Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero

Financial statements

December 31, 2023 and 2022

(With the Statutory Auditors´ Report and the independent Auditors´ Report Thereon)

(Translation from Spanish Language Original)

Hermes Castañón Guzmán
Accountant

Statutory Auditor's

To the Stockholders
Banco Monex, S. A., Institución de Banca Múltiple
Monex Grupo Financiero:

In my capacity as Statutory Auditor of Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero
(the Bank), I render to you my opinion on the veracity, reasonableness, and sufficiency of the financial information that the Board of Directors has submitted to you, for the fiscal year ended December 31, 2023.

During 2023 and until this report´s date, I have not been convocated at Stockholders' Meetings and meetings of the Board of Directors, nevertheless, I have obtained from the directors and administrators all the information on the operations, documentation and other supporting evidence that I considered necessary to examine.

In my opinion, the accounting and information criteria and policies followed by the Bank and considered by Management in preparing the financial information submitted at this Meeting, are adequate and sufficient, therefore, such financial information reflects veracity, sufficiently and reasonably of the financial position of Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero as of December 31, 2023, as well as the comprehensive income and cash flows, corresponding to the year ended on such date, in accordance with the accounting criteria for Credit Institutions in Mexico, issued by the National Banking and Securities Commission.

Sincerely,

Hermes Castañón Guzmán
Statutory Auditor

Mexico City, March 27, 2024.

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
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Independent Auditors' Report

To the Board of Directors and Stockholders

Banco Monex, S. A., Institución de Banca Múltiple,

Monex Grupo Financiero:

(Millions of Mexican pesos)

Opinion

We have audited the financial statements of Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero (the Bank), which comprise the statements of financial position as of December 31, 2023 and 2022, the statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended on those dates, and notes, that comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero have been prepared, in all material respects, in accordance with the Accounting Criteria for Credit Institutions in Mexico, established by the National Banking and Securities Commission (the Commission).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities in the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion thereon.

(Continued)

Allowance for loan losses $720 in the statement of financial position	
See notes 3l and 10e to the financial statements	
The key audit matters	**How the key audit matter was addressed in our audit**
The allowance for loan losses for commercial loan portfolio involved significant judgments to assess the customers´ quality credit risk, considering the various factors established in the methodologies prescribed by the Commission for the qualification process of the loan portfolio, as well as the reliability on the documentation and updating of the information used for its determination. Therefore, we have determined the allowance for loan losses as a key audit matter in our audit.	The audit procedures applied by Management on the determination of the allowance for loan losses for credit risks and the effects on the income of the year, included, the assessment, through sample testing, both of the inputs used and the calculation process. Additionally, with the participation of our specialists, as of December 31, 2023, we assessed the methodologies in-force used and the relevant inputs used for the calculation process.

Over-the-counter derivative financial instruments $4,660 (asset) and $3,892 (liability)	
See notes 3h and 9 to the financial statements	
The key audit matters	**How the key audit matter was addressed in our audit**
The fair value as of the financial position date of over-the-counter financial instruments is determined through the use of valuation techniques that involve Management´s judgments, mainly when the use of inputs from different sources or from not observable data in the market and complex valuation models. Therefore, we have considered the determination of over the counter the derivative financial instruments´ valuation transactions as a key audit matter in our audit.	As part of our audit procedures, we obtained evidence of the approval, by the Risk Committee of the Bank, of the valuation models for over-the-counter derivative financial instruments used by Management. Likewise, through sample testing, we assessed the reasonableness of such models and the inputs used, with the participation of our specialists. Additionally, through sample testing, we assessed the adequate measurement and classification of the fair value of over-the-counter derivative financial instruments.

(Continued)

Other information

Management is responsible for the other information. The other information comprises information included in the annual report for the year ended December 31, 2023 to be filed with the Commission and the Mexican Stock Exchange (the Annual Report), but does not include the financial statements and our auditors' report thereon. The Annual Report is estimated to be available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement on this other information, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the accounting criteria for credit institutions in Mexico, established by the Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

(Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion in our auditors' report. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicated to them all relationships and other matters that may reasonably be thought to affect our independence, and where applicable, the actions taken to eliminate threats or the safeguards applied.

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

KPMG Cárdenas Dosal, S. C.

Ricardo Lara Uribe

Mexico City, March 27, 2024.

Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero
(Monex Grupo Financiero, S. A. de C. V.'s Subsidiary)

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Statements financial position

December 31, 2023 and 2022

(Millions of Mexican Pesos)

These financial statements have been translated from the Spanish language original for the convenience of foreign/English-speakers' readers.

Assets	**2023**	**2022**
Cash and cash equivalents (note 6)	$ 51,884	50,871
Margin accounts (derivative financial instruments) (note 9d)	2,803	1,122
Investment in financial instruments (note 7):		
Trading financial instruments	83,777	120,818
Financial instruments to collect or sell	468	451
Financial instruments to collect principal and interest	2,636	3,115
	86,881	124,384
Debtors in repurchase/resale agreements (note 8a)	2,499	148
Derivate financial instruments (note 9):	7,306	7,589
Trading	27	50
Hedging		
	7,333	7,639
Loan portfolio with stage 1 credit risk (note 10a):		
Commercial loans:		
Commercial activity	29,050	23,401
Financial entities	3,828	3,219
Government entities	4,894	2,909
	37,772	29,529
Mortgage loans:		
Improvement backed by the borrowers' mortgage sub-account	5	147
Total loan portfolio with stage 1 credit risk	37,777	29,676
Loan portfolio with stage 2 credit risk (note 10a):		
Commercial loans:		
Commercial activity	288	295
Total loan portfolio with stage 2 credit risk	288	295
Loan portfolio with stage 3 credit risk (note 10a):		
Commercial loans:		
Commercial activity	495	374
Financial entities	47	46
	542	420
Mortgage loan		
Improvement backed by the borrowers' mortgage sub-account	6	37
Total loan portfolio with stage 3 credit risk	548	457
Loan portfolio	38,613	30,428
(-) Less:		
Allowance for loan losses (note 10e)	(825)	(1,144)
Loan portfolio, net	37,788	29,284
Other accounts receivable, net (note 11)	13,927	17,659
Foreclosed assets, net (note 13)	377	100
Prepaid payments and other assets, net (note 17)	281	418
Furniture and equipment (note 14)	50	51
Assets for rights of use of furniture and equipment, net (note 15)	440	457
Permanent investments	70	71
Deferred taxes, net (note 21)	959	765
Intangible´s assets (note 18)	200	199
Assets for rights of use of intangible assets, net (note 16)	-	355
Total assets	$ 205,492	233,523

Liabilities and Stockholders Equity	**2023**	**2022**
Deposit funding (note 19):		
Demand deposits	$ 30,248	36,597
Time deposits:		
General public	17,772	10,528
Money market	15,623	3,534
Debt securities issued	838	1,374
Global deposit funding account without movement	3	3
	64,484	52,036
Banks and other borrowings (note 20):		
Short-term	1,458	4,565
Creditors on repurchase/resell agreements (note 8b)	69,421	112,528
Sold/pledged collaterals		
Creditors on repurchase/resell agreements (note 8a)	557	145
Derivate financial instruments (note 9):		
Trading	7,435	7,291
Valuation adjustments of financial liabilities' hedging	14	19
Lease liabilities (notes 15 and 16)	447	827
Other accounts payable (note 12):		
Creditors on settlement of transactions	43,585	39,671
Creditors for collateral received in cash (note 9d)	1,860	2,259
Contributions payable	156	126
Sundry creditors and other accounts payable	1,143	656
	46,744	42,712
Income tax liability (note 21)	317	121
Employee benefits (note 22)	1,367	1,169
Deferred credits and advanced payments received	1,183	729
Total liabilities	193,427	222,142
Stockholders' equity (note 23):		
Paid-in capital:		
Capital stock	3,241	3,241
Earned capital:		
Capital reserves	1,323	1,076
Retained earnings	7,628	7,212
	8,951	8,288
Other comprehensive income of other entities:		
Valuation of financial instruments to collect or sell (note 9)	16	(2)
Remeasurements of employee defined benefits	(143)	(146)
	(127)	(148)
Controlling interest	12,065	8,140
Total Stockholders' equity	12,065	11,381
Commitments and contingent liabilities (note 30)		
Total liabilities and stockholders' equity	$ 205,492	233,523

(Continued)

Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero
(Monex Grupo Financiero, S. A. de C. V.'s Subsidiary)

Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Statements of financial position, continued

December 31, 2023 and 2022

(Millions of Mexican Pesos)

These financial statements have been translated from the Spanish language original for the convenience of foreign/English-speakers' readers.

Memorandum accounts:		**2023**	**2022**
Credit commitments (note 26a)	$	29,848	18,202
Assets in trust or mandate (note 26b)		266,529	245,755
Assets in custody or under administration (note 26c)		16,453	4,892
Collaterals received by the entity (note 26d)		11,389	3,045
Collaterals received and sold or delivered as guarantee by the entity (note 26e)		9,587	3,045
Uncollected accrued interest derived from loan portfolio with stage 3 credit risk		168	172
Other memorandum accounts (note 26f)		973,981	542,040

See accompanying notes to the financial statements.

"These statements of financial position were formulated in accordance with the Accounting Criteria for Credit Institutions, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Institutions Law of Credit, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the institution up to the aforementioned dates, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

These statements of financial position were approved by the Board of Directors under the responsibility of the executives who sign it."

The electronic address where the information can be consulted is: https://www.monex.com.mx/portal/informacion-financiera

The National Banking and Securities Commission is: http://portafoliodeinformacion.cnbv.gob.mx/Paginas/defaultGOBMX.aspx

Jorge Hierro Molina
Chief Executive Officer

Alfredo Gershberg Figot
Chief Financial Officer

Patricio Bustamante Martínez
Internal Audit Director

José Arturo Álvarez Jiménez
Accounting and Tax Director

Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero
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Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Statements of comprehensive Income

Year ended December 31, 2023 and 2022

(Millions of Mexican Pesos)

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		2023	2022
Interest income (note 27a)	$	14,509	11,888
Interest expense (note 27a)		(13,274)	(10,197)
Financial margin		1,235	1,691
Allowance for loan losses (note 10e)		137	287
Financial margin adjusted for allowance for loan losses		1,372	1,404
Commission and fee income (note 27b)		421	412
Commission and fee expense		(217)	(210)
Financial intermediation income, net (note 27b)		8,477	6,961
Other operating expenses, net		(35)	(195)
Administrative and promotional expenses		(6,039)	(5,155)
Income before income taxes		3,979	3,217
Income tax (note 21a):		(1,086)	(743)
Net income		2,893	2,474
Other comprehensive income:			
Valuation of financial instruments		18	21
Remeasurement of defined employee benefits		3	19
		21	40
Comprehensive income	$	2,914	2,514
Basic earning per common share, in pesos (note 23)	$	892.62	763.41

See accompanying notes to the financial statements.

"These statements of comprehensive income were formulated in accordance with the Accounting Criteria for Credit Institutions, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Institutions Law of Credit, of general and obligatory observance, applied in a consistent manner, reflecting all income and expenses carried out by the institution up to the aforementioned dates, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

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Paseo de la Reforma 284 15th Floor, Col. Juárez C.P. 06600, Mexico City

Statements of changes in stockholders' equity

Year ended December 31, 2023 and 2022

(Millions of Mexican Pesos)

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	Paid-in capital	Earned capital					
	Capital stock	Capital reserves	Retained earnings	Valuation of financial instruments to collect or sell	Remeasurements of employees' defined benefits	Total Controlling interest	Total stockholders' equity
Balances as of December 31, 2021, as previously reported	$ 3,241	943	5,268	(23)	(165)	9,264	9,264
Retrospective adjustments for error corrections	-	-	(112)	-	-	(112)	(112)
Balances as of December 31, 2021, adjusted	3,241	943	5,156	(23)	(165)	9,152	9,152
Movements inherent to the decisions of the stockholders:							
Dividend paid (note 23d)	-	-	(285)	-	-	(285)	(285)
Total	-	-	(285)	-	-	(285)	(285)
Movement reserves:							
Capital reserve (note 23e)	-	133	(133)	-	-	-	-
Comprehensive Income:							
Net income	-	-	2,474	-	-	2,474	2,474
Other comprehensive income:							
Result from valuation of cash flow hedge instruments	-	-	-	21	-	21	21
Remeasurements of employee defined benefits	-	-	-	-	19	19	19
Total	-	-	2,474	21	19	2,514	2,514
Balances as of December 31, 2022	3,241	1,076	7,212	(2)	(146)	11,381	11,381
Movements inherent to the decisions of the stockholders:							
Dividend paid (note 23d)	-	-	(2,230)	-	-	(2,230)	(2,230)
Total	-	-	(2,230)	-	-	(2,230)	(2,230)
Movement reserves:							
Capital reserve (note 23e)	-	247	(247)	-	-	-	-
Comprehensive Income:							
Net income	-	-	2,893	-	-	2,893	2,893
Other comprehensive income:							
Result from valuation of cash flow hedge instruments	-	-	-	18	-	18	18
Remeasurements of employee defined benefits	-	-	-	-	3	3	3
Total	-	-	2,893	18	3	2,914	2,914
Balances as of December 31, 2023	$ 3,241	1,323	7,628	16	(143)	12,065	12,065

See accompanying notes to the financial statements.

"These statements of changes in stockholders' equity were formulated in accordance with the Accounting Criteria for Credit Institutions, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Institutions Law. of Credit, of general and obligatory observance, applied in a consistent manner, reflecting all of the movements in capital accounts carried out by the institution up to the aforementioned dates, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

These statements of changes in stockholders' equity was approved by the Board of Directors under the responsibility of the executives who sign it."

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Statements of cash flow

Year ended December 31, 2023 and 2022

(Millions of Mexican Pesos)

These financial statements have been translated from the Spanish language original for the convenience of foreign/English-speakers' readers.

		2023	2022
Cash flows from operating activities:			
Income before income taxes	$	3,979	3,217
Items relating to investment activities:			
Depreciation of furniture and equipment		105	105
Amortization of intangible assets		371	466
Items relating to financial activities:			
Other interests		22	773
Total		4,477	4,561
Changes from operating activities:			
Change in margin accounts (derivative financial instruments)		(1,681)	(143)
Change in investment in financial instruments		37,543	(37,653)
Change in debtors on repurchase/resell agreements		(2,351)	2,449
Change in derivative financial instruments (assets)		306	1,205
Change in loan portfolio, net		(7,474)	(1,000)
Change in accounts receivable and others		3,731	13,115
Change of foreclosed assets, net		(281)	3
Change in other operating assets		1,207	(149)
Change in deposit funding		12,447	5,404
Change in banks and other borrowings		(3,107)	2,939
Change in creditors on repurchase/resell agreements		(43,107)	33,907
Change in sold/pledged collaterals		412	(1,667)
Change in derivative financial instruments (liabilities)		144	(360)
Change in other operating liabilities		(20)	(604)
Change in hedging derivative financial instruments		(18)	15
Change in employee benefit		355	299
Change in accounts payable		4,072	(8,244)
Change in other provisions		(2,302)	(925)
Income taxes paid		(1,238)	(1,250)
Net cash provided by operating activities		3,115	11,902
Cash flows from investing activities:			
Proceeds from sale of furniture and equipment		(15)	(24)
Proceeds from acquisition of furniture and equipment		(34)	(54)
Net cash used in investing activities		(49)	(78)
Cash flows from financing activities:			
Payments on lease obligations		(81)	(172)
Dividends paid		(2,230)	(285)
Interest paid for lease obligations		(22)	(49)
Net cash provided by financing activities		(2,333)	(506)
Net increase in cash and cash equivalents		733	11,318
Effects from cash value changes		280	(1,249)
Cash and cash equivalents at the beginning of year		50,871	40,802
Cash and cash equivalents at end of year	$	51,884	50,871

See accompanying notes to the financial statements.

"These statements of cash flow were formulated in accordance with the Accounting Criteria for Credit Institutions, issued by the National Banking and Securities Commission, based on the provisions of Articles 99, 101 and 102 of the Institutions Law.of Credit, of general and obligatory observance, applied in a consistent manner, reflecting all the cash inflows and outflows carried out by the institution up to the aforementioned dates, which were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

These statements of cash flow were approved by the Board of Directors under the responsibility of the executives who sign it."

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Jorge Hierro Molina
Chief Executive Officer

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Chief Executive Officer

Patricio Bustamante Martínez
Internal Audit Director

José Arturo Álvarez Jiménez
Accounting and Tax Director

These financial statements have been translated from the Spanish language original solely for the convenience of foreign/English-speakers´ readers.

(1) Description of business-

Banco Monex, S. A., Institución de Banca Múltiple, Monex Grupo Financiero (“the Bank”) is subsidiary of Monex Grupo Financiero, S. A. de C. V. (“the Financial Group”), which owns 99.99% of its capital stock and is regulated, among others, by the Credit Institutions Law (LIC, for its acronym in Spanish) and the General Provisions issued by Comisión Nacional Bancaria y de Valores (the Commission, CNBV for its acronym in Spanish) and Banco de México (Central Bank), and its purpose is to provide banking services under the terms of such laws, carrying out operations that include, among others, the granting of credits, the operation with securities, the reception of deposits, the acceptance of loans, the celebration of operations of purchase and sale of foreign currency and the celebration of trust contracts. Its addressed in Paseo de la Reforma 284, 15th floor, Cuauhtémoc, Colonia Juárez, Ciudad de México, Zip Code 06600.

(2) Authorization and basis of presentation-

Authorization

On March 27, 2024, Jorge Hierro Molina, Chief Executive Officer, Alfredo Gershberg Figot, Chief Financial Officer, Patricio Bustamante Martínez, Internal Audit Director, and José Arturo Álvarez Jiménez, Accountant and Tax Director, authorized the issuance of the accompanying financial statements and notes related thereto.

In accordance with the General Corporation Law (LGSM, per Spanish acronym), the Bank's bylaws and the General Provisions applicable to Credit Institutions (the Provisions), issued by the Commission, the stockholders and the Commission are empowered to modify the financial statements after their issuance. The accompanying financial statements 2023, will be approval at the next Stockholders´ Meeting.

Basis of presentation

a) Statement of compliance

The financial statements are prepared based on banking legislation and in accordance with the accounting criteria for credit institutions in Mexico (the Accounting Criteria) established in Appendix 33 of the Provisions, and the applicable operating rules, established by the Commission, which is in charge of the inspection and oversight of credit institutions and reviews the financial information.

The Accounting Criteria establish that the accounting of credit institutions must conform to the basic structure of the Financial Reporting Standards (FRS) defined by the Mexican Board of Financial Reporting Standards, A. C. (CINIF, per Spanish acronym) in FRS A-1 " Structure of financial information standards", considering in the first instance the FRS contained in FRS Series A "Conceptual framework FRS", as well as the provisions of accounting criterion A-4 "Supplementary application to accounting criteria". Likewise, they establish that the credit institutions must observe the accounting guidelines of the FRS except, when necessary, in the opinion of the Commission, to apply a regulation or specific accounting criteria on the recognition, valuation, presentation and disclosure applicable to specific items of the financial statements and those applicable to preparation.

(Continued)

The Accounting Criteria indicate that in the absence of specific accounting criteria of the Commission for credit institutions, or in a broader context, of the FRS, the supplementary bases provided in chapter 90 "Suppletory" of FRS A-1 “Conceptual Framework of FRS, and only in the event that the International Financial Reporting Standards (IFRS) referred to chapter 90 “Supplementary” of NIF A-1 “Conceptual framework of FRS” fails to provide a solution to accounting recognition, opting for a supplementary standard that belongs to any other regulatory system will be possible, provided that all the requirements indicated in the mentioned above FRS are met and the same accounting criteria, applying the supplementation in the following order: generally accepted accounting principles in the United States of America (US GAAP, for its acronym) and any accounting standard that is part of a set of formal and recognized standards, as long as the requirements of criterion A-4 "Supplementary application to accounting criteria" of the Commission are met.

b) Use of estimates and judgments

The preparation of the financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following note:

Note 7 – Investments in financial instruments: definition of the business model: Financial Instrument to Collect Principal and Interest (FICPI).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the following financial year is included in the following notes:

— Notes 3f and 7 – Carrying value of investments in financial instruments.
— Notes 3l and 10e – Determination of the allowance for loan losses; inputs used in the calculation process.
— Notes 3h and 9– Valuation of derivative financial instruments (DFI).

Measurement of fair values

Some of Bank's accounting policies and disclosures require the measurement of fair values of both financial and non-financial assets and liabilities.

The Bank has a control framework established in relation to the measurement of fair values. This includes the authorization by the Board of Directors to contract a price vendor, in addition to the authorization by the Risk Committee of the Bank of the internal measurement models and modifications thereto, the estimation methods of the variables used in these measurement models when they are not provided directly by the price vendor that the Bank has contracted, and of those securities and other financial instruments and virtual assets to which the internal measurement models are applicable.

In addition, the established control framework includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Risk Committee. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the of the Bank ´s audit committee.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used (observable inputs) in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities, which corresponds to the highest level, corresponding to prices obtained exclusively with level 1 input data.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) that correspond to prices obtained with level 2 input data.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments that are valued using an internal Bank measurement model are not considered as Level 1 under any circumstances.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the entire fair value measurement is categorized in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Pursuant to the Provisions, the Bank calculates the fair value of the following financial instruments through direct vector valuation, which consists of applying to the position in the Bank securities or contracts the updated price for valuation provided by a price vendor:

I. Securities registered in the Registro Nacional de Valores (National Securities Registry, RNV, per Spanish acronym) or authorized, registered or regulated in markets recognized by the Commission.
II. Derivate financial instruments that are listed on domestic derivative exchanges or that belong to markets recognized by Banco de México (Central Bank).
III. Underlying assets and other financial instruments that are part of the structured operations or derivative packages, in the case of securities or financial instruments provided for in sections I and II referred to above.

The price vendor contracted by the Bank that provides the prices and inputs for determining the valuation of financial instruments is Valuación Operativa y Referencias de Mercado, S. A. de C. V.

c) Functional and reporting currency.

The mentioned above financial statements are presented in Mexican pesos, reporting, recording and functional currency.

For disclosure purposes in the notes to the financial statements, when reference is made to pesos or "$", it refers to millions of Mexican pesos, and when reference is made to dollars or USD, it refers to millions of United States dollars.

d) Comprehensive income presentation

In compliance with accounting criteria D-2 "Statement of comprehensive income" established by the Commission, the Bank presents the comprehensive income in a single statement that presents in a single report all the captions that make up the net result, increased or decreased by the Other Comprehensive Income (OCI) for the period, as well as the share in the OCI of other entities, and is called "Statement of Comprehensive Income".

e) Trade-date recognition of financial assets and liabilities

The financial statements recognize the assets and liabilities from currency purchase and sale operations, investments in financial securities, securities lending and derivative financial instruments on the date the operation is finalized, regardless of the settlement date.

(3) Summary of the main accounting policies

The accounting policies shown below have been applied consistently in the preparation of the financial statements presented below, except as explained in note 4, which includes accounting changes recognized during the year.

(a) Recognizing the effects of inflation

The accompanying financial statements were prepared in accordance with the Accounting Criteria, which, since the Bank operates in a non-inflationary economy as established by FRS B-10 "Effects of inflation", include the recognition of the effects of inflation through December 31, 2007 based on the Investment Unit Value (UDI, per Spanish acronym), which is a unit of account whose value is determined by the Central Bank based on inflation. Annual and cumulative inflation percentage and the UDI of the last three years are as follows:

December 31	UDI (in pesos)	Yearly	Cumulative inflation of three previous fiscal year
2023	7.981602	4.38%	20.83%
2022	7.646804	7.58%	19.50%
2021	7.108233	7.61%	14.16%

(b) Foreign currency operations

The accounting records are in Mexican pesos and in foreign currencies (mainly dollars), which, for purposes of presenting the financial statements, in the case of currencies other than the dollar, are translated from the respective currency to dollars, as established by the Commission, considering the closing exchange rate of the day, published by the Central Bank. Foreign exchange gains and losses are recorded in profit or loss for the year.

