoción I	Guadalajara
Saltillo	San Luis Potosí	Metepec	Puerto Vallarta
Matamoros	León	Pachuca	Manzanillo
Nuevo Laredo	Mérida	Querétaro	Morelia
Reynosa	Cancún	Irapuato	Aguascalientes
Chihuahua	Cozumel	San Miguel de Allende	Zacatecas
Tampico	Playa del Carmen		Tijuana
Torreón	Veracruz		Ensenada
Cd. Juárez	Puebla		Mexicali
Monclova	Cuernavaca		Culiacán
Piedras Negras	Villahermosa		Hermosillo
	Tapachula		Los Cabos
	Tuxtla Gutiérrez		Colima
			Puerto Peñasco



Subsidiary: Monex Securities (Houston, Texas)
Corporate HQ: Mexico City

5. Relevant Financial Information

MONEX GRUPO FINANCIERO, S.A. DE C.V. AND SUBSIDIARIES

RELEVANT FIGURES TAKEN FROM THE AUDITED BALANCE SHEET AS OF DECEMBER 31ST, 2004 AND 2005 (MILLIONS OF PESOS)

ASSETS

	2004	2005
Cash and cash equivalents	\$1,190	\$1,701
Marketable Securities	503	301
Securities and derivatives transactions	20	9
Credit portfolio, net	-	41
Other receivables, net	23	44
Property, plant, and equipment, net	91	87
Permanent stock investments	56	51
Deferred taxes, net	169	95
Other assets	43	66
Total Assets	\$2,095	\$2,395

NOTE: AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 ARE AVAILABLE FOR REVIEW
AT WWW.MONEX.COM.MX,

**MONEX GRUPO FINANCIERO, S.A. DE C.V.
AND SUBSIDIARIES**

**RELEVANT FIGURES TAKEN FROM THE
AUDITED BALANCE SHEET
(MILLIONS OF PESOS)**

LIABILITIES

	2004	2005
Bank borrowings	\$17	\$11
Securities and derivatives transactions	9	27
Other accounts payable		
Taxes	14	116
Sundry creditors and other accounts payable	865	935
	<u>879</u>	<u>1,051</u>
Total Liabilities	905	1,089

**MONEX GRUPO FINANCIERO, S.A. DE C.V.
AND SUBSIDIARIES**

**RELEVANT FIGURES TAKEN FROM THE
AUDITED BALANCE SHEET
(MILLIONS OF PESOS)**

STOCKHOLDERS' EQUITY

	2004	2005
STOCKHOLDERS' EQUITY		
Contributed capital	365	886
Retained earnings		
From previous periods	274	414
From non-cash assets	-8	-8
Subtotal	631	1,292
Minority interest	559	14
Total Stockholder Equity	1,190	1,306
Total Liabilities and Stockholder Equity	\$2,095	\$2,395

NOTE: AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 ARE AVAILABLE FOR REVIEW
AT WWW.MONEX.COM.MX,

**MONEX GRUPO FINANCIERO, S.A. DE C.V.
AND SUBSIDIARIES**

RELEVANT FIGURES

	Amount	% Int
Amounts traded and holdings		
Foreign exchange (thousands of US dollars)	113,216,976	
Foreign exchange traded with customers (thousands of US dollars)	52,622,770	
Derivatives (thousands of US dollars)	1,386,879	
Equity Client (thousands of US dollars)	16,419,756	
Holdings (thousands of US dollars)		
Funds	2,359,526	
International	1,537,100	
CREDIT		
Amount placed in (thousands of pesos)		
Inventories	73,604	
Imports	186,024	
Discounted portfolio	176,858	
OPERATING REVENUE (thousands of pesos)	1,334,279	100.0%
Trading and valuation results	1,328,960	99.6%
Foreign exchange	1,046,270	78.4%
Securities	230,897	17.3%
Fixed Income	109,851	8.2%
Funds	26,621	2.0%
International	30,279	2.3%
Equity	64,145	4.8%
Derivatives	24,396	1.8%
Investment banking and trust	27,397	2.1%
Credit placement	12,608	0.9%
Other operating revenue	-7,288	-0.5%
Earned interest	66,522	5.0%
Comissions earned (paid) net	-50,158	-3.8%
Administration, Custody and other	1,568	0.1%
Monetary Position result	-25,220	-1.9%
OPERATING INCOME	494,854	37.1%
INCOME BEFORE TAXES	450,909	33.8%
NET INCOME	266,570	19.9%

NOTE: AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 ARE AVAILABLE FOR REVIEW
AT WWW.MONEX.COM.MX,

6. Execution and Operation

Monex has a centralized, automated Treasury function.

Monex's operation is concentrated in Mexico City. Checks are issued to the branches using strict control procedures. This makes it possible to centralize the processing of third party payments, transfers, and checks.

Average Treasury processing time is 30 minutes.

In its foreign exchange trading operation, Monex handles electronically more than 43,256 domestic and 42,881 international payments every month. Additionally, we receive over 7,994 collection from foreign countries and 74,578 from domestic banks.

For the securities operation, Monex's Treasury handles an average of 9,237 payments and 7,715 collections every month.

Monex's Treasury is fully automated and incorporates all banking security measures.

Monex maintains relations with major US banks and, through SWIFT, with all major banks around the world. Monex has access to all banks in the Mexican banking industry, to Indeval and soon to SPEI (Interbank Electronic Payments System).



MONEX MAINTAINS ACCOUNTS AT:

- | | | |
|-------------------|--------------------|----------------------------------|
| - JP Morgan Chase | - Banco del Bajío | - Banco de México |
| - Deutsche Bank | - Banamex-Citibank | - Indeval |
| - Wachovia Bank | - Banorte | - Contraparte Central de Valores |
| | - BBVA Bancomer | |
| | - HSBC | |
| | - Inbursa | |
| | - Santander Serfin | |
| | - Scotiabank | |
| | - Afirme | |
| | - Banregio | |

7. Integrated Risk Management



At Monex, risk management is a major component of the group's overall management and decision-making processes. The purpose of this function is to ensure that operations within the various business units conform to the risk management guidelines approved by the Board of Directors.

The Integrated Risk Management unit informs the Board of Directors on a regular basis about the current risk exposure status, comparing it to the approved risk thresholds. It also keeps the Board up-to-date about the implementation of new products and/or businesses. Using global risk reports, the CEO and members of the Risk Committee are kept abreast of the latest risk exposure information.

In order to track risks on an ongoing basis, two Risk Committees have been established:

- a) Casa de Bolsa's Global Risk Committee, which reviews and reports on the global exposure to market, credit, and liquidity risks, and tracks capitalization levels.
- b) The Counterparty Risk Committee, concerned with assessing the cases of customers requesting authorization to transact with foreign currencies and reviewing special cases for customers wishing to transact with derivatives in non-securities markets.

The risks taken by the various business units are monitored on a daily basis using global risk reports that make it possible to track risk levels with regard to approved risk limits, and, on a regular basis, through executive reports sent to the Risk Committee and the Board of Directors.

In order to keep track of Monex's risk exposure, reports are issued throughout the day by the business units, reflecting the market conditions as well as their respective operations and positions.

I. MARKET RISK

Market Risk relates to potential changes in the market value of positions maintained at the business units of Monex Casa de Bolsa. Market risk assessment takes into account the effect of the market value of these positions due to changes in interest rates, exchange rates, stock market indexes and market volatility.

Market risk estimates are prepared using VAR (Value at Risk), defined as the potential loss in the value of the business units' market positions as a result of adverse variations in risk factors for a given

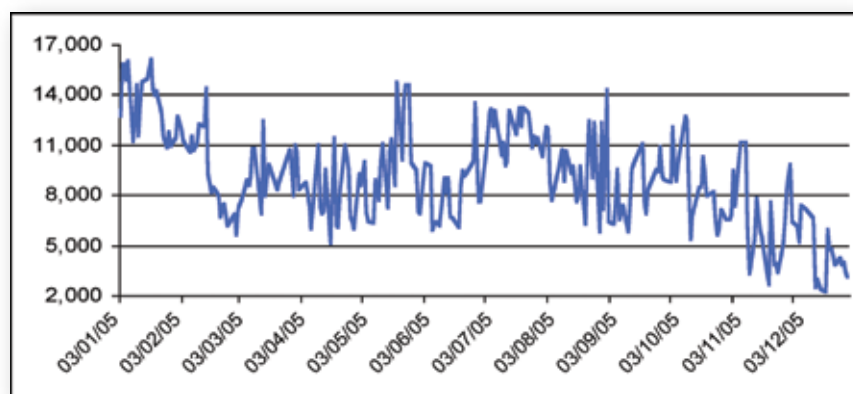
timeframe, with a specific level of confidence. Aside from this measurement, Monex also evaluates the effect of extreme variations in risk factors on the value of the business unit's market positions.