(Continued)

(c) Offsetting financial assets and financial liabilities

A financial asset and liability will be offset in such a way that the net amount is presented in the statement of financial position, only when the Bank has the legally enforceable and current right to offset them in any circumstance, and in turn intends to liquidate them on an offsetting basis, or to realize the financial asset and settle the financial liability simultaneously.

(d) Cash and cash equivalents

Cash is recognized at nominal value. Legal tender and foreign currency in cash, deposits in the Central Bank and deposits in financial institutions in the country and abroad, whether in checking accounts, bank, wire or postal money orders, and remittances in transit, are considered cash.

Cash equivalents are initially recognized as fair value. These include short-term, highly liquid securities, easily convertible into cash that are subject to insignificant value risks (where the latter are those whose maturity is expected within a maximum of 48 hours from acquisition), among others, interbank loans with maturities equal to or less than three business days ("Call Money" operations), foreign currency purchases that are not considered derivative financial instruments as established by the Central Bank in the applicable regulation, and other cash equivalents such as correspondents, immediate collection documents, coined precious metals and investments available on demand.

Availabilities represented by coined precious metals are estimated at fair value, considering as such the price applicable on the valuation date, except those that by their nature do not have a fair value, which are recognized at acquisition cost.

Acquired currencies that are agreed to be settled on a date after the purchase and sale transaction is concluded, are recognized as restricted cash and cash equivalents, while foreign currency sold is recorded as an outflow of cash and cash equivalents. The rights originated by foreign currency sales are recorded under the caption “Other accounts receivable, net” and the obligations derived from foreign currency purchases are recorded under the caption “Creditors on settlement of transactions”.

Overdrafts in checking accounts, the offset balance, of currencies to receive and currencies to deliver, or of some concept that integrates the availabilities, when they show negative balances, is presented in the caption "Other accounts payable".

Interest earned and exchange gains or losses are included in profit or loss for the year as accrued as part of interest income or expense. The results from the valuation and sale of precious metals coined and currencies are recognized in the result of intermediation.

(e) Margin accounts

Margin accounts are associated with transactions with derivative financial instruments entered into in recognized markets or stock exchanges, in which highly liquid financial assets are deposited to ensure compliance with the obligations corresponding to such instruments, in order to mitigate the risk of nonpayment. The amount of the deposits corresponds to the initial margin and subsequent contributions or withdrawals made by the Bank and the clearinghouse during the term of the derivative financial instrument contract.

Margin cash accounts are recognized at nominal value and are presented under “Margin Accounts”. The returns and commissions that affect margin accounts, other than fluctuations in the prices of derivatives, are recognized in profit or loss of the year as accrued under "Interest income" and "Commissions and fees expense”, respectively. Partial or total settlements deposited or withdrawn by the clearinghouse due to fluctuations in the prices of derivatives are recognized under "Margin Accounts", affecting as a counterpart a specific account that can be debit or credit, as appropriate and that represents an advance received, or a financing granted by the clearinghouse and that will reflect the effects of the valuation of the derivatives prior to their settlement.

The rules for recognition of margin accounts other than cash will depend on the right of the clearinghouse to sell or pledge such margin account, as well as compliance, if applicable, of the assigning entity. The assignor must recognize the margin account in accordance with the following:

a) If the clearinghouse had the right to sell or pledge the financial assets that make up the margin account, the assignor must reclassify the financial asset in the statement of financial position, presenting it as restricted, which will follow the rules of valuation and disclosure in accordance with the corresponding accounting criteria according to their nature, and the presentation rules contained in the Provisions must be observed.

b) In the event that the assigning entity fails to comply with the conditions established in the contract, and therefore cannot claim the margin account, it must be removed from the statement of financial position.

c) With the exception of what is established in subparagraph b) above, the assigning entity must maintain the margin account in the statement of financial position.

The debtor or creditor counterparty will represent an advance received, or, alternatively, financing granted by the clearinghouse prior to the settlement of the derivative.

(f) Investments in financial instruments

i. Recognition and initial measurement

Investments in financial instruments comprise equity instruments, obligations, bonds, certificates and other credit instruments and documents that are issued in series or en masse, listed and unlisted, that the entity maintains as its own position. They are initially measured and recognized at fair value plus, in the case of financial assets or liabilities not measured at fair value with changes therein, carried through comprehensive income, the transaction costs directly attributable to acquisition or issue, when measured at amortized cost thereafter.

ii. Classification and subsequent measurement

Upon initial recognition, investments in financial instruments are classified into the following categories, according to the business model and the characteristics of the contractual flows thereof, such as:

— *Financial instruments to collect principal and interest (FICPI),* whereby the holder intends recover the contractual flows that the instrument entails. The terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest (yield), usually based on the amount of the outstanding principal. The FICPI must have the characteristics of a financing arrangement and be managed based on contractual performance.

— *Financial instruments to collect or sell (FICS),* measured at fair value with changes in other comprehensive income (FVOCI), whereby the holder intends both to collect contractual cash flows of principal and interest and to obtain a profit on sale when the opportunity arises. The Bank irrevocably recognizes the changes in the fair value of the FICSs through the OCI.

— *Trading or Negotiable financial instruments (TFI),* measured at fair value through profit or loss (FVTPL) that represent the investment in debt or equity financial instruments, whereby the holder intends to obtain a profit through purchase and sale.

The classification of financial assets is based on both the business model and the characteristics of the contractual cash flows therefrom. According to the business model, a financial asset or a class of financial assets (a portfolio), can be managed under:

— A model that seeks to recover contractual cashflows (consisting of principal and interest).

— A business model that seeks both the recovery of contractual cashflows as in the previous model, as well as obtaining profit through sale of financial assets, necessitating a combined management model for these financial assets.

— A model that seeks maximum return through the purchase and sale of financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Bank changes the business model for managing financial assets, in which case all affected financial assets are reclassified to the new category at the time the change in the business model has occurred.

The reclassification of investments in financial instruments between categories is applied prospectively as of the date of change in the business model, without modifying any previously recognized income, such as interest or impairment losses.

When any reclassification is made in accordance with the mentioned above, Bank must inform the Commission of this fact in writing within 10 business days following the determination, explaining in detail the change in the business model that justifies them. Such a change must be authorized by the Bank risk committee.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified as measured at fair value through profit or loss:

— It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— The contractual terms thereof give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. (Solely Payment of the Principal and Interest, or SPPI per English acronym).

A debt investment is measured at fair value through OCI if it meets both of the following conditions and is not classified as measured at fair value through profit or loss:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(Continued)

— the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All financial instruments not classified as measured at amortized cost or at fair value through OCI as described above, are measured at fair value through profit or loss. This includes all derivative financial instruments (see subparagraph (h) of this note).

Financial instruments: Business model assessment–

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

— The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.

— How the performance of the portfolio is evaluated and reported to the Bank's management.

— The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

— The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the continuing recognition of the assets by the Bank.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest (SPPI) –

For purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI), the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(Continued)

In making this assessment, the Bank considers:

— contingent events that would change the amount or timing of cash flows;

— terms that could generate leverage;

— Terms that refer to the time value of money, such as adjusting the coupon rate, including variable rate features;

— terms that generate implicit derivative instruments, or changes in their terms and conditions, by indexing to variables unrelated to the nature of the contract;

— prepayment and extension features

— terms that limit the Bank's claim to cash flows from specific instruments (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to the contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Instruments: Subsequent measurement and gains and losses –

Trading financial instruments (TFI)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in income. However, see subsection (j) for derivatives designated as hedging instruments.
Financial instruments to collect principal and interest (FICPI)	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income. Any gain or loss on derecognition is recognized in profit or loss.
Financial instruments to collect or sell (FICS)	These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, gains and losses from translation of foreign currency and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. At the time of derecognition, the gains and losses accumulated in OCI are reclassified to profit or loss.
Investments in shares through OCI	These assets are subsequently measured at fair value. Dividends are recognized as income in results unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income.

(Continued)

iii. Derecognition

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognized in the statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. (See subsections (h) and (i) of this note).

iv. Impairment

From initial recognition, the Bank assesses the expected credit losses (ECL) of the FICSs and FICPIs, which are determined considering the level of expected recoverability that corresponds to the different FICSs and recognizes the effect of the loss, based on the amortized cost of FICS and FICPI. Given that the fair value of the FICS already recognizes impairment due to expected credit losses, the Bank does not proceed to create an allowance that reduces the fair value of the FICS; therefore, the effect is recognized in net profit or loss, affecting the value of the FICS before recognizing the effect in OCI for valuation at fair value. For the FICPI, the ECL determined affecting the fair value of the FICPI is recognized. The foregoing does not affect FRS, since the question of collectability does not arise in these as there is no collection intention and because their market value generally captures the effects of expected credit losses.

ECLs are the probability-weighted average of credit losses and are measured as the present value of cash shortfalls. When estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Bank's historical experience and an informed credit assessment and including forward-looking information.

The Bank oversees that the ECL for the impairment of securities issued by a counterparty is consistent with the impairment determined for credits granted to the same counterparty.

In the event that there are favorable changes in the credit quality of the FICS that are duly supported based on subsequent observable events, the ECL already recognized is reversed in the period in which such changes occur, against the net profit or loss for the period, as a previously recognized ECL reversal.

Value date transactions-

The acquired securities that are agreed to be settled at a later date up to a maximum period of four business days following the execution of the purchase and sale transaction, are recognized as restricted securities, while the sold securities are recognized as securities to be delivered, reducing the investments in values. The counterparty must be a settlement, creditor or debtor account, as appropriate. When the amount of securities to be delivered exceeds the balance of proprietary securities of the same nature (government, banking, stock and other debt securities), it is presented as a liability under "Assigned securities to be settled".

(g) Securities under repurchase/ resale agreements.

Repo transactions that do not comply with the terms established in FRS C-14 "Transfer and derecognition of financial assets" are treated as of financing with collateral based on the economic substance of such transactions and regardless of whether they are “cash-oriented” or “value-oriented” repo operations. In "cash-oriented" transactions, the reported intention is to obtain cash financing and the intention of the reporter is to invest the excess cash, and in the "value-oriented" transaction, the buyer aims to access certain securities specifically and the intention of the seller is to increase the yields of investments in securities.

Acting as seller-

On the date of contracting the repurchase agreement, the Bank recognizes the inflow of cash or cash equivalents or a debit settlement account, as well as an account payable initially measured at the agreed price that is presented under "Creditors on repurchase/resale agreements”, which represents the obligation to return such cash to the reporter. Throughout the term of the repurchase agreement, the account payable is valued at its amortized cost by recognizing the repurchase agreement interest in the results of the year as accrued, in accordance with the effective interest method, under "Interest expense”. The financial assets transferred to the reporting Bank are reclassified in the statement of financial position, presenting them as restricted, and they continue to be valued in accordance with the accounting criteria corresponding to the asset.

Acting as buyer-

On the contracting date of the repurchase agreement, the outflow of cash and cash equivalents, or a creditor settlement account is recognized, by recording an account receivable at the agreed price that is presented under the heading "Debtors on repurchase/ resale agreements". which represents the right to recover the cash paid. Throughout the term of the repurchase agreement, the account receivable is valued at amortized cost, by recognizing the repurchase agreement interest in profit or loss of the year as accrued, according to the effective interest method, within " Interest income". Financial assets received as collateral are recorded in memorandum accounts and valued at fair value.

If the Bank sells the collateral or grants it as a guarantee, the inflow of resources from the transaction, as well as an account payable for the obligation to return the collateral is recognized, and it is valued, in the case of sale at fair value or, if it is given as collateral in another repurchase agreement, at amortized cost. The difference that would result between the price received and the value of the account payable is recognized in profit or loss of the year.

(h) Derivative financial instruments and hedging transactions

The Bank classifies derivative financial instruments (DFI) based on intention into the two categories shown below:

— For trading purposes – Consists of the position assumed by the Bank with the intention of obtaining profits based on changes in fair value.

— For hedging purposes – Consists of the position assumed by the Bank in order to offset or transform the profile of one or several of the risks generated by a hedged item.

The assets and/or liabilities from operations with DFI s are recognized in the financial statements on the date the operation is completed, regardless of the date of settlement or delivery of the asset.

(Continued)

The Bank recognizes all financial assets or liabilities resulting from the rights and obligations established in the DFI contracts, initially at fair value, which, presumably, corresponds to the transaction price, that is, the price of consideration received or paid. Transaction costs that are directly attributable to the acquisition of DFI are recognized directly in profit or loss within the "Financial intermediation income".

Subsequently, all DFI are measure at fair value, without deducting the transaction costs that could be incurred in the sale or other type of disposal, recognizing such valuation effect in profit or loss of the period under “Financial intermediation income”.

Derivatives are presented in the statement of financial position in a specific asset or liability item, depending on whether the fair value corresponds to a debit balance or a credit balance, respectively. Such debit or credit balances are offset as long as they comply with the rules for offsetting financial assets and liabilities.

Derivatives for trading purposes-

— *Forwards and futures contracts:*

The futures contract operates with standardized terms (general contracting conditions), has a secondary market and requires the mandatory establishment of collateral in contribution or daily settlement margin accounts. The forward contract is operated privately (over the counter futures or options markets). The balance of such DFI represents the difference between the fair value of the contract and the stipulated “forward” price thereof. If the difference is positive, it is goodwill and it is presented in assets; if it is negative, it is a loss and it is presented as a liability.

— *Options:*

In purchased options, the debit balance represents the fair value of the future flows to be received, recognizing the effects of valuation in profit or loss of the year.

In options sold, the credit balance represents the fair value of the future flows to be delivered, recognizing the effects of valuation on profit or loss of the year.

— *Swaps:*

The balance represents the difference between the fair value of the active part and the passive part.

Hedging operations

The Bank designates certain DFI as hedging instruments to hedge market risk in financial instruments associated with highly probable forecast transactions that arise from changes in exchange rates and interest rates and certain derivative and non-derivative financial liabilities as currency risk hedges foreign investment in a net investment in an operation in the local market.

At the beginning of the designated hedging relationships, the Bank documents the risk management objective and strategy to carry out the hedging. The Bank also documents the economic relationship between the hedged item and the hedging instrument, in accordance with the provisions of the Asset and Liability Management manual. The ALM unit is in charge of managing the investment of Treasury resources as well as managing the interest rate risk associated with the statement of financial position, which is documented in the established formats that have the reference rates and the characteristics of the instruments, which cover the fair value of the position; including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

Derivatives for hedging purposes, which meet all the conditions, are valued at fair value and the effect is recognized depending on the type of hedge, as shown below:

— Fair value hedges. They cover the exposure to changes in the fair value of a recognized asset or liability or of an unrecognized firm commitment, or a component of any of the above items, or an aggregate exposure. The primary hedged position and the hedging derivative instrument are valued at fair value, recording the net effect in the results of the period under "Financial intermediation income".

A hedging relationship should be prospectively discontinued when it no longer meets the criteria for recognizing a hedging relationship, this includes when the hedging instrument expires is sold, terminated or exercised, as well as after rebalancing in the hedging relationship has been considered or carried out and the hedging relationship turns out to be ineffective or does not meet the risk management objective of the Bank.

Embedded derivatives-

When it comes to financial liabilities, the Bank segregates the embedded derivatives of structured notes, where the reference underlying assets are currencies, indices, interest rate options with extendable terms and options on UMS bond prices. When it comes to financial assets, the Bank analyzes the terms that can generate embedded derivatives as part of the analysis that is carried out to verify the recovery of principal and interest in cash flows.

Credit and bond debt contracts issued, where the reference underlying asset is an interest rate with embedded options of “caps”, “floor” and “collars” is considered closely related to the host contract, and these are not segregated. Consequently, the main contract of the credits and bonds issued is recorded with the criteria applicable to each contract, in both cases at amortized cost.

Credit derivative financial instruments-

These are contracts that imply the execution of one or several operations with FDIs (mainly options and swaps), in order to assume or reduce the exposure to credit risk (underlying) in financial assets such as credits or securities. The transfer of risk in this type of operations can be total or partial Payment of initial premiums can be agreed in these contracts for the execution thereof.

There are two types of credit derivative financial instruments:

— Credit default DFI: These are contracts in which only the risk of default in financial assets is transferred to the counterparty, such as in credit operations or in the early amortization of securities.

— Total return DFI: These are contracts in which, in addition to exchanging interest flows or returns inherent to financial assets, such as a credit operation or issue of securities, the market and credit risk of these are transferred.

Collaterals granted and received in over-the-counter DFI operations-

The account receivable generated by giving cash collateral in over-the-counter DFI transactions is presented under "Other accounts receivable, net", while the account payable generated by receiving collateral in cash is presented under “Creditors for collateral received in cash”.

(Continued)

Collaterals delivered in non-realizable assets, such as securities, are recorded as securities restricted by guarantees, and collaterals received in securities for derivative transactions are recorded in memorandum accounts.

(i) Offsetting of clearing accounts

Amounts receivable or payable from investments in securities, repurchase agreements, security loans, virtual assets and/or operations with derivative financial instruments that come to maturity and that have not been settled to date are recorded in settlement accounts under "Other accounts receivable, net" or "Creditors for settlement of operations", respectively, as well as amounts receivable or payable resulting from foreign currency purchase and sale operations in which settlement is not agreed immediately or those of the same day value date. The balances of the debit and credit settlement accounts are offset.

The allowance of expected credit losses corresponding to the mentioned above amounts receivable must be determined in accordance with the provisions of FRS C-16 "Impairment of financial instruments receivable".

Financial assets and liabilities are offset in such a way that the debit or credit balance is presented in the statement of financial position, as appropriate, as long as there is the contractual right to offset the amounts recognized and the intention is to settle the amount net, or to realize the asset and settle the liability simultaneously.

(j) Loan portfolio

The loan portfolio comprised financing granted to clients by the Bank through credit contracts, financial factoring operations, discount and assignment of credit rights, as well as financial leasing operations, which are recognized when they are originated and, in the case of acquisitions, on the date of the acquisition.

The loan portfolio includes:

1. Loan portfolio valued at amortized cost. The business model of this loan portfolio consists of keeping it to collect the contractual cash flows and the terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount. It is initially recognized at fair value, which corresponds to the transaction price, that is, the net amount financed resulting from adding or subtracting, the insurance that has been financed, transaction costs, commissions, interest, and other prepaid items from the original amount of credit. For subsequent recognition, the loan portfolio is valued at amortized cost. The amortized cost corresponds to the present value of the contractual cash flows receivable from the loan portfolio, plus the transaction costs to be amortized, using the effective interest method and subtracting the allowance for loan losses.

2. Loan portfolio valued at fair value. This corresponds to the loan portfolio of which the business model consists of receiving payment of the contractual cash flows or obtaining a profit on sale when convenient. Initial and subsequent recognition is at fair value. Changes in fair value are recognized in profit or loss or in OCI.

3. Financial leases receivable. Recognition based on the provisions of note 3o.

(Continued)

The referred-to transaction costs include, among others, fees and commissions paid to agents, advisers and intermediaries, appraisals, investigation expenses, as well as the credit evaluation of the debtor, evaluation and recognition of guarantees, negotiations for the terms of credit, preparation and processing of credit documentation and closing or cancellation of the transaction, including the proportion of compensation to employees directly related to the time invested in the development of those activities. Furthermore, transaction costs do not include premiums or discounts, which are part of the fair value of the loan portfolio at the time of the transaction.

Both the commissions received and the transaction costs originating from a line of credit are recognized as a credit or deferred charge, respectively, presented net and affecting the loan portfolio, which are amortized in profit or loss as accrued.

Loan portfolio classification.

The loan portfolio is presented in the commercial and home mortgage categories, as described below:

Commercial loans include the credits mentioned below:

a) those granted to legal entities or individuals with business activity and intended for their commercial or financial line of business;
b) loans granted to financial institutions other than interbank loans with a term of less than 3 business days;
c) credits for operations of financial factoring, discount and assignment of credit rights;
d) credits for financial leasing operations that are held with legal entities or individuals with business activity;
e) loans granted to trustees acting under trusts and credit structures commonly known as "structured" in which there is a patrimonial affectation that allows individual assessment of the risk associated with the structure;
f) credits granted to the Federal Government, federal entities, municipalities and the decentralized agencies and credits to state productive companies,
g) those with an express guarantee from the Federal Government registered with Secretaría de Hacienda y Crédito Público (the Ministry of the Treasury Department of Mexico, SHCP, per Spanish acronym) and the Central Bank, as well as those expressly guaranteed by the states, municipalities and their decentralized agencies, settled in the Single Public Registry to which the Law on Financial Discipline of the states and municipalities refers.

Mortgage loans. Direct loans granted to individuals and intended for the acquisition or construction of housing with no purpose of commercial speculation, and a mortgage guarantee on the borrower's home, are classified as housing loans. Likewise, housing loans are considered those intended for the construction, remodeling or improvement of housing that are backed by savings from the borrower's housing sub-account, or have a guarantee granted by a development banking institution or by a public trust constituted by the Federal Government for economic development (remodeling or improvement). Additionally, credits granted for such purposes to former-employees of the entities and those liquidity credits guaranteed by the borrower's home are included.

The mortgage loan portfolio includes loans originated by the Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT, per Spanish acronym), acquired by the Bank. This loan portfolio includes the one named extension portfolio, which is made up of loans that, in terms of the INFONAVIT Law, have some current extension in the payment of amortization of principal and ordinary interest provided that the entity is contractually bound to abide by said extension under the same terms as the referred-to organizations. At the end of the extension, the portfolio is given the corresponding treatment whether the “Ordinary Amortization Rule” (OAR) or the "Special Amortization Rule" (SAR).

(Continued)

OAR is a payment method applicable to borrowers who have an employment relationship, whereby it is agreed that credits will be paid through salary discounts made to the workers by the employer, entity or agency.

SAR is a payment method applicable to borrowers who no longer have an employment relationship, to which the "Rules for granting credits to workers entitled to the National Worker Housing Fund Institute ". issued by the Board of Directors of INFONAVIT, which indicate the methodology for making payments of such credits, are applicable.

The obligations and rights that INFONAVIT has over the credits acquired are the following:

INFONAVIT

The Bank has participated in the "Mejoravit" program and in similar INFONAVIT programs since 2011. This program is intended for the improvement and remodeling of homes of INFONAVIT beneficiaries through a funded credit product with favorable financial conditions. INFONAVIT participates as administrator and operator of the entire structure, from the origination, contracting and payment of credits by the beneficiaries and the Bank funds the credits assigned by INFONAVIT, together with other participating financial institutions. The credits are settled through the contributions made by the employer of each beneficiary to the housing sub-account, an amount paid by INFONAVIT to the Bank for the amortization of individual credits, in exchange for a consideration for the administration of these credits into favor of INFONAVIT. In the event of default due to death or unemployment of more than 6 months, these loans are guaranteed with the AFORE housing sub-account of each beneficiary, resulting in a guaranteed loan with good conditions for all parties.

Lines of credit lines

In the case of lines of credit and letters of credit that the Bank has granted, in which not all the authorized amount has been exercised, the unused part thereof is recognized in memorandum accounts.

Financial factoring operations, discount and assignment of credit rights

Financial factoring consists of an operation for which the Bank as "factor", agrees to acquire credit rights that the client, as ”seller”, is entitled to for a determined or determinable price, and it may be agreed that the seller may or may not be liable for the dependable and timely payment of the credit rights transferred to the Bank, that is, factoring with recourse or without recourse, respectively.

The discount is an operation whereby the Bank, as a "discounter", undertakes to advance to a client as “borrower” the amount of a credit owed to a third party with a future maturity, in exchange for the sale of said credit to the Bank, decreased by an interest amount in favor of the latter.

Assignments of credit rights are financing operations whereby ownership of credit rights is transferred to the Bank, which is different from loan portfolio acquisitions.

For any of the operations mentioned above, the Bank initially recognizes as a loan portfolio the nominal value of the portfolio received against the cash outflow, the agreed haircut recognized in "Other accounts payable" in the amount of the nominal value of the credit rights, credit transferred that is not financed by the Bank, and financial income to be accrued.

The financial income to be accrued from these operations corresponds to the difference between the value of the portfolio received deducted haircut capacity and the amount financed. The accrual in comprehensive income is determined and recognized based on the effective interest rate of the operations.

Loan portfolio business model.

The determination of the business model for the loan portfolio is based on the history of how the Bank manages it. The Bank considers what is shown as follows:

a) The way in which the performance of the loan portfolio is determined and reported to the Risk Committee, for example, on yields associated with contractual collection, or the sale value in the market.
b) The risks that affect the performance of the business model and the loan portfolio and how those risks are managed.
c) The guidelines on which the remuneration of the credit management is based, whether based on maximizing the value of the loan portfolio or on collecting the contractual flows.

The Bank also considers the frequency, value, and timing of loan portfolio sales in prior periods, the reasons for such sales, as well as expectations regarding future sales activity within the context and conditions in which they occurred, and the influence they have on the way in which the objective of the entity to administer or manage the loan portfolio is achieved and, specifically, on how the cash flows are made.

The Bank annually evaluates the characteristics of the business models to classify the loan portfolio based on the objective thereof, in accordance with the established policies.

Reclassifications of the valuation method

The Bank carries out reclassifications only when the business model of the loan portfolio is modified, exclusively when determined by the Board of Directors as a result of significant external or internal changes that occur, communicating them to the Commission. The reclassifications are recognized prospectively without affecting the Bank's comprehensive income, in accordance with the following:

- Reclassification of loan portfolio valued at fair value with effects on profit or loss, to be valued at its amortized cost. The fair value at the reclassification date must be the initial amortized cost, calculating the effective interest rate.

- Reclassification of loan portfolio valued at fair value with effect on the OCI, to be valued at its amortized cost. The effect recognized in the ORI must be offset against the value of the loan portfolio, so that it is valued at amortized cost, as if it had always been recognized on this basis.

Renegotiations

Restructurings and renewals of loan portfolio operations are considered renegotiations, which are described below:

Restructuring. It is a renegotiation from which any modification to the original credit conditions is derived, among which are:

- change of the interest rate established for the remaining term of the credit;
- currency or unit of account exchange (for example, VSM, UMA or UDI, for its initials);
- granting a waiting period regarding the fulfillment of the payment obligations according to the original terms of the credit;
- credit term extension;
- modification to the agreed payment method
- extension of guarantees that cover the credit in question.

(Continued)

Renewal. It is a renegotiation in which the balance of a credit is partially or totally settled by the debtor, joint and several obligors or another individual who, due to patrimonial ties, constitutes common risks with the debtor, through an increase in the original amount of the credit, or with the proceeds from another loan contracted with the same entity or with a third party that, due to its patrimonial ties with the latter, constitute common risks.

However, the Bank does not consider a credit renewed for the withdrawals made during the term of a pre-established line of credit, as long as the borrower has settled all the payments due in accordance with the original credit conditions.

For restructures and, renewals with which the original loan is partially settled, the Bank recognizes a profit or loss for the difference between the cash flows of the new loan discounted at the original effective interest rate and the carrying amount of the original credit on the date of the renegotiation, without considering the allowance for credit risks.

For the purposes of the foregoing, the carrying amount is considered to be the amount actually borrower, adjusted for accrued interest, other financed items, principal and interest collections, as well as for write-offs and remissions, rebates and discounts that have been granted, and, where appropriate, the financial income or expenses to be accrued.

To determine the effective interest rate of the new loan, as a result of the restructuring or partial renewal, the result of adding, the transaction costs incurred and, where appropriate, the commissions charged for the origination to the amount financed is taken as the basis to apply the original effective interest rate. Transaction costs and commissions collected are recognized as a deferred charge or credit, respectively, and are amortized over the remaining life of the credit.

In the case of total renewals, the Bank considers that there is a new loan, therefore the original loan is cancelled.

Credit risk level of the loan portfolio.

The loan portfolio is evaluated periodically in order to determine the credit risk, which represents the potential loss due to the default of a borrower or counterparty in the operations carried out by the Bank, including the real or personal guarantees granted thereto, as well as any other mitigation mechanism used by the entities. The level of credit risk of the loan portfolio is classified by stages that are, in ascending order of risk level, Stage 1, Stage 2 and Stage 3.

Stage 1

It refers to a loan portfolio whose credit risk has not increased significantly from the initial recognition to the date of the financial statements, that is, it is not in the assumptions to be considered in stages 2 and 3 that are mentioned later.

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, the Bank considers the following criteria to define when credits are at Stage 1:

- When the commercial loan portfolio is overdue 30 schedule days or less, schedule.
- When the mortgage and housing loan portfolio, is up to one month overdue or up to three months for a portfolio that has an extension; in the case of an OAR loan portfolio when it is three to six months overdue, provided that each of the payments made during such period represents at least 5% of the agreed amortization.

Stage 2

This includes credits that have shown a significant increase in risk since initial recognition and up to the date of the financial statements according to the calculation models of the allowance for loan losses (see note 3l).

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, the Bank considers the following criteria to define when credits are at Stage 2:

- When a commercial loan portfolio is more than 30 schedules but less than 90 schedule days overdue.

- When the mortgage and housing loan portfolio is more than a month and up to three months overdue, including those classified as SAR.

Loans that, while at stage 2, have fully settled the outstanding balances due, or that, having been restructured or renewed, have complied with the sustained payment, are reclassified to stage 1.

Stage 3

This corresponds to the loan portfolio with credit impairment originated by the occurrence of one or more of the events, which have a significant impact on the future cash flows of such credits. Specifically, the following credits are considered to be at this stage:

1. Those for which the Bank is aware that the borrower has been declared bankrupt.

Notwithstanding the prior provisions, credits that continue to receive payment in terms of the provisions of section VIII of Article 43 of the Commercial Bankruptcy Law (LCM, per Spanish acronym), as well as the credits granted under Article 75 in relation to the sections II and III of Article 224 of the mentioned above Law, are transferred to the stage 3 credit risk loan portfolio in the cases provided for in numeral 2 below.

2. In the case of mortgage loans, whose amortizations have been fully paid or not in the originally agreed terms, when debt maturities are as follows:

    a. Loans with a single payment of principal and interest at maturity, when they are 30 schedule days or more past due in principal and interest.
    b. Loans with a single principal payment at maturity and with periodic interest payments if they are 90 schedule days or more past due in interest or 30 schedule days or more past due in capital.
    c. Partial periodic payments of principal and interest, when they are 90 schedule days or more past due in principal or interest.

3. Immediate payment documents referred to in the "Cash and cash equivalents" accounting policy, when they have not been collected.

4. Credits acquired from INFONAVIT, in accordance with the SAR or OAR payment modality, and credits intended for remodeling or improving the home, when the amortizations or payments, respectively, have not been fully settled in the originally agreed terms and are 90 schedule days or more past due.

The transfer to a stage 3 credit risk loan portfolio of the credits referred to in numeral 5 of the previous paragraph is subject to the exceptional term of 180 or more days of default from the date on which:

a) the credit resources are disposed of for the purpose for which they were granted;

b) the borrower starts a new employment relationship for which he has a new employer, or
c) the entity has received a partial payment on the corresponding amortization. The exception contained in this subparagraph will be applicable as long as they are credits under the OAR structure, and each of the payments made during such period represent at least 5% of the agreed amortization.

The exceptions mentioned above are not considered mutually exclusive.

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, the Bank considers the following criteria to define when the loans are at Stage 3:

- When a commercial loan portfolio is 90 schedule days or more past due schedule.
- When a mortgage and housing loan portfolio. is overdue for more than three months, in the case of OAR credits, if they are three to six months overdue, if any of the payments made during such period does not represent at least 5% of the agreed amortization, and for OAR credits when they present are more than 6 months overdue.

In the case of loan portfolio acquisitions, schedule defaults that have occurred since origination are considered to determine the schedule maturity days.

Loans that, while at stage 3, have fully settled the outstanding balances, or that, having been restructured or renewed, have complied with the sustained payment, are reclassified to stage 1.

Effect of renegotiations on the level of credit risk.

Loans with stage 2 or stage 3 credit risk that are restructured or renewed are not reclassified to a stage with lower credit risk due to restructuring or renewal if there is no evidence of sustained payment.

Loans with a single payment of principal at maturity, regardless of whether interest is paid periodically or at maturity, restructured during their term or renewed at any time, are transferred to the immediately following category with greater credit risk, and they remain at that stage until there is evidence of sustained payment.

Lines of credit from which withdrawals have been made and, which have been restructured or renewed at any time, are transferred to the immediately following category with greater credit risk, except when there are elements that justify the borrower's ability to pay, and the following has been met:

a) All due interest has been paid, and
b) All payments due in terms of the contract on the date of the restructuring or renewal have been covered.

When withdrawals made under a line of credit are restructured or renewed separately from of such line, they are evaluated in accordance with the applicable rules for restructuring and renewals described above, considering the characteristics and conditions of the restructured or renewed withdrawal.

If, after the evaluation described in the previous paragraph, it is concluded that one or more withdrawals granted under a line of credit should be transferred to the immediate following category with a greater credit risk as a result of such restructuring or renewal and such withdrawals, individually or as a whole, represent at least 25% of the total balance drawn from the line of credit as of the date of the restructuring or renewal, the total balance withdrawn, as well as subsequent withdrawals, are transferred to the immediately following category with a greater credit risk.

Stage 1 and stage 2 credit risk credits, other than those referring to i) credits with a single payment of principal at maturity, regardless of whether interest is paid periodically, ii) lines of credit used, and iii) credit withdrawals made under lines of credit, which have been restructured or renewed, and of which at least 80% of the original term of the credit has not elapsed, remain in the same category only if they comply what is shown below:

a) the borrower has paid all the interest accrued on the date of the renewal or restructuring, and
b) the borrower has paid the principal of the original amount of the loan, which should have been paid on the date of the renewal or restructuring.

Stage 1 and stage 2 credit risk credits, mentioned in the previous paragraph, which have been restructured or renewed during the course of the final 20% of the original term of the credit, are transferred to the immediately following category, with a greater credit risk, except if:

c) All interest accrued on the date of the renewal or restructuring has been settled.
d) The principal of the original amount of the loan, which should have been paid on the date of the renewal or restructuring has been paid, and
e) 60% of the original amount of the credit has been paid.

If all the conditions described in the two previous paragraphs are not met, as applicable, the credit is transferred to the immediately following category with a greater credit risk from the moment it is restructured or renewed and until there is evidence of sustained payment.

The requirement of subparagraphs a) of the two preceding paragraphs is considered fulfilled when, having paid the interest accrued on the last cut-off date, the period elapsed between such date and the restructuring or renewal does not exceed the lesser of half the period of payment in progress and 90 days.

Stage 1 or stage 2 credit risk loans that are restructured or renewed on more than one occasion, are transferred to the portfolio with stage 3 credit risk, except when the Bank has elements that justify the payment capacity of the debtor. In the case of commercial portfolio, such elements are duly documented and integrated into the credit file.

When several credits granted by the Bank to the same borrower are consolidated through a restructuring or renewal, each of the consolidated credits is analyzed as if they were separately restructured or renewed and, if it is concluded that one or more of such credits would have been transferred. For the stage 2 or stage 3 credit risk portfolio due to the restructuring or renewal itself, the total balance of the consolidated credit is transferred to the category that would correspond to the credit subject to consolidation with the highest credit risk.

Loans classified at stage 2 credit risk level due to a restructuring are evaluated periodically in order to determine whether there is an increase in risk that would cause them to be transferred to stage 3 credit risk, as described in the first paragraph of the “Stage 3” subsection of this note.

Credits will not be reclassified to “Stage 3 loan portfolio”, due to restructuring, if on the date of the operation they are compliant with the payment for the total amount of principal and interest due and only modify one or more of the original credit conditions mentioned below.

- Guarantees: only when they imply the extension or replacement of guarantees by others of better quality.

- Interest rate: when the agreed interest rate is improved for the borrower.

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- Currency or unit of account: provided that the rate corresponding to the new currency or unit of account is applied.

- Payment date: only in the event that the change does not imply exceeding or modifying the frequency of payments. In no instance is the omission of payment in any period allowed by the change in the payment date.

- Extension of the credit line: only in the case of consumer loans granted through revolving lines of credit lines.

Sustained credit payment.

Sustained payment is considered to exist when the borrower pays the total amount of principal and interest due without delay, in accordance with the following:

a) At least three consecutive amortizations of the credit payment schedule are paid for periods of 60 days or less.
b) Two amortizations are paid for credits with periods between 61 and 90 schedule days,
c) Amortization is paid for loans with amortizations covering periods greater than 90 schedule days.

When the amortization periods agreed upon in the restructuring or renewal are not the same, the number of periods that represent the longest term is considered, as previously described.

For restructurings in which the payment frequency is modified to shorter periods, to determine if there is sustained payment, the number of amortizations that would correspond to the original credit schedule is considered.

In instances of INFONAVIT credits, the Bank is obliged to observe the terms said organizations agreed with the borrower. Credit payment is considered to be sustained, when the borrower has paid without delay the total amount due of principal and interest, at least one amortization for credits under the OAR structure and three amortizations for credits under the SAR structure.

In the case of consolidated loans, if two or more loans give rise to the transfer to the stage 2 or stage 3 risk portfolio, the original loan payment schedule whose amortizations equal the longer term are considered to determine the amortizations required for the existence of sustained payment.

A sustained payment of loans with a single payment of principal at maturity, regardless of whether the payment of interest is periodic or at maturity is considered to exist if:

a) The borrower has paid at least 20% of the original amount of the loan at the time of the restructuring or renewal, or,
b) The amount of interest accrued in accordance with the payment schedule for restructuring or renewal corresponding to a period of 90 days has been paid and at least such period has elapsed.

Credits that are restructured or renewed on more than one occasion, agreed with a single payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, will have a sustained payment of the credit when:

a) The borrower pays at least 20% of the principal pending payment on the date of the new restructuring or renewal;

(Continued)

b) The amount of interest accrued under the new schedule scheme for restructuring or renewal corresponding to a period of 90 days has been paid and at least such period has elapsed, and
c) The entity has elements that justify the debtor's ability to pay. In the case of commercial credits, such elements are duly documented and integrated into the credit file.

The early payment of amortizations of restructured or renewed loans, other than those with a single principal payment at maturity, regardless of whether the interest is paid periodically or at maturity, is not considered a sustained payment. Such is the case of amortizations of restructured or renewed credits that are paid before the scheduled days equivalent to the periods required according to the first paragraph of this subsection have elapsed.

Credits that, due to restructuring or renewal, are transferred to a category with a greater credit risk, remain in such category for at least three months in all cases until sustained payment is proven and, consequently, they are transferred to the immediately preceding stage with less credit risk, except for credits with payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, to which what is previously described for these cases applies.

In any case, for the Bank to prove that there is a sustained payment, in addition to ensuring that the borrower complies with the guidelines for sustained payment indicated in the preceding paragraphs, it must have evidence available to the Commission that justifies that the borrower has payments capacity at the time the restructuring or renewal takes place to comply with the new credit conditions. The evidence to be obtained is at least the following:

a) intrinsic probability of default of the borrower,
b) the guarantees granted to the restructured or renewed credit,
c) the priority of payment before other creditors and,
d) the liquidity of the for before the new financial structure of the financing.

<u>Revenue recognition</u>

The interest generated by the loans granted, including interbank loans agreed upon for a term of less than or equal to three business days, is recognized in profit or loss as accrued. Interest in stage 3 portfolio is recognized in profit or loss until it is effectively received.

Interest and credit-opening commissions received in advance are recorded under "Deferred credits and collections in advance" and are applied to the profit or loss of the year under "Interest income" and "Commissions and fees received" respectively, as accrued or within the term of the credit, as applicable.

Commissions and transaction costs are amortized against profit or loss of the year for the period corresponding to the term of the associated credit line. If the credit line is cancelled, the outstanding balance is fully recognized in profit or loss.

The commissions recognized after the credit is granted, generated as part of maintenance of such credits, as well as those that are charged due to unplaced credits, are recognized in profit or loss of the year as accrued.

(k) Deferred costs

Deferred cost includes by the net amount between transaction costs and credit granting commissions.

(l) Allowance for loan losses.

The allowance for loan losses of each category of the loan portfolio is determined based on the general methodologies established in the Provisions and the internal methodologies authorized by the Commission, which are based on the Expected Loss approach, which it is determined by multiplying the Probability of Default (PD) by the product of the Severity of Loss given Default (LGD) and the Exposure at Default (EAD).

In the case of lines of credit, the Bank recognizes the allowance for loan losses corresponding to the undrawn balance in accordance with the Provisions, which is also applicable to the letters of credit that the Bank has issued.

The Probability of Default is the probability expressed as a percentage that either or both of the following circumstances will occur in relation to a specific debtor:

a) The debtor is delinquent for 90 schedule days or more with respect to any credit obligation whit the Bank, or such credit obligation meets the assumptions to be classified as stage 3 credit risk, described above (see note 3j).

b) It is considered probable that the debtor will not pay all of the credit obligations owed the Bank.

The Severity of the Loss in the event of Default corresponds to the intensity of the loss in the event of default expressed as a percentage of the Exposure at Default, after taking into account the value of the guarantees and the costs associated with the realization processes (judicial, administrative collection and notarization, and others).

The Exposure at Default is the expected position, gross of reserves, of the credit operation if the debtor defaults. The Exposure at Default cannot be less than the operation amount withdrawn at the time of calculating the principal requirement.

The Bank recognizes additional allowances ordered by the Commission, which are created to cover risks that are not provided for in the different loan portfolio rating methodologies, and about which, prior to constitution, the Bank has to inform the Commission on the following:

a) origin of allowances;
b) methodology for determination;
c) amount of allowances to be constituted
d) estimated time allowances will be necessary.

Regarding stage 3 credit risk loans, the restructuring of which agrees on the capitalization of accrued interest not collected previously recorded in memorandum accounts, the Bank recognizes an allowance for 100% of such interest, which is canceled when there is evidence of sustained payment.

(Continued)

Commercial loan portfolio

The allowance for loan losses of the commercial loan portfolio is calculated in accordance with the general methodology established by the Commission, which initially considers the level of credit risk in which the credits are classified, as well as the previous classification in five different groups, according to whom they were awarded:

I. States and municipalities.

II. Projects with own source of payment,

III. Trustees acting under trusts, not included in the previous section, as well as credit structures commonly known as "structured".

IV. Financial entities.

V. Legal entities not included in the previous sections and individuals with business activity divided which, in turn, into the following subgroups:

   a) With annual Net Income or Net Sales less than the equivalent in domestic currency to 14 million UDIs.
   b) With annual Net Income or Net Sales equal to or greater than the equivalent in domestic currency to 14 million UDIs.

PD of commercial credits is calculated in accordance with the Provisions, according to each of the groups described above and consists of evaluating quantitative and qualitative factors of the borrower and assigning them a credit score, which is totalized and used. to calculate the PD.

If the credits lack real, personal or credit derivative guarantees, the LGD is calculated according to the number of months of delinquency, depending on the group to which they belong, and considering whether or not they are subordinated or syndicated credits. in which the Bank is subordinate to other creditors; Furthermore, the determination of the LGD is considered through a differentiated calculation for credits of borrowers that have declared in bankruptcy. In the event that the credits have real guarantees, personal guarantees, credit insurance, and/or credit derivatives, these are considered in the LGD determination in order to adjust the allowance for loan losses. The Bank does not consider real guarantees, personal guarantees, credit insurance, and/or credit derivatives of the commercial loan portfolio to determine the LGD. For the loan portfolio that has the benefit of a step-and-measure coverage structure, the calculation of the LGD considers such coverage.

EAD, in the case of uncommitted lines of credit that are unconditionally cancelable or that allow automatic cancellation at any time and without prior notice from the Bank, corresponds to the unpaid balance of the credit. For lines of credit other than those mentioned above, EAD is determined according to the calculation established in the Provisions, which considers the classification of the credits in the previously mentioned groups.

Mortgage and housing portfolio.

The allowance for loan losses of the housing mortgage loan portfolio is determined in accordance with the general methodology established by the Commission, which initially considers the level of credit risk in which the credits are classified.

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The calculation is made using the figures corresponding to the last day of each month, constituting the reserve qualification in credit by credit. Likewise, factors such as: i) due amount, ii) payment made, iii) value of the home, iv) credit balance, v) arrears, vi) original credit amount, vii) OAR, viii) SAR, and ix) extension. The total amount of the reserve to be established for each loan is the result of multiplying the probability of default by the severity of the loss and the exposure at default.

Degree of risk of the allowance for loan losses

The allowance for loan losses constituted by the Bank is classified according to their degree of risk, in accordance with the following table:

	Ranges of allowances rates			
Risk level	Mortgage and housing		Commercial	
	From	To	From	To
A-1	0%	0.50%	0%	0.9%
A-2	0.50%	0.75%	0.91%	1.51%
B-1	0.75%	1.00%	1.51%	2.01%
B-2	1.00%	1.50%	2.01%	2.51%
B-3	1.50%	2.00%	2.51%	5.01%
C-1	2.00%	5.00%	5.01%	10.01%
C-2	5.00%	10.00%	10.01%	15.51%
D	10.00%	40.00%	15.51%	45.01%
E	40.00%	100%	45.01%	100%

Write-offs, eliminations and recoveries of loan portfolio

The Bank periodically assesses whether a loan with stage 3 credit risk should remain in the statement of financial position or be written off. The write-off is recognized by canceling the credit balance determined by Management, to the allowance for loan losses. When the credit to be written off exceeds the amount of the allowance, before making the write-off, the Bank recognizes an allowance up to the amount of the difference.

In any case, the Bank has evidence of the formal collection procedures that have been carried out with respect to these credits, as well as the elements that prove the practical impossibility of recovering the credit in accordance with the internal policies established in the credit manual.

Additionally, the Bank writes off stage 3 risk credits with an allowance for loan losses of 100%, even when they do not meet the conditions described above. The elimination is recognized by canceling the unpaid balance of the credit against the allowance for loan losses.

Any recovery derived from credits is previously recognized in the results of the year under "Allowance for loan losses", unless the recoveries come from payments in kind, whose treatment is carried out in accordance with the policies established for Foreclosed Assets in the note 3p.

The costs and expenses incurred for the recovery of the loan portfolio must be recognized as an expense within of other operating expenses.

(Continued)

Reductions, remissions, rebates and discounts on the portfolio

The reductions on the partially or totally condoned amount of the payment of the credit the Bank gives to the borrowers will be carried out by canceling the unpaid balance of the credit to the allowance for loan losses associated with the credit and, if this is less than the amount condoned, the Bank previously creates an allowance up to the amount of the difference.

The cancellation of the allowance for loan losses on the reductions, remissions, rebates and discounts on the portfolio, is applicable to the condoned amounts derived from increases in credit risk, otherwise they must be deducted from the income that gave rise there to.

Cancellation of surpluses in the allowance for loan losses:

The surplus of the allowance for loan losses must be canceled from the statement of financial position to profit or loss of the year, affecting the "Allowance for loan losses".

(m) Other accounts receivable, net

It comprises settlement accounts receivable for foreign currency sales operations, investments in securities, repurchase agreements, securities loans, derivatives and issue of securities, as well as margin account debtors, debtors for collaterals granted in cash for operations with securities, credit and derivatives conducted in Over-the-Counter markets (OTC). Likewise, it includes sundry debtors for awards, commissions and rights receivable on current non-credit operations, items associated with credit operations, recoverable tax balances, loans and other debts from personnel, amortizations of unpaid operating leases and other debtors.