Monitoring of the global and business unit risks is carried out by comparing on a daily basis the risk exposure to the risk thresholds approved by the Board of Directors.

2005 GLOBAL VAR *

DAILY VALUE AT RISK (THOUSANDS OF PESOS)

* INCLUDES MONEY MARKET DESK, DERIVATIVES, OTC AND FOREIGN EXCHANGE.



The average global VAR during 2005 was \$9.01 million pesos. During the second half of the year, the VAR reached \$9.7 million pesos, versus \$8.2 million pesos during the first semester.

The average VAR / average basic capital ratio was 0.96% in 2005.

II. CREDIT RISK

Credit risk represents the loss that Monex Casa de Bolsa could potentially incur in the event it failed to meet the obligations of the counterparties with which the transactions are conducted due to a weakening of its credit ratings.

In the case of transactions conducted at the money market desk, issuer risk and counterparty risk may occur. The former is associated to the issuer of the securities being traded at the money market desk. Since most of the repo transactions involve government-issued securities, issuer risk is nonexistent.

Counterparty risk relates to the market value of the repo transactions and the counterparties involved. Repo transactions pose a credit risk for Monex only when they have a positive market value. Because the parties involved in Monex's money market desk transactions are primarily financial intermediaries or institutional customers, this risk is very small.

III. OTC DERIVATIVES TRANSACTIONS

Based on policies approved by the Risk Committee, all OTC derivatives transactions take place in organized markets, which lessens the exposure to adverse fluctuations in the risk factors.

In order to reduce concentration risk, Monex establishes for each customer an agreed guaranteed facility limiting the total amount corresponding to open positions a customer can maintain.

In order to mitigate the credit risk originating from adverse market variations and counterparty non-compliance, Monex asks its customers for an initial margin and, in the event major losses occur, it makes margin calls according to the guidelines approved by the Risk Committee. The minimum margin asked from customers is 4 percent, but it can be higher depending on the customer's credit standing.

IV. PRIVATE INSTRUMENT RISK

Additionally, as part of its integrated risk management processes, Monex has an area that assesses the level of risk and credit quality of private securities.

Using valuation techniques and appropriate securities valuation methods, recommendations are made to the sales force with regard to the current and future risk of these private securities, as well as how advisable it is to acquire such instruments. As a matter of policy, all private paper instruments purchases must undergo a risk analysis beforehand, unless they have a rating higher than AA.

V. FOREIGN EXCHANGE TRANSACTIONS

The risk area assesses the level of risk for customers dealing in foreign currency, based on a quantitative and qualitative analysis, the most important aspect of which is financial information. The customer's transaction is approved or declined by the appropriate committee which, based on the analysis results, makes a joint decision.

The risk area systematically verifies that the transactions conducted by customers who have been authorized by the committee comply with applicable policy at all times. The customer's authorization is valid for one year, meaning that each customer is re-evaluated on an annual basis, ensuring that adequate decisions are made in the event the customer's financial situation weakens.

VI. LIQUIDITY RISK

Monex maintains its full inventory in securities offering the highest credit ratings and high liquidity, such as revisable rate securities, CETES, and fixed rate bonds. The latter two offer high liquidity, because they are traded in the secondary market and there are intermediaries acting as market makers, which gives the market considerable depth. Thanks to these characteristics, should an extreme liquidity situation arise, the instruments could be sold without incurring extreme price penalties.

Additionally, there are liquidity lines that other financial institutions have granted to Monex, which facilitate the settlement of day-to-day transactions, particularly when the trading volume is very high.

VII. OPERATING AND LEGAL RISK

Monex's Integrated Risk Management Handbook establishes policies and procedures to mitigate these risks: The main purpose is to improve the operating processes and procedures being used by the business areas that entail legal and operating risk.

The Integrated Risk Management function keeps a log of all events occurring at the business units that involve operating risk. In turn, the Risk Committee receives qualitative information with regard to legal risk.