Allowance for irrecoverability or doubtful receivables-

The Bank establishes an estimate for irrecoverability or doubtful accounts receivable as described as show bellow:

Origin of the account receivable	Criteria for recognition of the allowance for irrecoverability or doubtful receivables
Settlement accounts with 90 or more days of recognition	They are classified as overdue debts, and an allowance is simultaneously created for the total amount.
Other accounts receivable directly related to the loan portfolio, such as trial expenses.	The same risk percentage assigned to the associated credit is applied for the allowance constitution.
Immediate payment documents not paid after 15 or more schedule days being recorded as "other accounts receivable".	They are classified as overdue debts, and an allowance is simultaneously created for the total amount.
Overdrafts from checking accounts of customers who do not have overdraft lines of credit.	They are classified, at the time of recognition, as overdue debts and allowance is simultaneously created for the total amount.

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Origin of the account receivable	Criteria for recognition of the allowance for irrecoverability or doubtful receivables
Collection rights and other miscellaneous accounts receivable agreed from their origin to 90 schedule days.	Determine when and how IFC's expected impairment losses should be recognized, which should be recognized when the credit risk has increased and it is concluded that a portion of IFC's future cash flows will not be recovered and proposes that the expected loss be recognized based on the historical experience of credit losses, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows to be recovered from the IFCs, for which the estimates that must be periodically adjusted based on experience gained.
Amortizations of operating leases not settled within 30 schedule days of expiration.	An allowance is created for the total amount.
Other accounts receivable other than the previous ones from unidentified debtors with 60 days or more of having been recorded.	An allowance is created for the total amount.
Other accounts receivable other than the previous ones from unidentified debtors within 60 days or more of having been recorded.	An allowance is created for the total amount.

No estimate allowance for irrecoverability or doubtful receivables is recognized on tax balances in favor or for creditable Value Added Tax (VAT).

(n) Collection rights

It consists of credits acquired by the entities for which it is determined that, based on current information and facts, as well as on the credit review process, there is a considerable probability that the amounts due cannot be fully recovered. contractually (principal and interest), in accordance with the terms and conditions originally agreed, and that at the time of acquisition and during the lifetime thereof, they are considered a stage 3 credit risk portfolio, the price paid for each credit cannot be identified, or the elements and information that allow the purchaser to apply the regulation issued by the Commission regarding credit are not available.

It is considered credit-impaired from initial recognition, since the credit risk is high or because it was acquired at a very high discount. In this case, for initial recognition, the Bank will comply with FRS C-16 "Impairment of financial instruments receivable", as established for financial instruments at stage 3 of credit risk.

For purposes of recognition of effective interest, the effective interest rate of the collection rights may be adjusted periodically in order to recognize variations in the estimated cash flows to be received.

In calculating the effective interest rate, the entity must estimate the expected cash flows considering all the contractual terms of the financial instrument (such as prepayment, extension, early repayment and other similar options), but must not consider the expected credit losses when estimating the cash flows. In those cases, in which it is not possible to reliably estimate the cash flows or the estimated life of the financial instruments, the entity must use the contractual cash flows.

(Continued)

(o) Leases

Acting as lessee

At the beginning of a contract, the Bank evaluates whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease from FRS D-5.

At the beginning or in the modification of a contract that contains a lease component, the Bank assigns the consideration in the contract to each lease or service component based on the related independent prices. However, for property leases, the Bank has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

The Bank recognizes a right-of-use asset and a lease liability on the start date of the lease. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability adjusted for any lease payments made on or before the inception date, plus initial direct costs incurred and an estimate of the costs to dismantle or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank at the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain revaluations of the lease liability such as changes in the amount of rent for inflation adjustment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental financing rate. of the Bank or the risk-free rate determined with reference to the lease term., the Bank generally uses the risk-free rate.

The lease payments included in the valuation of the lease liability comprise the following:

- fixed payments, including fixed in-substance payments;
- Variable lease payments that depend on an index or rate, initially valued using the index or rate at the commencement date;
- amounts expected to be paid under a residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, the lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain that it will not terminate prematurely.

The lease liability is valued at amortized cost using the effective interest method. It is revalued when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be paid under a residual value guarantee, if the Bank changes the assessment of whether it will exercise a purchase, extension, or termination option or if there is a fixed modified lease payment-in-substance of. When the lease liability is revalued in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

The Bank presents right-of-use assets that do not meet the definition of investment property under "Assets for the right to use furniture and equipment", and lease liabilities under "Lease liabilities", both in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has decided not to recognize right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Bank recognizes the lease payments associated with these leases as a straight-line expense over the lease term.

(p) Foreclosed assets

Foreclosed assets or received by dation in payment that are not intended to be used by the Bank, are recognized on the date that the order of approval of the auction by which the award is decreed is enforceable, or in the case of assets received by dation in payment, on the date the dation in payment deed is signed, or the transfer of ownership of the property has been formalized.

Foreclosed assets are recognized as follows as follows:

a) at the lower of the gross carrying amount of the asset that gave rise to the foreclosure, that is, without deducting the allowance for loan losses that has been recognized up to that date, and the net realizable value of the assets received, when the intention of the entity is to sell such assets to recover the amount receivable; or

b) at the lower of the gross carrying amount of the asset that gave rise to the foreclosure and the fair value of the asset received, when the entity's intention is to use the foreclosed asset for its activities.

On the date the foreclosed asset or received through dation in payment is recorded, the value of the asset that gave rise to the foreclosure, as well as the respective allowance for loan losses that has been created, are derecognized from the statement of financial position for the total of the net asset of the allowance, deducted from partial payments in kind in the case of loan portfolios, or collections or recoveries in the case of collection rights.

The difference between the value of the asset that gave rise to the foreclosure, net of allowances, and the value of the foreclosed asset determined as described in the second paragraph of this note, is recognized in the profit or loss of the year under "Other operating expense, net”.

Valuation of foreclosed assets

Foreclosed assets are valued according to the type of asset in question, recording their valuation profit or loss results of the year as “Other operating expense, net”.

The Bank recognizes an impairment allowance due to the decline in value due to the passage of time in accordance with the provisions and is recorded in profit or loss as "Other operating expense, net".

Allowances for possession of property or real estate foreclosed or received in dation in payment over time, are determined, according to what is shown in the next page.

(Millions of Mexican pesos)

Months after foreclosure or received in lieu of payment	Allowance rate	
	Real estate	**Personal property, collection rights and investment in securities**
More than to 6 months	0%	0%
More than 6 and up to 12	0%	10%
More than 12 and up to 18	10%	20%
More than 18 and up to 24	10%	45%
More than 24 and up to 30	15%	60%
More than 30 and up to 36	25%	100%
More than 36 and up to 42	30%	100%
More than 42 and up to 48	35%	100%
More than 48 and up to 54	40%	100%
More than 54 and up to 60	50%	100%
Over 60	100%	100%

At the time of the sale of the foreclosed assets, the difference between the sales price and the carrying amount of the foreclosed asset, net of allowances, is recognized directly in profit or loss of the year under "Other operating expense, net".

Transfer of foreclosed assets for the Bank's own use

When the Bank chooses to transfer the foreclosed assets for its own use, the asset is transferred to the item of the statement of financial position that corresponds to it according to the asset in question, complying with the fact that the assets are used for the fulfillment of the purpose and is carried out in accordance with the investment strategies and purposes that are previously established in the manuals, and there is no possibility that such assets will be considered as foreclosed again.

(q) Furniture and equipment net-

Net furniture and equipment and leases are recorded at acquisition cost and present value of payments to be made, respectively, and through December 31, 2007, they were restated using UDI factorsusing the inflation indices of the country of origin and changes in exchange rates in relation to the peso. As of January 1, 2007, the acquisition of assets in construction or installation period includes the corresponding comprehensive financing result as part of the value of the assets (see notes 14 and 15).

The depreciation of furniture and equipment is calculated by the straight-line method, based on the useful lives, estimated by the Management of the Bank. The total useful lives and annual depreciation rates of the main groups of assets are mentioned below:

	Years	**Depreciation rate**
Transportation equipment	4	25%
Furniture and office equipment	10	10%
Leasehold improvements	10	10%
Computer equipment	3	30%
Others (Telecommunications)	10	10%

(Continued)

Leasehold improvements are amortized over the lower of the useful period of the improvement and the term of the contract.

Maintenance expenses and minor repairs are recorded in profit or loss when incurred.

(r) Income taxes (IT) and Employees Profit Sharing Plan (EPSP)

Current IT and EPSP are calculated according to legal and tax regulations in force.

Deferred IT and EPSP, recognized until December 31, 2022, are recognized according to the asset and liability method, which compares their accounting and tax values. Deferred tax assets and liabilities (assets and liabilities) are recognized for the future tax consequences attributable to temporary differences between the values reflected in the financial statements of existing assets and liabilities and their related tax bases, and in the case of income taxes, due to tax losses carryforward and other tax credits to be recovered. Deferred income tax and EPSP assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on income taxes and deferred EPSP is recognized in the results of the period in which such changes are approved.

Current and deferred income taxes are presented and classified in profit or loss of the period, except those that originate from a transaction that is recognized in "Other Comprehensive Income" or directly in an item of stockholders' equity. Current and deferred EPSP will be included under "Administrative and promotional expenses" in the statement of comprehensive income.

(s) Prepayments and other assets

This includes expenses for issuing securities, the spread charged for loan portfolio acquisitions and insurance to be amortized, and other deferred charges. Likewise, it includes advance payments for interest, commissions, rents and others, as well as estimated tax payments and the net assets from the defined benefit plan of the Bank.

(t) Intangible assets

Intangible assets with finite useful lives include mainly software, prepayments, operating deposits and intangible assets.

The amortization of software and defined-life assets is calculated in a straight line by applying the corresponding rates to the updated expense, based on the expected useful life in which economic benefits will be obtained.

(u) Deposit funding

This caption comprises demand and time deposit from the general public and those raised through operations in the money market, issued credit instruments and the global deposit account without movements in domestic or foreign currency or UDIS, which include the following:

a) Demand deposits. They include checking accounts, savings accounts, checking account deposits, and others.

(Continued)

Overdrafts in the checking accounts of Bank customers who do not have a line of credit for such purposes are classified as overdue debts under "Accounts receivable, net" and the Bank simultaneously creates an irrecoverability allowance for such classifications for the full amount of such overdraft, at the time such event occurs.

b) Term deposits. They include, among others, certificates of deposit that can be withdrawn on pre-established days, bank acceptances and promissory notes with yield payable at maturity obtained from the general public and through operations in the money market, the latter referring to term deposits made with other financial intermediaries, as well as with treasuries of companies and government entities.

c) Credit titles. They include bank bonds and stock certificates, among others.

d) Global account of deposit without movements. It includes the principal and interest of the deposit instruments with no expiration date, or if they do, they renew automatically, as well as transfers or investments expired and not claimed.

If, in the course of three years from the time the resources are deposited in the global deposit account without movements, the amount of which does not exceed per account, the equivalent of three hundred measurement and update units (Unidades de Medida y Actualización, UMAS, for its acronym in Spanish), they will prescribe in favor of the assets of public welfare, and, the Bank will be compelled to pay the resources corresponding to public welfare no later than fifteen days from December 31 of the year in which the previously described event occurs.

Securities placed at a discount that do not accrue interest (zero coupon) are recorded when issued based on the amount of cash received.

In case of having assets given as guarantee or collateral, indicate the amount, terms and conditions thereof.

The Bank must determine the effective interest rate based on the provisions of FRS C-19 "Financial Instruments Payable" (FIP) and evaluate whether the determined rate is within the market, by comparing it to an interest rate that considers the time value of money and the inherent payment risk for similar financing, to which it has access. Only if the market interest rate is substantially different from the effective rate, should the market rate be used as the effective interest rate in the valuation of the instrument, recognizing the effects that occur in the value of the FIP due to the change in interest rate in net profit or loss.

Deposit funding interest is recognized in profit or loss as accrued under “Interest expense”.

The issue expenses, as well as the discount or premium in the placement, are recognized as a deferred charge or credit, as appropriate, which is amortized in profit or loss as accrued as interest expenses or income, as appropriate, considering the term of the title that gave rise thereto in proportion to the maturity of the securities.

(v) Bank and other borrowings.

This item records direct loans from domestic and foreign banks, loans obtained through credit auctions with the Central Bank and financing from development funds. Likewise, it includes loans for discounted portfolio that come from the resources provided by banks specialized in financing economic, productive or development activities. Interest is recognized in profit or loss as accrued under “Interest expense”.

Borrowings must be initially recognized at the transaction price transaction costs must be added or subtracted, as well as other items paid in advance, such as commissions and interest, and the Bank must determine the future value of the estimated cash flows that are paid for contractual principal and interest, during the remaining term of the loan or in a shorter term, if there is a probability of prepayment or another circumstance that requires using a shorter term.

The Bank must determine the effective interest rate, and for the calculation the Bank must estimate the expected cash flows considering all the contractual terms of the FIP (such as prepayment, extension, early repayment and other similar options). Additionally, it must evaluate whether the effective interest rate determined is within the market, by comparing it with an interest rate that considers the time value of money and the inherent risks of payment for similar financing, to which the entity has access.

If the Bank receives a loan with a contractual interest rate that is substantially out of market, but a commission is paid in advance at the beginning of the credit when determining the effective interest rate based on the previous paragraphs, such commission must be considered.

(w) Sundry creditors and other accounts payable

Sundry creditors and other accounts payable include the liability for short- and long-term employee benefits, provisions and other accounts payable for the provision of banking services, commissions payable, capital lease liabilities, asset acquisition creditors, dividends payable, VAT transferred and other taxes and duties payable.

The liabilities of the Bank are valued and recognized in the statement of financial position, and for this purpose they must comply with the characteristic of being a current obligation, where the transfer of assets or provision of services is virtually unavoidable, arises as a consequence of a past event and the amount and maturity are clearly established.

The Bank recognizes a provision when the amount or maturities are uncertain and the following conditions are met: a) there is a current obligation resulting from a past event payable by the entity, b) it is probable that the outflow of economic resources will occur as a means to settle such obligation and c) the obligation can be reasonably estimated.

No provision is recognized if the mentioned before conditions are not met.

(x) Employee Benefits

Short-term direct benefits

Short-term direct employee benefits are recognized in profit or loss of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Bank has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

Long-term direct benefits

The net obligation of the Bank in relation to long-term direct benefits (except for deferred EPSP - see subparagraph (r) of that note and which the Bank is expected to pay after twelve months from the date of the statement of most recent financial position presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous years. This benefit is discounted to determine the present value. Remeasurements are recognized in profit or loss in the period in which they are accrued.

(Continued)

Termination benefits

A liability and a cost or expense for termination benefits are recognized when the Bank has no realistic alternative other than to make the payments cannot withdraw the offer of those benefits, or when the conditions to recognize the costs of a restructuring are met. The thing that happens first. If they are not expected to be settled within 12 months after the end of the fiscal year, then they are discounted.

Post-Employment Benefits

Defined benefit plans

The net obligation of the Bank corresponding to the defined benefit plans for pension plans and seniority premium is calculated separately for each plan, estimating the future benefits amount employees have earned in the current and years above, discounting such amount and deducting, the fair value of the plan assets from it.

The obligations for the defined benefit plans are calculated annually by actuaries, using the projected unit credit method. When the calculation results in a possible asset for the Bank, the recognized asset is limited to the present value of the economic benefits available in the form of future reimbursements from the plan or reductions in future contributions to the plan. To calculate the present value of the economic benefits, any minimum financing requirements must be considered.

Current service labor cost, which represents the employee benefit cost of the period after having completed one more year of labor life based on the benefit plans, is recognized in operating expenses.

The Bank determines the net interest expense (income) over the net liability (asset) for defined benefits for the period, multiplying the discount rate used to measure the defined benefit obligation by the net liability (asset) defined at the beginning of the period. reported, considering changes in the net defined benefit liability (asset) during the period as a result of estimates of contributions and benefit payments.

Modifications to the plans that affect the cost of past services are immediately recognized in profit or loss in the year in which the modification occurs, with no possibility of deferral in subsequent years. Likewise, the effects of liquidation events or reduction of obligations in the period, which significantly reduce the cost of future services and/or significantly reduce the population subject to benefits, respectively, are recognized in profit or loss of the period.

Remeasurements (before actuarial gains and losses), resulting from differences between the projected and actual actuarial hypotheses at the end of the period, are recognized in the period in which they are incurred as part of comprehensive income within stockholders' equity.

(y) Revenue recognition

The interest earned by the loans granted, including interbank loans agreed upon for a term no greater than three business days, is recognized in profit or loss as accrued.

The effective interest determined by applying the effective interest rate is recognized as it accrues.

Interest accrued on overdue portfolio is recognized in profit or loss until it is collected.

(Continued)

Interest and collected commissions in advance are recorded under "Deferred credits and payments received in advance" and are applied to profit or loss as accrued.

The origination fees for a loan are recorded as a deferred loan, which is amortized to profit or loss of the year as interest income during the life of the loan. The commissions for annuity and renewal of commercial, consumer and housing portfolio products are deferred in a period of 12 to 360 months, as appropriate. Likewise, the costs or expenses related to the processing of credits are recognized as a deferred charge and are deferred during the same period in which the income from the commissions charged for the initial processing of the credit is recognized financed insurance is part of the loan portfolio.

The commissions charged for processing credit are presented net of the associated costs and expenses, appearing in other assets, or deferred credits and payments received in advance, depending on the debit or credit nature.

The commissions charged for restructuring or renewing loans are added to the origination fees for the loan and are recorded as a deferred loan, which is amortized as interest income under the straight-line method during the new term of the loan. Other commissions are recognized at the time they are generated under commissions and fees income.

Interest from investments in fixed-income securities is recognized in profit or loss as accrued using the effective interest method. The interest earned from repurchase agreements is recognized in profit or loss according to the effective interest method, throughout the term of the operation.

Earned commissions from fiduciary operations are recognized in results as they are earned.

The commissions from asset custody or management services are recognized in profit or loss as accrued.

(z) Business and credit concentration

Interest income from the markets area represents 65% in 2023 and 73% in 2022 of the total interest income of the Bank. The products of the Bank are marketed to a large number of customers, with no significant concentration on any specific customer.

Funding available to the Bank is through a funding line with Nacional Financiera (NAFIN) for $2,000 in 2023 and 2022, respectively. Likewise, FIRA (Fideicomiso Instituido en Relación a la Agricultura) has a line of $1,700 in 2023 and 2022, respectively, used for guarantees. With these funders is contracted approximately 6% and 5% in 2023 and 2022 of the funding, respectively.

The main Bank´s suppliers were by $148 and $121, from whom approximately 90% and 89% of the total purchases were made during 2023 and 2022, respectively.

(aa) Contributions to the Institute for the Protection of Bank Savings (IPAB, per Spanish acronym)-

The Law for the Protection of Bank Savings, among other precepts, establishes the creation of the IPAB, which seeks a system of protection for bank savings of individuals who make any of the guaranteed deposits, and regulates the financial support granted to multiple banking institutions to fulfill this objective. In accordance with such Law, the IPAB guarantees bank deposits of savers up to 400,000 UDIS per individual or legal entity. The Bank recognizes the mandatory contributions to the IPAB in the profit or loss of the year.

Mandatory contributions to the IPAB must be paid monthly and will be for an amount equivalent to one twelfth of four per thousand, over the monthly average of the daily balances of liability operations for the month in question.

(bb) Memorandum accounts

Assets or commitments that are not part of the Bank's statement of financial position of the Bank are recorded in memorandum accounts, since the rights of these or such commitments are not acquired, or said commitments are not recognized as liabilities of the entities until such contingencies materialize.

– *Contingent assets and liabilities:*

Formal claims received by the Bank that may entail a liability are recorded.

– *Credit commitments:*

The balance represents the amount in letters of credit granted by the Bank that are considered irrevocable commercial credits not drawn down by the borrowers and authorized credit lines not exercised.

Items recorded in this account are subject to scoring.

– *Assets in trust or mandate:*

The Bank registers the operations of Assets or Trusts in memorandum accounts according to the following:

- Those that are limited to the recognition of the trust assets (contract assets), that is, the value of the goods received in trust net of the liabilities, keeping in separate records the data related to the administration of each trust.

- Those that result from operations due to their assets and liabilities and that are recognized and valued in accordance with the provisions of the specific accounting criteria applicable to the Bank.

The losses incurred by the Bank due to the responsibilities incurred as trustee are recognized in profit or loss in the period in which they are known, regardless of the moment at which any legal promotion is carried out for that purpose.

The fiduciary unit maintains special accounts for each contract in the fiduciary system, and records the money and other goods, values or rights that are entrusted to them therein and in their own books, as well as the increases or decreases, for the respective products or expenses Invariably, the balances of the special accounts of each trust agreement match the balances of the memorandum accounts in which the Bank recognizes the trust assets.

In no instance will these assets be affected by other responsibilities other than those from the trust itself, or obligations to third parties against the assets in accordance with the Law.

When, due to the nature of the trusts established in the Bank, there are assets or liabilities for or against it, they are recognized in the statement of financial position, as appropriate.

The mandate records the declared value of the assets that are the object of the mandate contracts entered into by the Bank.

The recognition of income from trust management is recognized on an accrued basis. Accrual of such income is suspended, when the debt for them presents 90 or more schedule days. Accrual will resume when the outstanding debt is paid in full.

(Continued)

As long as the income accrued from trust management is suspended from accrual and not received, the control of these items is kept in memorandum accounts. In the event that such accrued income is received, it is recognized directly in profit or loss of the year.

– *Assets in custody or under management:*

Cash and securities owned by clients that are held in custody, guarantee and administration are reflected in the respective memorandum accounts and are valued based on the price provided by the price provider. With the exception of cash or virtual assets received for the payment of services on behalf of third parties, it must be presented in the cash and cash equivalents item or in the virtual assets item, as appropriate, and the liability generated, in the item of other accounts payable.

Securities in custody and administration are deposited at S.D. Indeval, Institution para el Depósito de Valores, S. A. de C. V.

Revenues from custody or management services recognized in profit or loss of the year will be presented under commissions and fees income.

– *Collaterals received by the entity:*

This balance represents the total collateral amounts received in repurchase agreements and securities loans, with the Bank acting as buyer or borrower.

– *Collaterals received and sold or given as guarantee by the entity:*

This balance represents the total collateral received and sold or given as a guarantee when the Bank acts as a buyer or borrower.

– *Accrued interest not received from a stage 3 credit risk loan portfolio:*

Unpaid accrued interest from a stage 3 credit risk loan portfolio is recorded, the amount of unpaid accrued interest from credits that remain in the stage 3 credit risk portfolio.

– *Other memorandum accounts:*

As of December 31, 2023, and 2022, the other memorandum accounts show a balance of $973,981 and $542,040, respectively, which is mainly made up of the notional amounts of financial instruments carried out by the Bank.

(cc) Contingencies

Obligations or significant losses related to contingencies are recognized when it is probable that the effects thereof will materialize and there are reasonable elements for quantification. If there are no reasonable elements, their qualitative disclosure is included in the notes to the financial statements. Contingent revenues, earnings, or assets are not recognized until realization is assured.

(Continued)

(4) Accounting changes-

Accounting criteria issued by the Commission.

Recognition if income, costs and expenses

The effective interest determined by applying the effective interest rate is recognized as it accrues. Effective interest includes the accrual of portfolio interest and the amortization of commissions for granting credit, both of which are presented in "Interest income", as well as the amortization of transaction costs for granting credit presented in "Interest expense".

To determine the effective interest rate, the Bank will have to consider the following:

1. Determine the amount of estimated future cash flows to be received. This consists of adding the principal and the interest that will be received according to the credit payment plan, during the contractual term, or in a shorter period if there is a probability of payment before the maturity date or other circumstance that justifies the use of a shorter term, for which the Bank documents the corresponding evidence.

2. Determine the effective interest. It is the result of subtracting from the estimated future cash flows to be received, the net financed amount determined as described in numeral 1 of the second paragraph of this note.

3. Determine the effective interest rate. This represents the relationship between the effective interest and the net amount financed.

The changes derived from its adoption did not generate any significant accounting effect on the financial statements as of December 31, 2023, and 2022.

(5) Foreign currency position-

The regulations of the Central Bank establish rules and limits for banks to maintain positions in foreign currencies on a level basis. The position (short or long) allowed by the Central Bank is equivalent to no more than 15% of the basic value of the Bank capital as a whole and in each currency. As of December 31, 2023, and 2022, the Bank maintained an exchange risk position within the mentioned above limit.

The foreign currency as of December 31, 2023, and 2022, expressed in millions of dollars and the valuation in pesos, is analyzed below:

Dollar position 2023	**Long**	**Short**	**Net**
USD	1,815	1,819	(4)
CAD	7	7	-
EUR	59	59	-
JPY	-	-	-
CBP	1	1	-
GHF	1	1	-
Others	-	-	-
	1,883	**1,887**	**(4)**

(Continued)

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Position valued in pesos 2023		**Long**	**Short**	**Net**
USD	$	30,795	30,862	(67)
CAD		126	126	-
EUR		1,001	1,003	2
JPY		2	3	(1)
GBP		17	17	-
CHF		12	13	(1)
Others		2	4	(2)
	$	**31,955**	**32,028**	**(73)**

Dollar position 2022	**Long**	**Short**	**Net**
USD	8,238	8,248	(10)
EUR	586	577	9
JPY	4	4	-
CAD	5	5	-
CHF	3	3	-
GBP	227	227	-
SEK	2	2	-
	9,065	**9,066**	**(1)**

Position valued in pesos 2022		**Long**	**Short**	**Net**
USD	$	160,704	160,902	(198)
EUR		11,438	11,265	173
JPY		77	77	-
CNY		5	1	4
AUD		3	2	1
CAD		96	95	1
CHF		65	62	3
GBP		4,420	4,424	(4)
GTQ		1	-	1
KRW		10	5	5
SEK		38	43	(5)
	$	**176,857**	**176,876**	**(19)**

The exchange rate in relation to the dollar, as of December 31, 2023, and 2022, was $16.9666 and $19.5089 pesos per dollar, respectively. As of March 27, 2024, the date of approval of the financial statements, it was $16.5625 pesos per dollar.

(Continued)

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(6) Cash and cash equivalents-

The balance of cash and cash equivalents as of December 31, 2023, and 2022 is as follows:

		2023	2022
Cash on hand	$	32	35
Deposits in domestic banks		6,535	9,078
Deposits in foreign banks		726	5,937
Deposits in the Central Bank		5,633	5,937
Foreign currency sales		(10,065)	(13,322)
Restricted cash and cash equivalents:			
Foreign currency purchase		43,769	39,754
Monetary regulation deposits in the Central Bank		39	4,257
Cash and cash equivalents by auction		5,106	5,093
Immediate payment documents		9	10
Collateral in USD in Repo Operation		-	29
Call money transactions		100	-
	$	**51,884**	**50,871**

The restriction on the purchase of foreign currency consists of the facts such foreign currency has not yet been received by the Bank and, therefore, it cannot make use of it as of the date of the statement of financial position. The currency restriction will be on the agreed settlement date of such transactions, which, as of December 31, 2023, and 2022, is between 1 and 4 days.

The restriction associated with monetary regulation deposits in the Central Bank consists of the fact that, by provision, the Bank is obliged to maintain a specific level of monetary resources with the Central Bank in order to provide liquidity to the financial system. The resources held in this type of instrument are freely available to the Bank and do not have a defined date for withdrawal, so they are permanently restricted.

Deposits in domestic and foreign banks as of December 31, 2023, and 2022 are as follows:

2023		MXN	Valuated currencies	Total
Central Bank	$	169	596	765
Domestic banks		4,576	1,959	6,535
Foreign banks		-	5,633	5,633
	$	**4,745**	**8,188**	**12,933**
2022				
Central Bank	$	593	5,891	6,484
Domestic banks		5,411	1,440	6,851
Foreign banks		-	5,937	5,937
	$	**6,004**	**13,268**	**19,272**

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Monetary regulation deposits (DRM, per Spanish acronym) with the Central Bank accrue interest at the average rate of bank deposits for an indefinite term. The amount of these deposits is established by the Central Bank based on a pro rata with reference to the share of each one of the banks in the total traditional deposits of the banking system.

Pursuant to the monetary policy established by the Central Bank for the purpose of regulating liquidity in the money market, the Bank is obliged to maintain monetary regulation deposits for indefinite terms, which accrued interest at the average rate of bank deposits funding. As of December 31, 2023, and 2022, such deposits amount to $39 in both years. Interest on its deposits is payable every 28 days applying the rate established in the regulation issued by the Central Bank.

As of December 31, 2023, and 2022, the currencies to be received and given for purchases and sales to be settled, respectively, are below:

Balance in foreign currency

2023	**Currencies to be received**	**Currencies to be given**
USD	2,055	544
EUR	22	28
GBP	-	1
CAD	-	21
CHF	-	1
Other currencies	23	8

2022	**Currencies to be received**	**Currencies to be given**
USD	2011	659
EUR	23	19
GBP	-	-
CAD	2	2
CHF	-	1
Other currencies	316	6

Balance in pesos

2023		**Currencies to be received**	**Currencies to be given**
USD	$	43,350	9,232
EUR		412	516
GBP		3	16
CAD		-	271
CHF		1	22
Other currencies		3	8
	$	**43,769**	**10,065**

(Continued)

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2022		**Currencies to be received**	**Currencies to be given**
USD	$	39,228	12,862
EUR		476	393
GBP		11	10
CAD		29	31
CHF		3	23
Other currencies		7	3
	$	**39,754**	**13,322**

The concentration by counterparty of the cleared balance of foreign currencies is shown below:

2023		**Currencies to be received**	**Currencies to be given**
Monex Casa de Bolsa, S. A. de C. V.	$	22,923	1,026
CLS Bank		18,931	1,256
NAFINSA		696	-
Grupo Financiero Banorte, S.A.B de C.V.		560	-
Proteínas y Oleicos, S.A. de C.V.		-	491
Banco Nacional de Obras y Servicios Públicos, S.N.C.		-	424
Other counterparts		659	6,868
	$	**43,769**	**10,065**

2022		**Currencies to be received**	**Currencies to be given**
Monex Casa de Bolsa, S. A. de C. V.	$	33,165	2,771
CLS Bank		5,245	-
Goldman Sachs International		369	1,951
Citibank NA		254	-
UBS AG		-	975
Deacero, S. A. P. I. de C. V.		-	527
Other counterparts		721	7,098
	$	**39,754**	**13,322**

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(7) Investments in financial instruments

a) Accounting value

In the next page presents the analysis of investments in financial instruments for each category and type of instrument as of December 31, 2023, and 2022; based on the business models determined by the Bank, including their levels in the fair value hierarchy.

2023		**Domestic**	**Foreign**
Trading financial instruments (TFI):			
Debt securities:			
Government Securities-			
Treasury Bills (CETES)	$	1,468	-
Federal Government Development Bonds (BONDS)		20,332	-
Bonds M, M0 and M7		1,741	-
Federal Government Development Bonds in UDIS (UDIBONDS)		304	-
Savings Protection Bonds (BPAT's)		32,390	-
United Mexican States Bonds (UMS) Bonds		3,297	-
Debt bonds		-	85
Private securities -			
Stock Certificates (others)		13,689	-
Private bank securities-			
Bank stock certificates		4,346	-
Certificates of deposit (CEDES)		7,341	-
Promissory note with payable yield at maturity (PRLV)		20	-
Capital market instruments:			
Publicly traded shares		7	-
Investments in investment companies		167	-
Value date operations:			
Government Securities-			
Bonds M, M0 and M7		(1,260)	-
Federal Government Development Bonds in UDIS (UDIBONOS)		(150)	-
Total Trading financial instruments	$	**83,692**	**85**

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2022		**Domestic**	**Foreign**
Trading financial instruments (TFI):			
Debt securities:			
Government Securities-			
Treasury Bills (CETES)	$	23,053	-
Federal Government Development Bonds (BONDS)		17,232	-
Bonds M, M0 and M7		3,632	-
Federal Government Development Bonds in UDIS (UDIBONDS)		350	-
Savings Protection Bonds (BPAT's)		48,429	-
United Mexican States Bonds (UMS) Bonds		-	4,377
Debt bonds		-	774
Private securities -			
Stock Certificates (others)		15,738	490
Private bank securities-			
Bank stock certificates		5,785	90
Certificates of deposit (CEDES)		2,776	-
Capital market instruments:			
Publicly traded shares		90	-
Investments in investment companies		82	-
Value date operations:			
Government Securities-			
Bonds M, M0 and M7		(2,080)	-
Total Trading financial instruments	$	**115,087**	**5,731**

2022		**Domestic**	**Foreign**
Fair value:			
Level 1	$	115,087	5,731
Total	$	**115,087**	5,731

Debt securities classified as TFI have interest rates in 2023 that range between 4.38% and 13.95% (3.83% and 13.10% in 2022) and their maturities are between 1 month and more than 10 years (between 2 months and more than 5 years in 2022).

As of December 31, 2023 and 2022, the TFI includes restricted securities, mainly in repurchase agreements, for $68,557 and $112,398, respectively.

(Continued)

(Millions of Mexican pesos)

2023		**Domestic**
Financial instruments to collect or sell (FICS):		
Debt securities:		
Private securities -		
Stock Certificates (others)	$	468
	$	**468**
Fair value:		
Level 1	$	468
Total	$	**468**

2022		**Domestic**
Financial instruments to collect or sell (FICS):		
Debt securities:		
Private securities -		
Stock Certificates (others)	$	451
	$	**451**
Fair value:		
Level 1	$	451
Total	$	**451**

Debt securities classified as FICS have interest rates that reach up to 12.26% for 2023 (11.73% for 2022) with an issuance term less than 1 year in 2023 (reach up to 24 years in 2022).

As of December 31, 2023, and 2022, the FICS includes restricted securities, mainly in repurchase agreement, for $468, and $23 for 2022.

2023		**Domestic**
Financial instruments to collect or sell (FICPI):		
Debt securities:		
Government Securities-		
Federal Government Development Bonds in UDIS (UDIBONDS)	$	341
United Mexican States Bonds (UMS)		587
Private securities -		
Stock Certificates (others)		1,708
	$	**2,636**

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2022		**Domestic**
Financial instruments to collect or sell (FICPI):		
Debt securities:		
Government Securities-		
Federal Government Development Bonds in UDIS (UDIBONDS)	$	393
United Mexican States Bonds (UMS)		666
Private securities -		
Stock Certificates (others)		2,058
	$	**3,117**

Debt securities classified as FICPI for 2023, have interest rates between 3.72% and 10.06% (between 2.17% and 7.34% in 2022), and maturities average between 1 and 15 years (between 1 and 5 years in 2022).

The FICPI are denominated mainly in Mexican pesos and dollars, they include restricted instruments for $689 and $778 of collateral in repurchase agreement for 2023 and 2022, respectively.

b) Category reclassifications

During 2023 and 2022, the Bank did not carry out any transfers between categories.

c) Effects recognized in profit or loss and OCI

The net gains and losses generated by investments in financial instruments for the years ended December 31, 2023, and 2022 are shown below:

Gain and loss for purchase/sale		**2023**	**2022**
TFI	$	2,248	1,064
Income/loss valuation			
Recognized in results			
TFI	$	362	(249)
Recognized in OCI			
IFCV	$	(14)	26

The interest income and expenses accrued by the investments in financial instruments recognized in profit or loss for the years 2023 and 2022 are presented below:

Interest income		**2023**	**2022**
TFI	$	7,556	5,518
FICPI		64	37
IFCV		61	91
	$	**7,681**	**5,646**

(Millions of Mexican pesos)

d) Impairment

The effects of impairment and impairment reversals recognized by the Bank in 2022 are presented below:

Impairment:		**2023**	**2022**
IFCPI	$	(1)	(2)

*This item is net in the statements of financial position in the caption investments in financial instruments.

(8) Repurchase/resell agreements-

a) Debtors in repurchase/resale agreements

As of December 31, 2023, and 2022, debtors under repurchase agreements include the following:

Securities 2023		**Debtors under repurchase agreements**	**Collateral sold or pledged as guarantee**
Debt securities			
Government debt			
Bonds M, M0 and M7	$	42	-
Savings Protection Bonds		559	555
United Mexican States Bonds (UMS)		161	-
		762	555
Banking debt			
Bank Stock Certificates		72	-
Certificates of Deposit (CEDES)		-	1
		72	1
Other debt securities			
Stock Certificates (Others)		1,665	1
		2,499	**557**

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Securities 2022		Debtors under repurchase agreements	Collateral sold or pledged as guarantee
Debt securities			
Government debt			
Bonds M, M0 and M7	$	137	135
Savings Protection Bonds		2	-
United Mexican States Bonds (UMS)		-	1
		139	136
Banking debt			
Bank Stock Certificates		9	9
	$	**148**	**145**

The average time of repurchase agreements in which the Bank acted as repurchases that are current as of December 31, 2023 are from 4 days to 126 days and for 2022 are from 5 days to 91 days.

Interest and yields in favor of repurchase agreements entered into by the Bank recognized under "Interest income" amounted to $1,745 and $3,047 for the years ended December 31, 2023, and 2022, respectively.

b) Creditors under repurchase/resale agreements.

As of December 31, 2023, and 2022, creditors under resale agreements are shown below:

Securities		2023	2022
Debt securities			
Government debt			
Treasury Bills (CETES)	$	1,437	23,004
Federal Government Development Bonds (BONDS)		20,278	16,528
Bonds M, M0 and M7		1,665	3,591
Federal Government Development Bonds in UDIS (UDIBONDS)		302	349
Savings Protection Bonds (BPAT's)		24,443	47,942
United Mexican States Bonds (UMS)		3,298	3,973
Debt bonds		-	678
		51,423	96,065
Banking debt			
Bank Stock Certificates		3,867	5,372
Development Certificates (CEDES)		6,251	2,709
		10,118	8,081
Other debt securities			
Stock Certificates (others)		7,880	8,382
	$	**69,421**	**112,528**

(Continued)

(Millions of Mexican pesos)

The average time of the repurchase agreements in which the Bank acted as reseller that are current as of December 31, 2023, they are from 4 days to 53 days and 2022 they are from 5 days to 91 days.

The interest and returns payable in repurchase agreements entered into by the Bank recognized under "Interest expense" amounted to $10,575 and $9,049 for the years ended December 31, 2023, and 2022, respectively.

c) Collaterals in creditors under repurchase/resale agreements.

The next table shows collaterals received for repurchase agreements, as well as the collaterals received and sold or given as guarantee as of December 31, 2023, and 2022:

Securities 2023		**Collaterals received**	**Collateral received and sold or pledged as collateral**
Debt securities			
Government debt			
Federal Government Development Bonds (BONDS)	$	3,694	3,694
Bonds M, M0 and M7		580	25
Savings Protection Bonds (BPAT's)		2,613	2,613
Treasury Bills (CETES)		13	13
		6,900	6,345
Banking debt			
Bank Stock Certificates		1,378	1,369
Development Certificates (CEDES)		8	8
		1,378	1,377
Other debt securities			
Stock certificates (other)		1,360	1,359
	$	**9,638**	**9,081**

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2022

Securities		Collaterals received	Collateral received and sold or pledged as collateral
Debt securities			
Government debt			
Treasury Bills (CETES)	$	3	3
Federal Government Development Bonds (BONDS)		47	47
Bonds M, M0 and M7		228	93
Savings Protection Bonds (BPAT's)		979	979
United Mexican States Bonds (UMS)		5	5
		1,262	1,127
Banking debt			
Bank Stock Certificates		1,783	1,773
Development Certificates (CEDES)		2	2
		1,785	1,775
	$	**3,047**	**2,902**

(9) Derivative financial instruments-

a) Derivatives for trading purposes

The breakdown of financial operations derived from FDI for trading purposes in force as of December 31, 2023, and 2022 is presented below in the following table:

			Fair value		Net balance	
Instrument	Transaction		Asset	Liability	Debtor	Creditor
Futures	Purchase	$	7,498	8,141	-	643
Futures	Sale		427	440	-	13
Options	Purchase		1,668	-	1,308	-
Options	Sale		-	999	-	639
Forwards	Purchase		34,136	34,629	270	763
Forwards	Sale		68,860	67,770	1,410	320
SWAP	Purchase		78,544	-	4,333	5,057
SWAP	Sale		-	79,268	-	-
Impairment			-	-	(15)	-
		$	**191,133**	**191,247**	**7,306**	**7,435**

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			Fair value		Net balance	
Instrument	**Transaction**		**Asset**	**Liability**	**Debtor**	**Creditor**
Futures	Purchase	$	4,458	4,571	4	118
Futures	Sale		46	477	-	7
Options	Purchase		1,614	-	1,475	-
Options	Sale		-	741	-	602
Forwards	Purchase		42,129	42,358	225	453
Forwards	Sale		73,333	73,038	638	343
SWAP	Purchase		54,536	-	5,262	5,768
SWAP	Sale		-	55,042	-	-
Impairment			-	-	(15)	-
		$	**176,540**	**176,227**	**7,589**	**7,291**

The DFIs by hierarchy level as of December 31, 2023, and 2022 are shown below:

		2023		2022	
Fair value:		**Asset**	**Liability**	**Asset**	**Liability**
Level 1	$	2,661	3,543	3,197	3,518
Level 2		4,660	3,892	4,407	3,773
Total	$	**7,321**	**7,435**	**7,604**	**7,291**

Measurement of fair values

Notional amounts

Notional amounts represent the number of units specified in the FDI contracts and not the gain or loss associated with the market risk or credit risk of the instruments. Notional amounts represent the amount to which a rate or price is applied to determine the amount of cash flow to be exchanged. The notional amounts of derivative financial instruments by type of instrument and underlying as of December 31, 2023, and 2022 are shown below:

2023						Fair value		Net balance	
Instrument	**Transaction**	**Market**		**Notional amount**		**Asset**	**Liability**	**Debit***	**Credit**
Futures									
Foreign Exchange									
USD	Purchase	Recognized	$	7,589	$	7,451	-	-	-
USD	Sale	Recognized		-		427	-	-	13
EUR	Purchase	Recognized		47		47	-	-	-
MXN	Purchase	Recognized		-		-	8,141	-	643
MXN	Sale	Recognized		450		-	440	-	-
					$	**7,925**	**8,581**	**-**	**656**

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2023				**Fair value**		**Net balance**	
Underlying	**Transaction**	**Market**	**Notional amount**	**Asset**	**Liability**	**Debit***	**Credit**
Forwards							
Foreign exchange							
USD	Purchase	OTC	$ 22,715	$ 22,364	9,660	3	7
USD	Sale	OTC	56,932	9,654	55,845	1,382	271
EUR	Purchase	OTC	8,713	8,571	-	149	-
EUR	Sale	OTC	8,870	-	8,725	20	-
MXN	Purchase	OTC	-	-	17,447	-	700
MXN	Sale	OTC	-	51,685	-	-	47
GBP	Purchase	OTC	3,104	3,012	474	117	1
GBP	Sale	OTC	3,103	474	3,012	6	3
CAD	Purchase	OTC	-	-	7,047	-	54
CAD	Sale	OTC	-	7,047	-	-	-
CNH	Purchase	OTC	189	189	-	1	-
CNH	Sale	OTC	189	-	189	2	-
				$ 102,996	**102,399**	**1,680**	**1,083**
Options							
Foreign exchange							
USD	Purchase	OTC	7,876	$ 5	-	3	-
USD	Sale	OTC	10,764	-	5	-	3
EUR	Purchase	OTC	534	-	-	-	-
EUR	Sale	OTC	534	-	-	-	-
MXN	Purchase	OTC	-	189	-	140	-
MXN	Sale	OTC	-	-	164	-	115
				194	169	143	118
Rates							
TIIE	Purchase	OTC	39,675	$ 635	-	589	-
TIIE	Sale	OTC	46,370	-	353	-	307
LIBOR	Purchase	OTC	66	-	-	-	-
LIBOR	Sale	OTC	118	-	4	-	4
SOFR	Purchase	OTC	94,195	839	-	576	-
SOFR	Sale	OTC	72,119	-	473	-	210
				1,474	830	1,165	521
				$ 1,668	**999**	**1,308**	**639**

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2023					**Fair value**		**Net balance**	
Underlying	**Operation**	**Market**	**Notional amount**		**Asset**	**Liability**	**Debit***	**Credit**
Swaps								
Foreign exchange								
USD	Purchase	OTC	$ 4,676	$	4,597	-	-	-
USD	Sale	OTC	4,638		-	4,435	-	-
EUR	Purchase	OTC	57		56	-	6	-
EUR	Sale	OTC	57		-	56	-	5
MXN	Purchase	OTC	5,371		5,079	-	682	-
MXN	Sale	OTC	5,441		-	5,301	-	757
UDI	Purchase	OTC	-		-	-	-	-
UDI	Sale	OTC	24		-	24	-	10
				$	9,732	9,816	688	772
Rates								
TIIE	Purchase	Recognized	401,099	$	53,450	-	2,265	-
TIIE	Sale	Recognized	-		-	53,500	-	2,314
SOFR	Purchase	Recognized	111,077		9,148	-	396	-
SOFR	Sale	Recognized	-		-	9,324	-	573
TIIE	Purchase	OTC	33,860		3,693	-	342	-
TIIE	Sale	OTC	-		-	4,189	-	837
LIBOR	Purchase	OTC	18,345		1,675	-	584	-
LIBOR	Sale	OTC	-		-	1,589	-	486
SOFR	Purchase	OTC	5,250		846	-	58	-
SOFR	Sale	OTC	-		-	850	-	75
				$	68,812	69,452	3,645	4,285
					78,544	79,268	4,333	5,057
				$	**191,133**	**191,247**	**7,321**	**7,435**

(Continued)

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2022					Fair value		Net balance	
Instrument	**Transaction**	**Market**	**Notional amount**		**Asset**	**Liability**	**Debit***	**Credit**
Futures								
Foreign Exchange								
USD	Purchase	Recognized	3,566	$	3,630	246	-	-
USD	Sale	Recognized	-		457	-	-	7
EUR	Purchase	Recognized	73		74	-	1	-
MXN	Purchase	Recognized	253		249	3,820	3	118
MXN	Sale	Recognized	470		-	464	-	-
					4,410	4,530	4	125
Rates								
TIEF	Purchase	Recognized	504		504	504	-	-
TIEF	Sale	Recognized	13		13	13	-	-
					517	517	-	-
				$	**4,927**	**5,047**	**4**	**125**

					Fair value		Net balance	
Underlying	**Transaction**	**Market**		**Notional amount**	**Asset**	**Liability**	**Debit***	**Credit**
Forwards								
Foreign exchange								
USD	Purchase	OTC	$	36,732	$ 36,301	4,296	49	32
USD	Sale	OTC		67,598	4,290	67,106	593	156
EUR	Purchase	OTC		4,087	3,971	-	117	-
EUR	Sale	OTC		4,191	-	4,075	26	-
MXN	Purchase	OTC		-	-	31,269	-	417
MXN	Sale	OTC		-	62,250	-	-	161
GBP	Purchase	OTC		1,939	1,841	842	59	4
GBP	Sale	OTC		1,938	842	1,840	13	23
CAD	Purchase	OTC		-	-	5,936	-	-
CAD	Sale	OTC		-	5,936	-	-	3
CHF	Purchase	OTC		-	-	8	-	-
CHF	Sale	OTC		-	8	-	-	-
SEK	Purchase	OTC		17	17	-	-	-
SEK	Sale	OTC		17	-	17	6	-
INR	Purchase	OTC		-	-	7	-	-
INR	Sale	OTC		-	7	-	-	-
					$ **115,463**	**115,396**	**863**	**796**

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(Millions of Mexican pesos)

2022					**Fair value**		**Net balance**	
Underlying	**Transaction**	**Market**	**Notional amount**		**Asset**	**Liability**	**Debit***	**Credit**
Options								
Foreign exchange								
USD	Purchase	OTC	10,914	$	167	-	4	-
USD	Sale	OTC	15,807		-	141	-	4
EUR	Purchase	OTC	378		7	-	-	-
EUR	Sale	OTC	378		-	7	-	-
MXN	Purchase	OTC	-		-	-	96	-
MXN	Sale	OTC	-		-	-	-	69
					174	148	100	73
Rates								
TIIE	Purchase	OTC	37,108		987	-	1,073	-
TIIE	Sale	OTC	30,121		-	505	-	478
LIBOR	Purchase	OTC	487		20	-	74	-
LIBOR	Sale	OTC	680		-	42	-	33
SOFR	Purchase	OTC	12,152		433	-	228	-
SOFR	Sale	OTC	820		-	46	-	18
					1,440	593	1,375	529
				$	**1,614**	**741**	**1,475**	**602**
Swaps								
Foreign exchange								
USD	Purchase	OTC	6,990		6,950	-	283	-
USD	Sale	OTC	7,197		-	7,324	-	303
EUR	Purchase	OTC	1,500		1,531	-	7	-
EUR	Sale	OTC	1,499		-	1,527	-	6
MXN	Purchase	OTC	5,820		5,724	-	142	-
MXN	Sale	OTC	5,547		-	5,295	-	149
UDI	Sale	OTC	136		-	139	-	54
					14,205	14,285	432	512

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2022				Fair value		Net balance	
Underlying	**Transaction**	**Market**	**Notional amount**	**Asset**	**Liability**	**Debit***	**Credit**
TIIE	Purchase	Recognized	207,229	31,195	-	3,123	-
TIIE	Sale	Recognized	-	-	31,288	-	3,215
SOFR	Purchase	Recognized	15,219	1,283	-	70	-
SOFR	Sale	Recognized	-	-	1,391	-	178
TIIE	Purchase	OTC	34,419	4,647	-	170	-
TIIE	Sale	OTC	-	-	4,972	-	547
LIBOR	Purchase	OTC	23,640	2,825	-	1,465	-
LIBOR	Sale	OTC	-	-	2,691	-	1,262
SOFR	Purchase	OTC	2,250	381	-	2	-
SOFR	Sale	OTC	-	-	416	-	54
				40,331	40,758	4,830	5,256
				54,536	55,043	5,262	5,768
			$	**176,540**	**176,227**	**7,604**	**7,291**

* The account balance is shown without the impairment effect of $(15) in the years 2023 and 2022, respectively.