8. Transparency and Trustworthiness

At Monex, we are committed to safeguarding our customers' information by enforcing the highest standards of confidentiality and security.

CORPORATE GOVERNANCE

In the past few years, we have implemented corporate practices aimed at achieving proper Corporate Governance that allows our customers, the public at large, and our shareholders access to transparent and timely information.

Our Management and shareholders have adopted recommendations from the Market Issuers or Public Companies' Code of Corporate Best Practices with the purpose of supplementing existing provisions aimed at promoting management transparency and third party information disclosure.

- The Board of Directors of Monex Grupo Financiero, S. A. de C.V. and all of its financial entities have members who are not involved in the daily operation and provide an external, independent view.
- Monex also has intermediate management entities called Committees, whose primary responsibility is to address any issue that may arise in order to guarantee the company's ongoing operation, and see to the security and oversight of the activities pertaining to each of the financial entities that make up the group.

The following Committees are currently in place:

- a) Audit Committee
- b) Communication and Control Committee
- c) Risk Committee
- d) Evaluation and Compensation Committee. Among other functions, it is responsible for submitting recommendations before the Board of Directors regarding procedures to select and compensate the CEO and other high level executives in the various entities that make up the group.
- e) Finance and Planning Committee. Among other functions, it is responsible for evaluating and, if appropriate, suggesting investment and (capital or debt) financing policy for the various entities that make up the group, and for defining the assumptions and following up on the execution of the annual budget.

SELF-REGULATION

We are part of self-regulating entities recognized by Mexico's financial authorities, and we are actively involved in various committees of the industry associations of which we are members.





EXTERNAL AUDITORS

The Board of Directors appoints auditors based on their experience, professionalism, and the reputation of their firms.

The financials of the Group and its various financial entities have been audited by internationally-renowned firms which, as of this date, have never issued any resolutions with exceptions nor refrained from issuing an opinion about the financial information published by the entities that make up Grupo Financiero Monex.

CODE OF ETHICS

At Monex we have a simple, actionable tool to guide the decisions of everyone within the Group.

Our Code of Ethics explicitly states the values of our institution and contains Monex's commitments to its multiple stakeholders – our customers, employees, shareholders, suppliers, counterparties, the environment, the community, and our competitors.

SAFEKEEPING OF INFORMATION

Our customers' information is confidential and protected by legal secrecy provisions (Article 25 of the Securities Market Law).

Monex has a special, restricted-access file to safeguard customer information. Additionally, Monex has an electronic customer file that can be used to make online customer documentation queries.

As a self-regulation measure, Monex has established a Foreign Exchange Trading Regulatory Agreement that provides our customers with enhanced security.

For the remaining business areas -stock market, derivatives, and investment funds – the agreements are finalized as mandated by applicable law.

Monex's information systems feature several modules that allow the Group's Corporate Comptrollership to monitor transactions in real time.

INTERNAL REGULATION

Monex has an internal audit area, which, based on plans and programs duly authorized by the Audit Committee, conducts ongoing, proactive work to ensure that any opportunities for improving the existing processes are identified and pursued in a timely manner.

At Monex, internal and external regulations are available to all employees via the Intranet.

Among other functions, the group's Audit Committee oversees the performance of the audit function, verifies compliance with all the provisions governing the activity of the entities that make up the group, and ensures that all financial information is useful, timely, and reliable.

ANTI-MONEY LAUNDERING

Monex has an Anti-Money Laundering Master Plan, as well as a Policies and Procedures Handbook for all agreements with investor customers.

Monex has a Compliance Officer who is an active, certified member of ACAMS (a US organization authorized to certify compliance officers as anti-money laundering experts). The person responsible for the Operational Control also has this certification

Monex's Communication and Control Committee consists of top-level executives from all business areas with decision-making power.

Every year, Monex welcomes supervisors from Mexico's National Banking and Securities Commission sent specifically to look into this issue.

Additionally, during the past five years, Monex has retained the services of independent auditors from highly recognized firms to look into the group's actions with regard to prevention, detection, and reporting of transactions involving funds from illegal sources.



9. Technology

Customer service excellence requires a combination of committed personnel and the best technology and information systems.

Reliability, timeliness, and security are essential ingredients of Monex's commitment to its customers. Investment in IT is the means to accomplish the goal.