Net gains and losses generated by trading derivatives for the year ended December 31, 2023, and 2022 are shown below:

Financial intermediation, net		**2023**	**2022**
Result by valuation	$	(590)	108
Result for sale		1,856	836
	$	**1,266**	**944**

(Millions of Mexican pesos)

b) Derivatives for hedging purposes

The integration of derivative financial operations for hedging purposes in effect as of December 31, 2023, and 2022 is presented below:

			2023				2022			
			Fair value		Net balance		Fair Value		Net balance	
Instrument	Operation		Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Fair value hedge										
SWAP	Purchase	$	99	72	27	-	170	120	50	-

Fair value hedge

The characteristics of the fair value hedge derivative financial instruments and the hedged position are detailed below:

Description	Nature of risks hedged	Instruments designated as hedges	Fair value 2023	Valuation adjustment 2023	Gains and losses of the hedging instrument 2023	Gains and losses on the hedged item 2023	hedged item
Fixed rate hedge of MXN corporate bonds to switch to floating	MXN bond fixed rate risk	IRS	$ 12	-	10	14	Investments in financial instruments 95PEMEX13-2
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS	11	(11)	9	-	Current Loan Portfolio AUDI
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS	4	(4)	3	-	Current Loan Portfolio AUDI
			$ 27	**(15)**	**22**	**14**	

(Continued)

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Description	Nature of risks hedged	Instruments designated as hedges	Fair value 2022	Valuation adjustment 2022	Gains and losses of the hedging instrument 2022	Gains and losses on the hedged item 2022	hedged item
Fixed rate hedge of MXN corporate bonds to switch to floating	MXN bond fixed rate risk	IRS	$ 30	-	30	(17)	Investments in financial instruments 95PEMEX13-2
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS	15	(15)	15	-	Current Loan Portfolio AUDI
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS	5	(4)	5	-	Current Loan Portfolio AUDI
			$ 50	**(19)**	**50**	**(17)**	

(Continued)

(Millions of Mexican pesos)

c) Impairment

The effects of impairment and impairment reversals recognized by the Bank in the years 2023 and 2022 are presented below:

Deterioration:		**2023**	**2022**
Derivatives for trading purposes	$	(15)	(15)

The effects of impairment recognized for the years 2023 and 2022 were originated by CVA. This reflects the following components: a) Expected Exposure (EE), b) Probability of default, c) Loss severity and d) collateral agreement (maximum loss) and guarantees held with clients. All these components are associated with credit risk.

During fiscal years 2023 and 2022, impaired financial assets related to derivatives did not earn interest income.

d) Collaterals in derivative operations

As of December 31, 2023 and 2022, the Bank has granted cash collateral for derivative financial operations carried out in recognized markets, which are presented in the statement of financial position, under "Margin accounts", as well as cash collateral, debt instruments, equity instruments for derivative financial operations carried out in unrecognized markets, which are presented under “Other accounts receivable, net”.

As of December 31, 2023, and 2022, the margin accounts include guarantees given in cash for financial operations carried out in recognized and unrecognized markets for $1,860 and $2,259.

The breakdown of the collaterals given and received by the Bank as of December 31, 2023, and 2022 is presented below:

	2023		**2022**	
Market	**Collaterals given**	**Collaterals received**	**Collaterals given**	**Collaterals received**
Recognized	$ 2,803	-	1,122	-
OTC	1,533	1,880	776	2,259
	$ 4,336	**1,860**	**1,898**	**2,259**

The Bank does not have the right to sell or give as guarantee the collateral received in debt instruments and equity instruments for the derivative financial operations carried out.

(10) Loan portfolio-

Credit Policies and Procedures

The Bank has the following types of loans:

Commercial credits. - The following direct or contingent credits denominated in national or foreign currency, UDIS, UMA or VSM (per initials), as well as the interest they generate are considered commercial loans:

a) those granted to legal entities or individuals with business activity and intended for their commercial or financial line of business.
b) loans granted to financial institutions other than interbank loans with a term of less than 3 business days
c) credits for operations of financial factoring, discount and assignment of credit rights
d) credits for financial leasing operations that are held with legal entities or individuals with business activity
e) loans granted to trustees acting under trusts and credit structures commonly known as "structured" in which there is a patrimonial affectation that allows individual assessment of the risk associated with the structure
f) credits granted to the Federal Government, federal entities, municipalities and their decentralized agencies and credits to state productive companies, and
g) those with an express guarantee from the Federal Government registered with the Ministry of Finance and Public Credit and the Central Bank, as well as those expressly guaranteed by the states, municipalities and their decentralized agencies, settled in the Single Public Registry referred to in the Law on Financial Discipline of the states and municipalities and,

Mortgage loans. - Direct loans denominated in domestic or foreign currency, in UDIS, unit of measurement and updating (UMA) or minimum wage factor (VSM), as well as the interest they generate, granted to individuals and intended for the acquisition or construction of a home without commercial speculation purpose, which have a mortgage guarantee on the borrower's home. Likewise, housing loans are considered those intended for the construction, remodeling or improvement of housing that are backed by savings from the borrower's housing sub-account, or have a guarantee given by a development banking institution or by a public trust constituted by the Federal Government for economic development. Additionally, credits granted for such purposes to former employees of the entities and those liquidity credits guaranteed by the borrower's home are included.

1) Classification of credit risk stages: Commercial and Mortgage.

The Bank classifies the credits into the following stages of credit risk for the commercial portfolio from initial recognition, depending on the significant increase in credit risk shown, according to the following in the next page.

(Continued)

<table>
<tr><td>Stage 1</td><td>For loans no more than 30 days past due.</td></tr>
<tr><td>Stage 2</td><td>For loans more than 30 but less than 90 days past due, or that fail to meet any of the criteria described in stage 1 or 3.</td></tr>
<tr><td>Stage 3</td><td>For loans 90 or more days past due or when the credit is at stage 3 in accordance with the terms established in Accounting Criterion B-6 "Loan Portfolio" and this chapter.</td></tr>
<tr><td></td><td>*To count the number of days past due, the Bank may use monthly periods, regardless of the number of days in each schedule month, in accordance with the following provided that it is so required by the provisions.
<table><tr><td>30 days</td><td>One schedule month</td></tr><tr><td>90 days</td><td>Three schedule months</td></tr></table></td></tr>
</table>

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I. The presumption of stage 2 impairment may be refuted in the following instances:

a. The amount of the past due loan is less than 5 percent of the total amount of all the loans that the borrower has from the Bank at the time of rating.
b. For obligations that are not recognized by the client and for which, on the date of the risk level rating, there is a claim or clarification procedure with the Bank itself.

The Bank carries out a qualitative and quantitative evaluation that allows determining that the delinquency regarding the credit derives from operational issues, and that they do not represent a significant increase in the credit risk of the borrower, for which the credit should not be more than 60 days past due.

c. The Bank will consider at least the following elements in the qualitative and quantitative evaluation:

i. Actual or expected significant changes in the external rating of the borrower or credit, granted by a Rating Institution recognized by the Commission, when such rating exists.
ii. Existing or anticipated adverse changes in the borrower's business, economic or financial conditions that impact the ability to meet debt obligations.
iii. An actual or expected significant change in the borrower's operating profit or loss.
iv. Significant increases in the credit risk of other financial instruments of the same borrower.
v. Significant changes in financial support from a parent entity or other affiliate or an expected or actual significant change in the quality of credit enhancement that is expected to reduce the borrower's economic incentive to make scheduled contractual payments.
vi. Expected or actual significant adverse changes in the borrower's regulatory, economic, or technological environment that result in a significant change in the ability to meet debt obligations.

The Credit Committee is responsible for approving and verifying the results of the qualitative and quantitative evaluation that give rise to the refutation of the presumption of stage 2 impairment of the credit, as well as informing the Commission of the use thereof in the set of credits to which the mentioned above refutation is applicable.

The procedures and policies to refute the presumption of impairment are formalized in the manuals of the Bank, including those for carrying out the qualitative and quantitative evaluation mentioned in subparagraph c) above.

(Continued)

Additionally, the Bank determines if a loan should migrate from stage 1 to stage 2, or from stage 1 to stage 3, or from stage 2 to stage 3, depending on the qualification of each loan.

Furthermore, the Bank classifies the credits in the following stages of credit risk for the housing mortgage portfolio from their initial recognition, depending on the significant increase in credit risk shown, in accordance with the following.

Stage 1	For credits that meet: • Loans with ATRi≤1$ATR_i \leq 1$ • Loans classified as OAR with ATRi≤3 and PRO$ATR_i \leq 3$ • Loans classified as OAR with ATRi>3 and ATRi≤6, provided that each of the payments made during such period represents at least 5% of the amortization paid.
Stage 2	For credits that meet: • Loans with ATRi>1 and ATRi≤3, including those classified as SAR.$ATR_i > 1ATR_i \leq 3$
Stage 3	• Loans with ATRi>3.$ATR_i > 3$. • Loans classified as OAR with ATRi>3 and ATRi≤6, if any of the payments made during such period does not represent at least 5% of the agreed amortization.$ATR_i > 3ATR_i \leq 6,$ • Loans classified as OAR with ATRi>6.$ATR_i > 6$ • When the credit is in stage 3 in accordance with the terms established in Accounting Criterion B-6 "Loan Portfolio" of the accounting criteria.

2) Commercial and Mortgage Portfolio Rating.

On a quarterly basis, the Bank will classify, constitute and record in the books, the allowance for loan losses for each of the credits of the Commercial Loan Portfolio, using for this purpose the balance of the debt corresponding to the last day of the months of March, June, September and December, adjusting to the methodology and information requirements established in this section:

I. For those loans classified in stage 1 and 3 in accordance with Article 110 Bis of these provisions, the percentage used to determine the allowances to be established for each credit, will be the result of multiplying the Probability of Default by the Severity of the Loss and by the Exposure at Default:

Allowance for loan losses Stage 1 o 3i = PIi × SPi × EIi

II. For those loans classified in stage 2 in accordance with Article 110 Bis of these provisions:

a. The allowance for loan losses the entire life of loans with payment of principal and periodic interest and revolving loans according to the following formula:

$$\text{Allowance life time}_i = \frac{PI_i \times SP_i \times EI_i}{(1+r_i)} * \left[\frac{1-(1-PI_i)^n}{PI_i}\right] - \frac{PI_i \times SP_i \times PAGO_i}{r_i(1+r_i)} * \left[\frac{1-(1-PI_i)^n}{PI_i}\right] + \frac{PI_i \times SP_i \times \text{Payment}}{r_i(r_i+PI_i)} * \left[1-\left(\frac{1-PI_i}{1+r_i}\right)^n\right]$$

b. The allowance for loan losses for the entire life of loans with a single amortization at maturity of principal and interest or a single amortization of principal at maturity and periodic payment of interest according to the following formula:

$$\text{Allowance life time}_i = \frac{PI_i \times SP_i \times EI_i}{(r_i + PI_i)} * \left[1 - \left(\frac{1 - PI_i}{1 + r_i}\right)^n\right]$$

The calculations required to obtain the allowance for the entire life of the loans must be carried out considering four decimal places.

The amount of reserves for credits in stage 2 will be the result of applying the following formula:

Allowances Stage 2i = Max Entire Life Allowancesi, $PIi \times SPi \times EIi$

A. Probability of Default

The probability of default of each loan (PD) is calculated using the following formula:

$$PI_i = \frac{1}{1 + e^{-(500 - \text{Total score loan}) \times \frac{\ln(2)}{40}}}$$

For purposes of the above:

The total credit score of each borrower is obtained by applying the following expression:

$$Total\ score\ loan = \alpha \times (\ Quantitative\ Loan\ Score) + (1 - \alpha) \times (\ Qualitative\ Loan\ Score)$$

Where:

Quantitative Credit Scorei = It is the score obtained for the with borrower when evaluating the established risk factors.

$$\alpha = It\ is\ the\ relative\ weight\ of\ the\ Quantitative\ Credit\ Score$$

B. Severity of loss

The Severity of Loss (LGD) of commercial credits that lack coverage of real, personal or credit derivative guarantees will be as shown on the next page.

(Millions of Mexican pesos)

Months after rating stage 3 credit (loans over 90 days past due)	For the loans classified as states and municipalities; trusts; financial entities and legal entities and individuals with business activity with income greater than or equal to 14 million UDIs, the LGDi will be:	For the loans classified with income less than 14 million UDIs, the LGDi will be:	For Subordinated' loans, as well as syndicated loans that for purposes of priority in payment are subordinated. with respect to others creditors, the LGDi will be:
≤0	45%	55%	75%
(0,3)	45%	55%	75%
(3,6)	55%	62%	79%
(6,9)	62%	69%	83%
(9,12)	66%	72%	84%
(12,15)	72%	77%	87%
(15,18)	75%	79%	88%
(18,21)	78%	82%	90%
(21,24)	81%	84%	91%
(24,27)	88%	90%	94%
(27,30)	91%	93%	96%
(30,33)	94%	95%	97%
(33,36)	96%	97%	98%
>36	100%	100%	100%

The Bank may recognize real guarantees, personal guarantees and credit derivative financial instruments in the estimation of the Severity of Credit Loss, in order to reduce the credit allowances created by the portfolio rating. In any case, the guarantees may be chosen not to be recognized if this results in greater credit allowances. The Provisions established by the Commission are used for this purpose.

C. Exposure at default

The Exposure at Default of each credit (ED) will be determined considering the following:

For balances withdrawn from uncommitted lines of credit, that are unconditionally cancelable, or, in practice, that allow automatic cancellation at any time and without prior notice from the Institutions provided that such Institutions demonstrate that they constantly monitor the financial position of the borrower and that their Internal Control Systems allow the cancellation of the line in the event of signs of impairment of the borrower's credit quality.

ED i = Yes

3) Categorization of the loan portfolio by level of credit risk

Stage 1 credit risk loan portfolio with

They are all those loans whose credit risk has not increased significantly from initial recognition as of the date of the financial statements and that do not fall under the assumptions to be considered stage 2 or 3.

Stage 2 credit risk loan portfolio

This includes those credits loans that have shown a significant increase in credit risk from their initial recognition to the date of the financial statements in accordance with the provisions of the calculation models of the allowance for loan losses established or permitted in the Provisions, as well as the provisions of this criterion.

Stage 3 credit risk loan portfolio

They are those loans with credit impairment originated by the occurrence of one or more events that have a negative impact on the future cash flows of such loans in accordance with the provisions of this criterion.

Transfer to stage 3 credit risk loan portfolio

The unpaid balance in accordance with the payment conditions established in the credit agreement must be recognized as a *stage 3 credit risk* loan portfolio when:

1. The borrower is known to have declared bankruptcy, in accordance with the Bankruptcy Law.

   Notwithstanding the provisions of this numeral, the credits that continue to receive payment in terms of the provisions of section VIII of Article 43 of the Commercial Bankruptcy Law, as well as the credits granted under Article 75 in relation to the sections II and III of Article 224 of the mentioned above Law, will be transferred to a stage 3 credit risk loan portfolio when they incur in the cases provided for in numeral 2;

2. Amortizations of non-revolving consumer loans, microcredits and housing loans, referred to in Appendix 16-A contained in the Provisions, were partially paid, provided that the debts correspond to:

Loans	Due date days
One payment interest and capital	30 or more days capital and interest
One maturity payment and periodical payments of interest	90 or more days interest, or 30 or more days in capital
Parcial periodical payment of capital and interest	90 or more days in capital or interest

For purposes of the provisions of this section, the payment made in each billing period will be used to settle first the oldest overdue invoice and then the one after it, if any, and so on until the most recent invoice.

3. The amortizations of credits that are not considered in the previous numeral, whose amortizations have not been paid in full under the originally agreed terms, provided that the debts correspond to:

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Loans	Due date days
One payment interest and capital	30 or more days capital and interest
One maturity payment and periodical payments of interest	90 or more days interest, or 30 or more days in capital
Parcial periodical payment of capital and interest	90 or more days in capital or interest

4. The immediate payment documents referred to in criterion B-1 "Cash and cash equivalents" will be reported as a stage 3 credit risk portfolio no payment is received according to the term established in the mentioned above Criterion B-1.

5. The amortizations of loans that the entity has acquired from INFONAVIT or FOVISSSTE, according to the SAR or OAR payment methods, as well as the payments to loans granted to individuals intended for the remodeling or improving the without home the commercial speculation purpose of that are backed by savings from the borrower's housing sub-account, were not paid in full under the originally agreed terms and are 90 days or more past due.

The transfer to the stage 3 credit risk loan portfolio of loans referred to in the previous paragraph will be subject to the exceptional term of 180 or more days of default from the date on which:

a) the credit resources are disposed of for the purpose for which they were granted.
b) the borrower starts a new employment relationship for which he has a new employer, or
c) the entity has received the partial payment of the corresponding amortization. The exception contained in this subparagraph will be applicable as long as they are credits under the OAR scheme, and each of the payments made during such period represent at least 5% of the agreed amortization.

The exceptions contained in this paragraph shall not be mutually exclusive.

Those credits with respect to which the entities have some element to determine that they must migrate from stage 1 or 2 to stage 3, in accordance with the provisions of the corresponding section, must be recognized as a stage 3 credit risk loan portfolio.

Regarding the terms referred to in numerals 2, 3 and 5 of this section "Transfer to stage 3 credit risk loan portfolio", monthly periods may be used, regardless of the number of days each schedule month has schedule in accordance with the following:

One month	30 days
Three months	90 days

Contractual payments	Equivalence	
	30 days	90 days
Biweekly	2 Biweekly	More than 6 biweekly
Biweekly	2 Biweekly	More than 6 biweekly
Decennial	3 decennial	More than 9 decennials
Weekly	4 weeks	More than 13 weeks

Furthermore, in the event that the established term expires on a non-business day, such term shall be understood to have expired on the immediately following business day.

In the case of loan portfolio acquisitions, to determine the days past due and their corresponding transfer to a stage 3 credit risk loan portfolio as indicated in the paragraphs of the "Transfer to stage 3 credit risk loan portfolio section, the defaults by the borrower from origination must be taken into account.
Stage 3 or stage 2 credit risk loans will be returned to a stage credit risk 1 loan portfolio, in which the outstanding balances (principal and interest, among others) are paid in full or if restructured or renewed, comply with the sustained payment of the loan.

4) Renegotiations

Restructuring. - It is a renegotiation which leads to any modification to the original loan conditions, among which are:

- change in the interest rate established for the remaining term of the loan;
- currency or unit of account exchange (for example, VSM, UMA or UDI);
- granting of a waiting period regarding the fulfillment of the payment obligations according to the original terms of the loan;
- loan term extension;
- modification to the agreed payment method, or
- extension of guarantees that cover the loan in question.

Renewal. - It is a renegotiation in which the balance of a credit is partially or totally liquidated by the debtor, their joint and several obligors or another person who, due to their patrimonial ties, constitutes common risks with the debtor, through the increase in the original amount of the credit, or either with the proceeds from another loan contracted with the same entity or with a third party that, due to its patrimonial ties with the latter, constitute common risks.

Loan Portfolio Renegotiations

If the entity restructures a stage 1 and 2 credit risk loan, or partially liquidates it through a renewal, the profit or loss on the renegotiation must be determined as follows:

a) determine the carrying amount of the loan without considering the allowance for credit risks;
b) determine the new future cash flows on the partially restructured or renewed amount, discounted at the original effective interest rate, and
c) recognize the difference between the carrying amount and the cash flows determined in subparagraph b) above as a deferred charge or loan against the profit or loss from loan portfolio renegotiation in the statement of comprehensive income.

The amount of the partially restructured or renewed loan will be the basis for applying the original effective interest rate, which should only be adjusted, if applicable, to include transaction costs, commissions and other items collected in advance generated in the renegotiation. Deferred items pending amortization, as well as those originating from the renegotiation, will be amortized during the new credit term based on the effective interest rate.

The carrying amount of the credit is considered to be the amount actually granted to the borrower, adjusted for accrued interest, other financed concepts, principal and interest collections, as well as for the reductions, remissions, rebates and discounts that have been granted, and in their transaction costs and items collected in advance.

If the entity renews a credit, it will be considered that there is a new loan, so the previous loan must be canceled in the case of a total renewal.

Renegotiations

Stage 2 or stage 3 credit risk loans that are restructured or renewed may not be classified in a stage with lower credit risk as a result of such restructuring or renewal, as long as there is no evidence of sustained payment.

Loans with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity, that are restructured during their term or renewed at any time, must be transferred to the immediately following category with the highest credit risk, and remain at such stage until there is evidence of sustained payment, in accordance with the provisions of this criterion.

The lines of credit arranged, which are restructured or renewed at any time, must be transferred to the immediately following category with the highest credit risk, except when there are elements that justify the debtor's ability to pay and there is:

a) has paid all the interest due in full, and
b) has made all the payments to which it is obligated in terms of the contract on the date of the restructuring or renewal.

In the case of commercial loans, the elements that justify the ability to pay must be duly documented and integrated into the loan file.

When withdrawals made under a line of credit are restructured or renewed separately from the line of credit that covers them, they must be evaluated in accordance with this section taking into account the characteristics and conditions applicable to the restructured or renewed withdrawals.

If from the evaluation referred to in the previous paragraph, if it is concluded that one or more of the withdrawals made from a line of credit should be transferred to the immediately following category with a greater credit risk, because of the restructure or renewal and such drawdowns, individually or as a whole, represent at least 25% of the total drawn balance of the line of credit on the date of the restructuring or renewal, the total drawn balance, as well as any subsequent withdrawals must be transferred to the next category with the highest credit risk.