The heart of Monex's technology infrastructure is a world class Data Center ranked among the top five facilities of its kind in Mexico. This data center guarantees efficient, continuous operation 24 hours a day, 365 days a year, with redundant power supply and communication systems. Additionally, Monex will be allocating a significant investment to the deployment of High Availability servers.

Monex has a standardized communications infrastructure that takes full advantage of IP telephony technology and state-of-the-art voice and data communication.

In 2005, Monex deployed new information systems for the Money Market, Investment Funds, Capital Market, Forwards and Options operations, supported by a system acquired from the French company Murex and the company's own data warehouse.

These new systems have enabled customers to check the status of their transactions online through the company's website, www.monex.com.mx. They have also made possible improvements in our operating processes, and help ensure compliance with all regulations mandated by Mexican financial authorities.



10. Board of Directors

MONEX GRUPO FINANCIERO, S.A. DE C.V. BOARD OF DIRECTORS

PROPRIETARY MEMBERS

Héctor Pío Lagos Dondé *Chairman of the Board*
Héctor Lagos Cué *Founder and Honorary Chairman*
Moisés Tiktin Nickin
Jorge Galicia Romero¹
Javier Goyeneche Polo¹
Hernando Carlos Luis Sabau García¹

Luis Téllez Kuenzler²
Jaime Corredor Esnaola²

EXAMINER

Jorge Rico Trujillo

SECRETARY

Jacobo G. Martínez Flores

ALTERNATES

Patricia García Gutiérrez
Rolando Hernández Albín
Arturo Acevedo Aceves
Manuel Galicia Alcalá¹
Oscar Arturo Ortiz Molina¹
Carlos Ayón Cárdenas¹

ALTERNATE EXAMINER

José Carlos Rivera Nava

ALTERNATE SECRETARY

Julio E. Torres Domínguez

¹ *Independent Members*

² *Permanent Guest*

Monex also has intermediate management entities called Committees, whose primary responsibility is to address any issue that may arise in order to ensure the company's ongoing operation, and see to the security and oversight of the activities pertaining to each of the financial entities that make up the group.

- Evaluation and Compensation Committee
- Auditing Committee
- Finance and Planning Committee
- Communication and Control Committee
- Risk Committee



11. Corporate Social Responsibility



In 2005, Monex was recognized as a Socially Responsible Business (Empresa Socialmente Responsable, or ESR) by the Mexican Philanthropy Center (CEMEFI) and by the Alliance for Social Responsibility in Mexico (AliaRSE). We earned that distinction again in 2006, for the second year in a row.

At Monex, we have an internal continuous improvement process aimed at strengthening the four major areas of Corporate Social Responsibility:

- Quality of life at the company.
- Corporate ethics.
- Environmental protection and preservation.
- Community outreach.

With regard to Community Outreach, we have identified immigrant communities around Mexico as a major target group to receive support in various productive projects.

First, we selected the Bajío Community Foundation (Acción Comunitaria del Bajío, A.C), because their projects are based on the principle of self-help, using a sustainable development approach. The projects Monex supports are located in the state of Guanajuato. Going forward, we plan to include other community foundations located in other regions of Mexico.

At Monex, our team is a critical success factor. In 2005, the Great Place to Work Institute once again recognized Grupo Financiero Monex as one of the “Best Places to Work For” in Mexico.

Earlier this year, Monex received this honor for the third year in a row, and is now ranked 25th among 224 participating businesses. Monex is ranked 16th among companies with over 500 employees.

The factors that make a company a great place to work include the company’s Human Resources practices and policies, as well as the employees’ perception about Credibility, Respect, Fairness, Pride, and Teamwork.



12. Executive Team

MONEX GRUPO FINANCIERO, S.A. DE C.V.