The total balance drawn from the line of credit may be transferred to a classification with lower credit risk, when there is evidence of sustained payment of the drawdowns that originated such transfer, and all the obligations of the total line of credit have been met. on the evaluation date.

(Continued)

Stage 1 and 2 credit risk Stage 1 and 2 credit risk loans, with characteristics other than those indicated in the preceding paragraphs that are restructured or renewed, without at least 80% of the original credit term having elapsed, may remain in the same category, only when:

a) the borrower would have covered all the interest accrued on the date of the renewal or restructuring, and

b) the borrower would have covered the principal of the original amount of the loan, which should have been covered on the date of the renewal or restructuring.

Stage 1 and 2 credit risk loans, with characteristics other than those indicated in the preceding paragraphs that are restructured or renewed during the course of the final 20% of the original loan term, they must be transferred to the immediately following category with higher credit risk, unless the borrower has:

a) paid all the interest accrued on the date of the renewal or restructuring;
b) covered the principal of the original amount of the loan, which at the date of the renewal or restructuring should have been covered, and
c) covered 60% of the original amount of the loan.

If the conditions described in paragraphs 2 above are not met, as appropriate, the credit must be transferred to the immediately following category with higher credit risk from the moment it is restructured or renewed and until there is evidence of sustained payment.

The requirement referred to in the 2 preceding paragraphs in their corresponding subparagraphs a) will be considered fulfilled when, having covered the interest accrued as of the last cut-off date, the period elapsed between such date and the restructuring or renewal does not exceed the lesser of half of the current payment period and 90 days.

Stage 1 and 2 credit risk loans, which are restructured or renewed on more than one occasion, must be transferred to a stage 3 credit risk portfolio except when, in addition to the conditions established in the 2 preceding paragraphs, as appropriate, the entity has elements that justify the debtor's ability to pay. In the case of commercial loans, such elements must be duly documented and integrated into the credit file.

When there is a balance pending amortization corresponding to the profit or loss due to the renegotiation effect and the loans must be transferred to a stage 3 credit risk loan portfolio in accordance with the previous paragraph, the entity must recognize such balance in profit or loss of the period.

In the event that various loans granted by the same entity to the same borrower are consolidated through a restructuring or renewal, each of the consolidated loans must be analyzed as if they were being restructured or renewed separately and, if such analysis concludes that one or more of such loans would have been transferred to a stage 2 or stage 3 credit risk portfolio with as a result of such restructuring or renewal, then the total balance of the consolidated loan must be transferred to the category that would correspond to the loan subject to consolidation with the highest risk of credit.

Loans classified in stage 2 credit risk due to a restructuring or renewal must be periodically evaluated in order to determine if there is an increase in their risk that causes them to be transferred to stage 3 credit risk in terms of the "Transfer to stage 3 credit risk loan portfolio ".

(Continued)

Those restructurings that on the date of the operation are payment compliant for the total amount of principal and interest payable and only modify one or more of the following original conditions while not be subject to be transferred to a higher credit risk category:

- Guarantees: only when they imply the extension or replacement of guarantees by others of better quality.
- Interest rate: when the agreed interest rate is improved for the borrower.
- Currency or unit of account: as long as the rate corresponding to the new currency or unit of account is applied.
- Payment date: only in the event that the change does not imply exceeding or modifying the frequency of payments. In no case should the change in the payment date allow the omission of payment in any period.
- Extension of the credit line: only in the case of consumer loans granted through revolving credit lines.

Sustained Payment

Payment compliance of the borrower without delay for the total amount of principal and interest payable, in accordance with the provisions of the sustained payment section of the loan, contained in this criterion.

Sustained loan payment is fulfilled when the borrower covers the total amount of principal and interest payable without delay, with at least three consecutive amortizations of the credit payment structure in the case of amortizations no greater than 60 days, or the payment of two amortizations in the case of loans with periods between 61 and 90 schedule days, and in the case of loans with amortizations that cover periods longer than 90 schedule days, one amortization payment.

When the amortization periods agreed upon in the restructuring or renewal are not equal, the number of periods that represent the longest term must be considered, for purposes of compliance with sustained payment.

For restructurings in which the frequency of payment is modified to shorter periods, the number of amortizations of the original credit structure must be considered.

In the case of credits that the entity has acquired from INFONAVIT or FOVISSSTE, in which it is obliged to observe the terms that the reference organizations contracted with the borrower, it is considered that there is sustained payment of the credit, when the borrower has paid without delay, the total required amount of principal and interest, at least one amortization for loans under the Ordinary Amortization Rule (OAR) structure and three amortizations for loans under the Special Amortization Rule (SAR) structure.

In the case of consolidated loans, if two or more loans had originated the transfer to the stage 2 or stage 3 credit risk portfolio, to determine the required amortizations, the original payment structure of the loan whose amortizations are equivalent to the longer term must be followed.

In any case, to prove that there is sustained payment, the entity must make available to the Commission evidence that justifies that the borrower has the capacity to pay under the new credit conditions at the time the restructuring or renewal is carried out.

The elements that must be taken into account for purposes of the preceding paragraph are at least the following: the probability of default intrinsic to the borrower, the guarantees granted to the restructured or renewed credit, the priority of payment before other creditors and the liquidity of the borrower before the new financial structure of the financing.

(Continued)

A sustained payment of loans with a single payment of principal at maturity, regardless of whether the payment of interest is periodic or at maturity, is considered to exist if:

a) the borrower has paid at least 20% of the original amount of the loan at the time of the restructuring or renewal, or,
b) the amount of interest accrued in accordance with the payment structure for restructuring or renewal corresponding to a period of 90 days has been paid and at least such period has elapsed.

Loans that are restructured or renewed on more than one occasion, which have been agreed with a single payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity, will have a sustained payment of the credit when:

a) the borrower pays at least 20% of the outstanding principal on the date of the new restructuring or renewal
b) the amount of interest accrued under the new payment schedule for restructuring or renewal corresponding to a term of 90 days has been paid and at least such term has elapsed, and
c) the entity has elements that justify the debtor's ability to pay. In the case of commercial credits, such elements must be duly documented and integrated into the credit file.

The early payment of amortizations of restructured or renewed loans, other than those with a single principal payment at maturity, regardless of whether interest is paid periodically or at maturity, is not considered a sustained payment. Such is the case of amortizations of restructured or renewed loans that are paid before the scheduled days equivalent to the required periods have elapsed.

In any case, the credits that, due to restructuring or renewal, are transferred to a category with a greater credit risk, must remain in such stage for at least three months in order to prove sustained payment and consequently be transferred to the immediately preceding stage with less credit risk, except for in the case of restructured or renewed loans that have been granted for a term no greater than 6 months and that are not consecutively restructured or renewed for the same term. The foregoing will not be applicable to credits with payment of principal at maturity, regardless of whether the interest payment is periodic or at maturity.

5) Loan portfolio business model

The business model refers to how the entity manages the loan portfolio to generate cash flows. That means, the entity's business model determines whether the cash flows will come from obtaining contractual cash flows, from the sale of the loan portfolio, or from both.

The Bank's business model is to preserve the loan portfolio to collect the contractual cash flows, and the terms of the contracts provide for cash flows on pre-established dates.

Furthermore, the commissions received and transaction costs originating from the lines of credit will be recognized as a deferred credit or charge, which will be amortized against profit or loss of the year for the period corresponding to the term granted in the lines of credit.

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a) Breakdown and analysis of the loan portfolio

The classification of the loan portfolio in the different stages of risk as of December 31, 2023, and 2022, analyzed by type of credit and monetary unit, is presented below:

2023	**Pesos**	**Valued foreign currency**	**Total**
Commercial loan portfolio			
Stage 1			
Commercial activity	$ 16,525	12,525	29,050
Financial entities	1,919	1,909	3,828
Government entities	3,039	1,855	4,894
	21,483	16,289	37,772
Stage 2			
Commercial activity	201	87	288
Stage 3			
Commercial activity	419	76	495
Financial entities	12	35	47
	431	111	542
Total commercial loan portfolio			
Commercial activity	17,145	12,688	29,833
Financial entities	1,931	1,944	3,875
Government entities	3,039	1,855	4,894
	$ **22,115**	**16,487**	**38,602**
Mortgage loans			
Remodeling or improvement	$ **11**	**-**	**11**

(Continued)

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2022	Pesos	Valued foreign currency	Total
Commercial loan portfolio			
Stage 1			
Commercial activity	$ 13,973	9,428	23,401
Financial entities	1,106	2,113	3,219
Government entities	1,001	1,908	2,909
	16,080	13,449	29,529
Stage 2			
Commercial activity	91	204	295
Stage 3			
Commercial activity	194	180	374
Financial entities	6	40	46
	200	220	420
Total commercial loan portfolio			
Commercial activity	14,258	9,812	24,070
Financial entities	1,112	2,153	3,265
Government entities	1,001	1,908	2,909
	$ **16,371**	**13,873**	**30,244**
Mortgage loans			
Remodeling or improvement	$ **184**	**-**	**184**

Regime 2023	Stage	Total
SAR	Stage 3	1
	Total SAR	1
OAR	Stage 1	5
OAR	Stage 3	5
	Total OAR	10
	Total	**11**

(Continued)

(Millions of Mexican pesos)

Regime 2022	Stage	Total
SAR	Stage 3	3
	Total SAR	3
OAR	Stage 1	147
OAR	Stage 3	34
	Total OAR	181
	Total	**184**

The Bank grants loans guaranteed by the Ex-Im Bank from the USA in accordance with the following:

Definition Ex-Im Bank - Per English acronym "The Export-Import Bank of the United States", is the loan agency for exports from the United States. The mission is to support exports of US products and services to international markets with financing.

For long-term loans, it receives a 100% guarantee from Ex-Im Bank, which is documented by a framework contract.

For short-term loans, with revolving lines of credit which are guaranteed with credit insurance policies issued by Ex-Im Bank in favor of the Bank, the coverage of the policies is between 90% and 98% of the loan amount.

In the event of default for a loan guaranteed or insured by Ex-Im Bank, the Bank will claim compensation and will subrogate the corresponding rights to such bank so that it continues with collection efforts.

In order to mitigate the risk of the loan portfolio, the corresponding credit committee may choose to request the borrower to grant guarantees in accordance with the provisions of the procedures policy manuals.

Among the guarantees admissible by the Bank are those granted by government entities and that correspond to incentives or programs to promote different sectors or economic factors.

The balance associated with the FIRA Program in 2023 and 2022 amounts to $1,813 and $2,099, respectively, and for the EX-Im Bank Program in 2023 and 2022 it amounts to $9 and $10, respectively.

As of December 31, 2023 and 2022, the amount of loans to related parties amounted to $461 and $1,259 respectively. The details of such amounts are disclosed in the related parties note.

<u>Undrawn lines of credit</u>

Undrawn revocable lines of credit as of December 31, 2023, and 2022, amounted to $25,506 and $14,996 respectively.

(Millions of Mexican pesos)

Additional information on mortgage loans

As of December 31, 2023, and 2022, the number of loans acquired from INFONAVIT that are subject to an exceptional term of 180 days or more to be considered as stage 3 credit risk, is $2. The amount of the loans that were not transferred to stage 3, as well as the reason for not having done so, is analyzed below:

2022

Reason		INFONAVIT
The Bank received partial payment of the amortization	$	**2**

The total amount of mortgage loans backed by the borrowers' mortgage sub-account and their representation over the entire mortgage loan portfolio are presented below:

Risk level		2023		2022	
Stage 1	$	5	44%	147	80%
Stage 3		6	56%	37	20%
	$	**11**	**100%**	**184**	**100%**

Loan portfolio concentration.

The breakdown of the loan portfolio by economic activity and the concentration percentage as of December 31 2023 and 2022, is presented on the next page.

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2023

Economic activity		Amount	Concentration
Commercial credits			
Real estate	$	5,218	13.51%
Government		4,894	12.67%
Services		4,838	12.53%
Financial		3,875	10.04%
Manufacture		3,729	9.66%
Trade		3,552	9.20%
Hotels / Restaurants		1,708	4.42%
Automotive		1,689	4.38%
Specialized construction		1,311	3.40%
Transport y Telecommunications		1,239	3.21%
Food		1,226	3.18%
Energy		953	2.47%
Others		863	2.23%
Manufacturing - manufacturing items for construction		665	1.72%
Housing construction		591	1.53%
Mining and metals		571	1.48%
Agricultural		457	1.18%
Pharmaceutical		412	1.07%
Manufacturing - manufacturing plastic items		391	1.01%
Individuals		200	0.52%
Manufacturing - manufacturing electrical and electronic items		105	0.27%
Chemical industry		71	0.18%
PEMEX Suppliers		44	0.11%
		38,602	99.97%
Mortgage loans			
Improvement		11	0.03%
	$	**38,613**	**100%**

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2022

Economic activity		**Amount**	**Concentration**
Commercial credits			
Real estate	$	4,169	13.70%
Services		3,838	12.61%
Financial		3,265	10.73%
Government		2,909	9.56%
Trade		2,614	8.59%
Manufacture		1,955	6.42%
Automotive		1,694	5.57%
Others		1,565	5.14%
Hospitality / Restaurants		1,464	4.81%
Energy		995	3.27%
Transportation and Telecommunications		1,155	3.80%
Food		1,030	3.39%
Specialized construction		923	3.03%
Housing Construction		752	2.47%
Pharmaceutical		420	1.38%
Agricultural		359	1.18%
Individual		284	0.93%
Chemical industry		261	0.86%
Manufacturing - manufacturing items for construction		199	0.65%
Manufacturing - manufacturing plastic items		166	0.55%
Mining and metals		160	0.53%
Manufacturing - manufacturing electrical and electronic items		38	0.13%
PEMEX Suppliers		29	0.10%
		30,244	99.40%
Mortgage loans			
Improvement		184	0.60%
	$	**30,428**	**100%**

The breakdown of the federal entity portfolio as of December 31, 2023, and 2022, is presented on the next page.

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Federal entity		2023	2022
Aguascalientes	$	553	308
Baja California Norte		815	742
Baja California Sur		82	81
Campeche		52	52
Chiapas		162	167
Chihuahua		449	190
Ciudad de México		20,031	15,225
Coahuila		888	386
Colima		1	1
Durango		24	27
Estado de México		1,899	964
Guanajuato		691	1,019
Guerrero		-	2
Hidalgo		456	337
Jalisco		1,557	1,590
Michoacán		104	145
Morelos		6	7
Nayarit		2	1
Nuevo León		5.215	4,753
Oaxaca		1	2
Puebla		816	867
Querétaro		502	408
Quintana Roo		878	291
San Luis Potosí		290	171
Sinaloa		1,085	582
Sonora		840	620
Tabasco		78	66
Tamaulipas		384	184
Tlaxcala		20	21
Veracruz		204	144
Yucatán		67	75
Zacatecas		16	20
Foreign		445	980
	$	**38,613**	**30,428**

Portfolio subject to support programs

The balance as of December 31, 2023, and 2022 of the portfolio subject to support programs is presented as follows below:

Program		2023	2022
Monex Support Program	$	349	595

(Continued)

(Millions of Mexican pesos)

b) Income, costs and expenses on loan portfolio

Income from interest and commissions recorded in the financial margin for the year ended December 31, 2023, and 2022, segmented by type of credit, is made up as follows:

2023		Interests	Commissions	Total
Commercial loan portfolio				
Commercial activity	$	2,659	80	2,739
Financial entities		306	3	309
Government entities		366	-	366
		3,331	**83**	**3,414**
Mortgage loans				
Improvement		17	-	17
	$	**3,348**	**83***	**3,431**

* This item includes other commissions different to loan origination by $46.

2022		Interests	Commissions	Total
Commercial loan portfolio				
Commercial activity	$	1,827	101	1,928
Financial entities		175	5	180
Government entities		154	2	156
		2,156	108	2,264
Mortgage loans				
Improvement		75	-	75
	$	**2,231**	**108**	**2,339**

The balance as of December 31, 2023, and 2022 of the loan-processing commissions, as well as the costs and expenses associated with granting the loan, and their weighted average repayment term, are analyzed below:

2023		Commissions	Term
Commercial loan portfolio			
Commercial activity	$	5	3 years

2022		Commissions	Term
Commercial loan portfolio			
Commercial activity	$	55	3 years
Financial entities		3	1 year
	$	**58**	**4 years**

Loan portfolio recoveries previously written off or eliminated, recognized in profit and losses in 2023 and 2022, amounted to $13 and $2, respectively.

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c) Breakdown and analysis of the portfolio with stage 3 credit risk

The portfolio with stage 3 credit risk as of December 31, 2023, and 2022 is show below:

2023		**91 to 180 days**	**181 to 365 days**	**366 days to 2 years**	**More than 2 years**	**Total**
December 31, 2023						
Commercial activity	$	37	250	168	40	495
Financial entities		-	6	41	-	47
		37	256	209	40	542
Mortgage loans						
Improvement		-	2	2	2	6
	$	**37**	**258**	**211**	**42**	**548**

2022		**91 to 180 days**	**181 to 365 days**	**366 days to 2 years**	**More than 2 years**	**Total**
December 31, 2022						
Commercial activity	$	113	163	8	90	374
Financial entities		40	6	-	-	46
		153	169	8	90	420
Mortgage loans						
Improvement		29	3	3	2	37
	$	**182**	**172**	**11**	**92**	**457**

Below is an analysis of the movements of the stage 3 risk portfolio with for the year ended December 31, 2023, and 2022:

		2023	**2022**
Balance at the beginning of the year	$	457	293
Restructuring		143	99
Renewals		67	2
Dations		(58)	(1)
Write offs		(164)	(103)
Transfers from the with stage 1 risk portfolio		-	33
Transfers to the with stage 1 risk portfolio		(63)	(1)
Transfers from with stage 2 risk portfolio		297	291
Transfers to the with stage 2 risk portfolio		(1)	(1)
Settlements and/or payments		(107)	(149)
Exchange differential		(23)	(6)
Balance at the end of the year	$	**548**	**457**

(Continued)

(Millions of Mexican pesos)

d) Restructures and renewals

The restructured and renewed loans as of December 31, 2023, and 2022 are integrated as show below:

December 31 2023 and 2022

		2023	2022
Balance at the end of 2023 and 2022 of restructured loans from previous years	$	1,509	1,692
Balance at the end of 2023 and 2022 of loans renewed from previous years		2,280	1,761
Total balance of restructured and renewed loans from previous years		3,789	3,453
Closing balance of loans restructured in the year:		511	1,027
Balance of credits renewed in the year:		2,797	1,739
Total balance of restructured and renewed loans for the year 2022		3,308	2,766
Total cumulative restructured and renewed loans at 2023 and 2022	$	**7,097**	**6,219**

Risk diversification

As of December 31, 2023 and 2022, the Bank maintains the following credit risk operations, in compliance with the general rules for risk diversification in carrying out asset and liability operations of the provisions, as follows:

- The Bank has granted 2 loans to debtors or groups of people with common risk, amounting to $4,087 and $2,348 which represent 38% and 24% of the basic capital for 2023 and 2022 of the previous quarters, respectively.

- The loans granted to the three largest debtors amount to $4,810 and $2,813 which represent 44% and 29% of the basic capital for 2023 and 2022 the previous quarter of the Bank.

In accordance with the Provisions, the limits regarding the diversification of the credit operations of an Institution are determined according to the compliance by mentioned above Institution with the capitalization requirements, considering the exceptions established therein. These are:

When granting financing to the same person or group of people with Common risk, they must be subject to the highest financing limit that results of applying what is shown in the next page.

(Continued)

(Millions of Mexican pesos)

Capitalization level	Highest Financing limit calculated on the basic capital of the Bank)
More than 8% and up to 9%	12%
More than 9% and up to 10%	15%
More than 10% and up to 12%	25%
More than 12% and up to 15%	30%
More than 15%	40%

– The total of the financing granted to the 3 largest debtors may not exceed 100% of the basic capital of the Bank.

– The financing granted exclusively to multiple banking institutions will not be subject to the maximum financing limits, but in any case, they will be subject to the highest limit of 100% of the basic lending capital of the Bank. In the case of foreign Institutions in whose capital foreign financial entities have a share, the mentioned above limit will be applicable, as a whole, to the controlling entity and the Subsidiary Institutions.

– The financing granted to entities and organizations that are members of the parastatal Federal Public Administration, including public trusts, as well as State productive companies, must be subject to the highest limit of 100% of the basic lending capital of the Bank.

These credit limits must be measured quarterly, when calculating the applicable limit, the figure that corresponds to the amount of the basic capital and capitalization indices of the last quarter immediately prior to the date on which such calculation is made that the Commission has. announced for each Institution in the worldwide web called Internet on the site "http://www.cnbv.gob.mx" will be used.

The Commission has the discretion to reduce the mentioned above limits when, in its opinion, there is inadequate Comprehensive Risk Management, or the Internal Control System shows deficiencies.

The additional guarantees received for the renewal and restructuring of loans in fiscal years 2023 and 2022 amounted to $67 and $23, respectively, which consist of real estate, machinery and guarantee trusts. The concessions granted by the bank consisted mainly of the establishment of a grace period at the beginning of the loan, as well as the extension of the borrower's term.

From restructuring overdue loans, the Bank did not recognize the capitalization of interest for the fiscal year 2023. In the fiscal year 2022, the capitalization of the interest was for an amount of $64, and an allowance for 100% was created until the borrowers presented the sustained payment.

e) Allowance for loan losses

As explained in note 3, the Bank establishes allowance for loan losses to cover the risks associated with the recovery of the loan portfolio and other credit commitments, such as the amounts for opening irrevocable credits and letters of credit that are recorded in accounts order.

(Continued)

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The allowance for loan losses as of December 31, 2023, and 2022, which includes the origin of determination, is presented below:

		2023	2022
From the commercial loan portfolio rating	$	720	635
Stage 1		259	345
Stage 2		83	30
Stage 3		378	260
For risk coverage on housing portfolio:			
Stage 3		5	9
Additional allowance		100	500
	$	**825**	**1,144**

As a result of applying the rating methodologies, the probability of default (PD) and severity of loss (LGD), obtained as a weighted average (unaudited), and the exposure to default (EAD) of each category as of December 31, 2023 and 2022, are as shown below:

2023

Category	**PD**	**LGD**		**EAD**
Commercial loan portfolio	3,44%	39,89%		38,602
Mortgage loan portfolio	56,71%	47,12%		11

2022

Category	**PD**	**LGD**		**EAD**
Commercial loan portfolio	4,10%	37,72%	$	30,244
Mortgage loan portfolio	21,71%	12,75%		184

The parameters are weighted on the portfolio of each one of the portfolios. Exposure to default shown for credit risk includes credit commitments.

The breakdown of the evaluated portfolio and the allowance for loan losses for credit risks derived from the rating, classified by degree of risk as of December 31, 2023 and 2022, is presented in the next page.

(Continued)

(Millions of Mexican pesos)

December 31 2023 and 2022

2023	Commercial loans		Financial entities		Government entities		Mortgages		Total	
Risk level	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
A-1	$ 22,156	103	3,130	4	4,894	25	5	-	30,185	132
A-2	5,548	66	30	-	-	-	-	-	5,578	66
B-1	1,026	17	1	-	-	-	-	-	1,027	17
B-2	175	4	1	-	-	-	-	-	176	4
B-3	127	4	666	19	-	-	-	-	793	23
C-1	69	5	-	-	-	-	1	-	70	5
C-2	16	2	-	-	-	-	-	-	16	2
D	217	76	-	-	-	-	-	-	217	76
E	499	362	47	33	-	-	5	5	551	400
Additional allowance										100
	$ 29,833	**639**	**3,875**	**56**	**4,894**	**25**	**11**	**5**	**38,613**	**825**

2022	Commercial loans		Financial entities		Government entities		Mortgages		Total	
Risk level	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
A-1	$ 16,492	87	2,211	6	2,909	15	147	-	21,759	108
A-2	5,431	61	234	2	-	-	-	-	5,665	63
B-1	661	11	-	-	-	-	-	-	661	11
B-2	490	11	-	-	-	-	-	-	490	11
B-3	248	8	773	36	-	-	-	-	1,021	44
C-1	42	3	-	-	-	-	31	3	73	6
C-2	21	3	-	-	-	-	-	-	21	3
D	324	103	40	18	-	-	-	-	364	121
E	361	267	7	4	-	-	6	6	374	277
Additional allowance										500
	$ 24,070	**554**	**3,265**	**66**	**2,909**	**15**	**184**	**9**	**30,428**	**1,144**

The portfolio excepted from rating amounted to $2,231 and $1,699 as of December 31, 2023 and 2022, respectively which corresponds to letters of credit.