Héctor Lagos Dondé
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

BUSINESS AREAS

Moisés Tiktin Nickin
EXECUTIVE MANAGING DIRECTOR OF
BUSINESS DEVELOPMENT

Hernán García Domínguez
REGIONAL MANAGING DIRECTOR
SOUTH – CENTRAL DIVISION

Remberto Loaiza Rodríguez
REGIONAL MANAGING DIRECTOR WESTERN DIVISION

Ernesto López Quezada
REGIONAL MANAGING DIRECTOR METROPOLITAN
DIVISION

José Luis Rosiñol Morando
REGIONAL MANAGING DIRECTOR NORTHERN
DIVISION

Alejandro Hernández Treviño
EXECUTIVE VICE PRESIDENT SECURITIES SALES

Fernando J. Vizcaya Ramos
EXECUTIVE VICE PRESIDENT INVESTMENT BANKING

Claudia Zermeno Inclán
EXECUTIVE VICE PRESIDENT FIDUCIARY TRUST

Jorge Garza Adame
PRESIDENT (MONEX FINANCIERA)

CORPORATE FUNCTIONS

Arturo Acevedo Aceves
MANAGING DIRECTOR PRODUCT DEVELOPMENT &
TRADING DESKS

Ernesto Bayón Lira
MANAGING DIRECTOR ADMINISTRATION AND FINANCE

Jacobo Martínez Flores
MANAGING DIRECTOR GENERAL COUNSEL

Patricia García Gutiérrez
MANAGING DIRECTOR HUMAN RESOURCES

Xavier Ramos Yáñez
MANAGING DIRECTOR TECHNOLOGY

Miriam Álvarez del Castillo
MANAGING DIRECTOR COMPLIANCE
AND INTERNAL CONTROL

Rafael Chávez Sánchez
MANAGING DIRECTOR TREASURY AND
CUSTOMER SERVICE

Grocio Soldevilla Canales
EXECUTIVE VICE PRESIDENT RISK MANAGEMENT

José Antonio García León
MANAGING DIRECTOR AUDITING

Antonio Landero Cruz
EXECUTIVE VICE PRESIDENT FIXED
INCOME TRADING

Jorge Ramos Landero
PRESIDENT MONEX SECURITIES

René A. Márquez Lara
EXECUTIVE VICE PRESIDENT MUTUAL
FUND OPERATIONS

Jorge del Valle Hernández
EXECUTIVE VICE PRESIDENT
DERIVATIVES TRADING

Rubén Fernández de la Torre
EXECUTIVE VICE PRESIDENT
FOREIGN EXCHANGE TRADING



● ● ● ● ● Management Team at Our Branches

AGUASCALIENTES	Javier Martínez Huerta
CANCÚN	Teresa González Díaz
CIUDAD JUÁREZ	Ramiro Coss Castillo
COLIMA	Roberto Orozco Navares
COZUMEL	Silvia Cuevas Chuc
CULIACÁN	Miguel Angel López Monzón
CUERNAVACA	Carlos Beguerisse Demongin
CHIHUAHUA	David Huereca Beltrán
ENSENADA	Juan Carlos Escobar
GUADALAJARA	Enrique Robles Señkowski
HERMOSILLO	Javier Rocha Ruíz
IRAPUATO	Luis Ernesto Martínez García
LEÓN	Armando Castro Rosas
LOS CABOS	Esther Alfaro Rosas
MANZANILLO	Armando Ávila González
MATAMOROS	Ma. Teresa Hernández Danache
MÉRIDA	Luis García Rosado
METEPEC	Mauricio Bolaños Noriega
MEXICALI	Isela Landeros Valle
MORELIA	Eduardo García Muñoz
MONTERREY	José Luis Rosiñol Morando
MONCLOVA	Mauricio Cantú Garza
NUEVO LAREDO	Alvaro Barrera Guzmán
PACHUCA	Carlos Martínez Herrejón
PIEDRAS NEGRAS	Jorge Gutiérrez Trueba
PLAYA DEL CARMEN	Pablo Watson Rincón
PUEBLA	Rodolfo Beguerisse Demongin
PUERTO VALLARTA	Esteban Peña Pelayo
QUERÉTARO	Javier Benítez Cortina
REYNOSA	Arturo Benavides Valadez
SALTILLO	Hilda Pamanes Recio
SAN LUIS POTOSÍ	Francisco Granados Espinosa
SAN MIGUEL ALLENDE	Josefa Jonguitud Zúñiga
TAMPICO	Sandra Peralta Martínez
TAPACHULA	Mónica Escobar González
TIJUANA	Gilberto Salazar Salazar
TORREÓN	Mary Carmen Barrientos Zamora
TUXTLA GUTIÉRREZ	Mónica Escobar González
VERACRUZ	Manuel Fuerte Rodríguez
VILLAHERMOSA	José Luis Orozco Hernández
ZACATECAS	Oscar Villaseñor López