During 2023 and 2022, the Bank generated a charge and (credit) to profit or loss of $137 and $(287), respectively, for loan allowance. Loan allowance is calculated in accordance with the methodologies approved by the Commission, described in note 10.

Additional allowance

Additionally, at the end of December 2020, additional generic reserves were established in the amount of $500, backed by the folio number 2020/59810 assigned by the Commission. These reserves were established for reducing risks not covered by the standard methodology of the Commission associated with the loan portfolio. On October 31, 2023, $400 of the additional reserves were released as they were not exposed to the evaluated risks, remaining $100 as generic additional reserves with no maturity established.

Movements of the allowance for loan losses

The next page presents an analysis of the movements of the allowance for loan losses for the year ended December 31, 2023 and 2022.

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December 31, 2023		Commercial – Commercial activities	Commercial – Financial entities	Commercial – Government entities	Mortgage	Total
Stage 1						
Balance at the beginning of the year	$	286	44	15	-	345
(Releases)/Creation of allowances		(73)	(21)	10	-	(84)
Write-offs		(2)	-	-	-	(2)
		211	23	25	-	259
Stage 2						
Balance at the beginning of the year		30	-	-	-	30
Creation of allowances		83	-	-	5	88
Write-offs		(30)	-	-	-	(30)
		83	-	-	5	88
Stage 3						
Balance at the beginning of the year		238	22	-	9	269
Creation/(Releases) of allowances		238	11	-	(8)	241
Write-offs		(131)	-	-	(1)	(132)
		345	33	-	-	378
	$	639	56	25	5	725

December 31, 2022		Commercial – Commercial activities	Commercial – Financial entities	Commercial – Government entities	Mortgage	Total
Stage 1						
Balance at the beginning of the year	$	256	42	11	3	312
Creation of allowances		30	2	4	(3)	33
		286	44	15	-	345
Stage 2						
Balance at the beginning of the year		53	-	-	-	53
Creation of allowances		(6)	-	-	-	(6)
Write offs		(17)	-	-	-	(17)
		30	-	-	-	30
Stage 3						
Balance at the beginning of the year		117	-	-	5	122
Creation of reservations		224	22	-	4	250
Write offs		(103)	-	-	-	(103)
		238	22	-	9	269
	$	**554**	**66**	**15**	**9**	**644**

The total amount of penalties for the years 2023 and 2022 amounted to $164 and $120, respectively. In such years, no loans to related parties were written off.

(Millions of Mexican pesos)

(11) Other accounts receivable

Other accounts receivable are integrated as shown:

		2023	2022
Collateral given from derivative financial instruments	$	1,533	776
Debtors for settlement of exchange operations		9,975	12,964
Receivables from settlement of derivatives market operations		13	20
Debtors for settlement of money market operations		1,409	2,523
Debtors by operation6		1,043	1,472
Other debtors		21	31
Personal loans and other debts		27	18
Administrative services to collect to related parties		1	-
Allowance for doubtful accounts		(95)	(145)
	$	**13,927**	**17,659**

Debtors for settlement operations

Foreign currency	$	9,975	12,964
Investments in securities		1,409	2,523
Derivatives		13	20
	$	**11,397**	**15,507**

Debtors for collateral granted in cash.

Credit Operations	$	50	29

Allowance for doubtful accounts.

		2023	2022
Balance at the beginning of the year	$	(145)	(113)
Trustee fees		1	(4)
Overdue debts from customers		49	(28)
Balance at the final of the year	$	**(95)**	**(145)**

(Continued)

(Millions of Mexican pesos)

(12) Other accounts payable-

As of December 31, 2023 and 2022, sundry creditors and other accounts payable are as shown below:

		2023	2022
Suppliers	$	9	9
Creditors for operations		981	522
Contingent liability		136	93
Overdraft of availabilities		1,860	2,259
Creditors for collateral received in cash		43,555	39,238
Creditors for settlement of exchange operations		-	433
Creditors for settlement of money market transactions		30	-
Contributions payable		156	126
Others		13	32
Creditors for related parties transactions		1	-
Overdraft cash and cash equivalents		3	-
	$	**46,744**	**42,712**

(13) Foreclosed assets-

The balance of foreclosed assets as of December 31, 2023 and 2022, is as follows:

Foreclosed 2023		**Value**	**Impairment allowance**	**Net**
Real estate	$	394	(17)	377
Foreclosed 2022				
Real estate	$	112	(13)	99
Equipment		1	-	1
	$	**113**	**(13)**	**100**

(Millions of Mexican pesos)

(14) Furniture and equipment net-

The analysis and breakdown of furniture and equipment are shown below:

2023		Others	Transport equipment	Furniture and office equipment	Computer equipment	Total
Acquisition cost						
December 31, 2022	$	9	4	120	83	216
Additions		-	-	9	6	15
Disposals		(5)	-	(23)	(18)	(46)
December 31, 2023		4	4	106	71	185
Depreciation						
December 31, 2022		(9)	(4)	(83)	(69)	(165)
Depreciation		-	-	(9)	(7)	(16)
Disposals		5	-	23	18	46
December 31 2023	$	**(4)**	**(4)**	**(69)**	**(58)**	**(135)**
Book value						
As of December 31, 2022	$	**-**	**-**	**37**	**14**	**51**
As of December 31 2023	$	**-**	**-**	**37**	**13**	**50**

2022		Others	Transport equipment	Furniture and office equipment	Computer equipment	Total
Acquisition cost						
December 31, 2021	$	9	4	109	71	193
Additions		-	-	12	12	24
Disposals		-	-	(1)	-	(1)
December 31 2022		**9**	**4**	**120**	**83**	**216**
Depreciation						
December 31, 2021		(9)	(4)	(74)	(62)	(149)
Depreciation		-	-	(10)	(7)	(17)
Disposals		-	-	1	-	1
December 31 2022	$	**(9)**	**(4)**	**(83)**	**(69)**	**(165)**
Book value						
As of December 31, 2021	$	**-**	**-**	**35**	**9**	**44**
As of December 31 2022	$	**-**	**-**	**37**	**14**	**51**

For the years 2023 and 2022, the Bank presented additions for $15 and $24, as well as disposals for $46 and $1, respectively.

(Continued)

(Millions of Mexican pesos)

(15) Assets for rights of use of properties, net-

The Bank leases offices and warehouses. Leases generally run for a term of 10 years, with an option to renew the lease after that date. Lease payments increase each year to reflect the rental market.

Information on leases for which the Bank is a lessee is presented below.

Assets under leases (right-of-use assets)

The right-of-use asset is mainly made up of the lease of the corporate office, as shown below:

		Buildings
Balance as of January 1, 2023	$	457
Exercise Remeasurements		52
Contract renewals		77
Early Termination of Contracts		(1)
Depreciation of the year		(89)
Exchange rate fluctuations		(56)
Balance as of December 31 2023	$	**440**
Balance as of January 1, 2022	$	560
Depreciation of the year		(88)
Exchange rate fluctuations		(15)
Balance as of December 31 2022	$	**457**

Amounts recognized in profit or losses:

		2023	2022
Interest on lease liabilities	$	(22)	(27)

Total lease cash outflows during 2023 and 2022 were $103 and $221, respectively.

Lease liability.

The balance of the present value lease liability as of December 31, 2023 and 2022 amount to $447 and $463, respectively.

The terms and conditions of the most representative leases as of December 31, 2023 and 2022 are as follows:

Year	Currency	Nominal interest rate	Maturity Year		Nominal value	Present value
2023	USD	3.53%	2031	$	361	321

(Millions of Mexican pesos)

Year	Currency	Nominal interest rate	Maturity year		Nominal value	Present value
2023	USD	5.50%	2031	$	445	362

(16) Assets for rights of use of properties, net-

Right-of-use assets related to intangible assets are included as follows:

		2023	2022
Balance as of January 1	$	355	453
Depreciation of the year		-	(103)
Exchange rate fluctuations		-	5
Write-off of assets recognized in previous years		(355)	-
Balance as of December 31	$	**-**	**355**

Amounts recognized in profit or loss:

		2023	2022
Interest on lease liabilities	$	-	(22)

Total intangible asset lease cash outflows during 2022 were $136.

Lease liability.

The balance of the liability for leases of intangible assets at present value as of December 31, 2022 is $364.

(17) Prepaid payments and other assets

The balance of prepaid payments and other assets as of December 31, 2023 and 2022, is made up as follows:

		2023	2022
Deferred EPSP	$	-	151
Advance payments		131	105
Investment projects		724	652
Accumulated amortization		(578)	(494)
		277	414
Other assets:			
Operating deposits		4	4
Prepayments and other assets, net	$	**281**	**418**

(Continued)

(Millions of Mexican pesos)

(18) Intangible Assets-

The balance of intangible assets as of December 31, 2023 and 2022, is made up as shown below:

		2023	2022
Modifications and improvements	$	349	328
Software, perpetual licensing, licenses		135	128
Other deferred charges		38	38
Amortization		(322)	(295)
Intangible assets (net)	$	**200**	**199**

(19) Deposit funding-

The analysis and breakdown of the deposit funding as of December 31, 2023 and 2022, is presented below:

December 31, 2023		**Domestic currency**	**Foreign currency**	**Total**
Demand deposits				
With interests	$	10,313	18,099	28,412
No interest		525	1,311	1,836
		10,838	19,410	30,248
Term deposits				
General public				
Certificates of deposit (CEDES, per Spanish acronym)		6,612	11,160	17,772
		6,612	11,160	17,772
Money market				
CEDES				
Maturity date		1,263	3,364	4,627
Coupons		10,470	526	10,996
		11,733	3,890	15,623
Debt securities issued				
Bank bonds		435	403	838
Global deposit funding account without movement		-	3	3
	$	**29,618**	**34,866**	**64,484**

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December 31, 2022		**Domestic currency**	**Foreign currency**	**Total**
Demand deposits				
With interests	$	11,332	23,410	34,742
No interest		420	1,435	1,855
		11,752	24,845	36,597
Term deposits				
General public				
Certificates of deposit (CEDES, per Spanish acronym)		5,681	4,847	10,528
		5,681	4,847	10,528
Money market				
CEDES				
Maturity date		681	2,025	2,706
Coupons		828	-	828
		1,509	2,025	3,534
		7,190	6,872	14,062
Debt securities issued				
Bank bonds		224	1,150	1,374
		224	1,150	1,374
Global deposit funding account without movement		-	3	3
	$	**19,166**	**32,870**	**52,036**

The effective weighted average deposit rates as of December 31, 2023 and 2022 are presented below:

2023	**Domestic currency**	**Foreign currency**
Demand deposits		
With interests	0.04%	0.30%
Time deposits		
General public		
CEDES	3.16%	5.63%
Debt securities issued		
Bank bonds	8.03%	14.80%

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2022	**Domestic currency**	**Foreign currency**
Demand deposits		
With interests	0.04%	0.05%
Time deposits		
General public		
CEDES	4.58%	1.43%
Money market		
CEDES		
Maturity date	13.03%	3.36%
Coupons	13.01%	-
Debt securities issued		
Bank bonds	13.90%	9.51%

The global deposit account without movements generates a monthly interest equivalent to the increase in the National Consumer Price Index in the corresponding period.

The weighted average terms of term deposits are presented below:

2023	**Domestic currency**	**Foreign currency**
Term deposits		
Of the general public		
CEDES	25 days	27 days
Money market		
CEDES		
Maturity date	25 days	21 days
Coupons	184 days	176 days
Debt securities issued		
Bank bonds	29 days	45 days
2022		
Term deposits		
Of the general public		
CEDES	23 days	17 days
Money market		
CEDES		
Maturity date	13 days	22 days
Coupons	84 days	-

Debt securities issued

The following page shows the details of the credit instruments issued by the Bank as of December 31, 2023 and 2022.

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Issuance index 2023	Number of titles	Face value in original currency	original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment		Principal balance	Interest balance	Interest expense for the year
JBMONEXC24756	302,000	98.25	MXN	Oct 31, 23	Jan 29, 24	90	13.00%	0 days	0 days	$	29	1	1
JBMONEXC24757	263,000	98.25	MXN	Oct 31, 23	Jan 29, 24	90	13.00%	0 days	0 days		26	1	1
JBMONEXC24814	358,000	99.65	MXN	Nov 9, 23	Feb 1, 24	84	15.00%	0 days	0 days		36	1	1
JBMONEXC24874	370,000	99.50	MXN	Dec 5, 23	Jan 9, 24	35	15.00%	0 days	0 days		37	0	0
JBMONEXC24888	80,000	99.98	MXN	Dec 7, 23	Jan 4, 24	28	16.00%	0 days	0 days		8	0	0
JBMONEXC24884	207,980	99.91	MXN	Dec 7, 23	Jan 9, 24	33	13.00%	0 days	0 days		21	0	0
JBMONEXC24885	150,330	99.91	MXN	Dec 7, 23	Jan 9, 24	33	13.00%	0 days	0 days		15	0	0
JBMONEXC24886	480,500	99.91	MXN	Dec 7, 23	Jan 9, 24	33	14.00%	0 days	0 days		48	1	1
JBMONEXC24891	176,410	99.91	MXN	Dec 8, 23	Jan 9, 24	32	14.00%	0 days	0 days		18	0	0
JBMONEXC24906	60,800	99.77	MXN	Dec 14, 23	Jan 4, 24	21	17.50%	0 days	0 days		6	0	0
JBMONEXC24905	176,500	99.92	MXN	Dec 14, 23	Jan 12, 24	29	13.00%	0 days	0 days		18	0	0
JBMONEXC24909	348,700	99.92	MXN	Dec 14, 23	Jan 11, 24	28	14.00%	0 days	0 days		35	0	0
JBMONEXC24915	60,000	99.82	MXN	Dec 15, 23	Jan 5, 24	21	16.00%	0 days	0 days		6	0	0
JBMONEXC24910	1,135,000	99.78	MXN	Dec 15, 23	Jan 4, 24	20	20.50%	0 days	0 days		113	1	1
JBMONEXC24911	150,000	99.75	MXN	Dec 15, 23	Mar 15, 24	91	15.00%	0 days	0 days		15	0	0
JBMONEXD0354D	34,585	99.89	USD	Nov 27, 23	Jan 5, 24	39	12.00%	0 days	0 days		58	1	1
JBMONEXD0355D	13,319	99.89	USD	Nov 27, 23	Jan 5, 24	39	11.00%	0 days	0 days		23	0	0
JBMONEXD0369D	5,976	99.90	USD	Dec 1, 23	Jan 5, 24	35	8.50%	0 days	0 days		10	0	0
JBMONEXD0383D	7,500	99.95	USD	Dec 6, 23	Jan 4, 24	29	9.50%	0 days	0 days		13	0	0
JBMONEXD0386D	5,688	99.91	USD	Dec 7, 23	Jan 9, 24	33	6.50%	0 days	0 days		10	0	0
JBMONEXD0391D	7,500	99.57	USD	Dec 7, 23	Jan 4, 24	28	6.00%	0 days	0 days		13	0	0
JBMONEXD0392D	33,150	99.88	USD	Dec 8, 23	Jan 19, 24	42	7.50%	0 days	0 days		56	0	0
JBMONEXD0394D	13,350	99.63	USD	Dec 11, 23	Jan 4, 24	24	6.00%	0 days	0 days		23	0	0
JBMONEXD0395D	7,500	99.61	USD	Dec 11, 23	Jan 8, 24	28	6.50%	0 days	0 days		13	0	0
JBMONEXD0397D	6,500	99.63	USD	Dec 11, 23	Jan 4, 24	24	6.00%	0 days	0 days		11	0	0
JBMONEXD0401D	5,000	99.63	USD	Dec 13, 23	Jan 3, 24	21	7.00%	0 days	0 days		8	0	0
JBMONEXD0402D	13,200	99.70	USD	Dec 13, 23	Jan 4, 24	22	6.00%	0 days	0 days		22	0	0
JBMONEXD0403D	5,000	99.87	USD	Dec 14, 23	Jan 4, 24	21	8.50%	0 days	0 days		8	0	0
JBMONEXD0404D	7,970	99.74	USD	Dec 14, 23	Jan 11, 24	28	10.00%	0 days	0 days		13	1	1
JBMONEXD0408D	6,540	99.85	USD	Dec 14, 23	Jan 4, 24	21	8.00%	0 days	0 days		11	0	0
JBMONEXD0407D	6,600	99.68	USD	Dec 14, 23	Jan 4, 24	21	8.00%	0 days	0 days		11	0	0
JBMONEXD0411D	38,780	99.88	USD	Dec 15, 23	Jan 26, 24	42	9.00%	0 days	0 days		66	0	0
Subtotal to the next page										$	800	7	7

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Issuance index 2023	Number of titles	Face value in original currency	original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment		Principal balance	Interest balance	Interest expense for the year
Subtotal from the previous page										$	800	7	7
JBMONEXD0412D	7,550	99.81	USD	Dec 15, 23	Jan 12, 24	28	11.00%	0 days	0 days		13	0	0
JBMONEXD0413D	5,000	99.67	USD	Dec 15, 23	Jan 5, 24	21	6.50%	0 days	0 days		8	0	0
JBMONEXD0415D	5,670	99.92	USD	Dec 15, 23	Jan 12, 24	28	9.50%	0 days	0 days		10	0	0
										$	**831**	**7**	**7**

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Issuance index 2022	Number of titles	Face value in original currency	original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment		Principal balance	Interest balance	Interest expense for the year
JBMONEXC23731	73,000	99.83	MXN	Nov 22, 22	Jan 23, 23	62	14%	0 days	0 days	$	7	-	-
JBMONEXC23743	183,000	99.83	MXN	Nov 29, 22	Jan 30, 23	62	14%	0 days	0 days		18	-	-
JBMONEXC23754	500,000	99.89	MXN	Dec 6, 22	Jan 10, 23	35	16%	0 days	0 days		50	1	1
JBMONEXC23761	919,130	99.87	MXN	Dec 7, 22	Jan 23, 23	47	14%	0 days	0 days		92	1	1
JBMONEXC23771	50,000	99.82	MXN	Dec 13, 22	Jan 4, 23	22	13%	0 days	0 days		5	-	-
JBMONEXC23781	75,000	99.83	MXN	Dec 15, 22	Feb 15, 23	62	14%	0 days	0 days		7	-	-
JBMONEXC23782	121,800	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days		12	-	-
JBMONEXC23784	100,000	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days		10	-	-
JBMONEXC23789	80,000	99.88	MXN	Dec 16, 22	Jan 6, 23	21	13%	0 days	0 days		8	-	-
JBMONEXC23791	120,000	99.60	MXN	Dec 16, 22	Jan 13, 23	28	13%	0 days	0 days		12	-	-
JBMONEXC8941D	26,372	99.75	USD	Nov 16, 22	Feb 15, 23	91	10.6%	0 days	0 days		51	1	1
JBMONEXC8972D	7,970	99.79	USD	Nov 23, 22	Jan 24, 23	62	5.0%	0 days	0 days		16	-	-
JBMONEXC8970D	27,080	99.94	USD	Nov 25, 22	Jan 6, 23	42	6.6%	0 days	0 days		53	-	-
JBMONEXC8984D	20,412	99.75	USD	Nov 25, 22	Feb 23, 23	90	10.6%	0 days	0 days		40	-	-
JBMONEXC8976D	25,640	99.92	USD	Nov 28, 22	Jan 9, 23	42	6.8%	0 days	0 days		50	-	-
JBMONEXC8977D	25,560	99.92	USD	Nov 28, 22	Jan 9, 23	42	5.8%	0 days	0 days		50	-	-
JBMONEXC8979D	29,090	99.92	USD	Nov 29, 22	Jan 10, 23	42	7.8%	0 days	0 days		57	-	-
JBMONEXC8994D	25,590	99.95	USD	Nov 29, 22	Jan 10, 23	42	5.8%	0 days	0 days		50	-	-
JBMONEXC9013D	25,970	99.99	USD	Dec 1, 22	Jan 12, 23	42	6.0%	0 days	0 days		51	-	-
JBMONEXC9015D	29,360	99.93	USD	Dec 2, 22	Jan 13, 23	42	8.2%	0 days	0 days		57	-	-
JBMONEXC9036D	4,000	99.92	USD	Dec 6, 22	Jan 10, 23	35	8.4%	0 days	0 days		8	-	-
JBMONEXC9039D	4,220	99.96	USD	Dec 6, 22	Jan 4, 23	29	9.0%	0 days	0 days		8	-	-
JBMONEXC9045D	6,630	99.84	USD	Dec 6, 22	Jan 3, 23	28	8.0%	0 days	0 days		13	-	-
JBMONEXC9049D	23,083	99.75	USD	Dec 6, 22	Mar 6, 23	90	11.5%	0 days	0 days		45	-	-
JBMONEXC9061D	5,000	99.87	USD	Dec 7, 22	Jan 5, 23	29	10.2%	0 days	0 days		10	-	-
JBMONEXC9077D	29,202	99.92	USD	Dec 7, 22	Jan 5, 23	29	15.8%	0 days	0 days		57	1	1
JBMONEXC9081D	25,940	99.90	USD	Dec 9, 22	Jan 13, 23	35	9.0%	0 days	0 days		51	-	-
JBMONEXC9092D	5,347	99.92	USD	Dec 9, 22	Jan 6, 23	28	17.2%	0 days	0 days		10	-	-
JBMONEXC9098D	50,550	99.93	USD	Dec 13, 22	Jan 24, 23	42	11.3%	0 days	0 days		99	1	1
JBMONEXC9099D	15,220	99.88	USD	Dec 13, 22	Jan 4, 23	22	9.0%	0 days	0 days		30	-	-
JBMONEXC9105D	5,000	99.53	USD	Dec 14, 22	Jan 4, 23	21	8.7%	0 days	0 days		10	-	-
JBMONEXC9106D	4,420	99.83	USD	Dec 14, 22	Jan 18, 23	35	10.0%	0 days	0 days		9	-	-
Subtotal to the next page										$	1,046	5	5

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Issuance index 2022	Number of titles	Face value in original currency	original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
Subtotal from the previous page										$ 1,046	5	5
JBMONEXC9103D	22,930	99.91	USD	Dec 15, 22	Jan 26, 23	42	11.7%	0 days	0 days	45	-	-
JBMONEXC9116D	5,000	99.70	USD	Dec 15, 22	Jan 5, 23	21	6.5%	0 days	0 days	10	-	-
JBMONEXC9111D	6,790	99.79	USD	Dec 15, 22	Jan 12, 23	28	8.0%	0 days	0 days	13	-	-
JBMONEXC9115D	7,100	99.69	USD	Dec 15, 22	Jan 5, 23	21	12.5%	0 days	0 days	14	-	-
JBMONEXC9112D	25,560	99.93	USD	Dec 16, 22	Jan 27, 23	42	6.1%	0 days	0 days	50	-	-
JBMONEXC9114D	25,710	99.94	USD	Dec 16, 22	Jan 27, 23	42	7.0%	0 days	0 days	50	-	-
JBMONEXC9120D	8,030	99.77	USD	Dec 16, 22	Jan 13, 23	28	6.0%	0 days	0 days	16	-	-
JBMONEXC9121D	5,180	99.69	USD	Dec 16, 22	Jan 13, 23	28	8.4%	0 days	0 days	10	-	-
JBMONEXC9123D	20,300	99.81	USD	Dec 16, 22	Jan 5, 23	20	10.0%	0 days	0 days	40	-	-
JBMONEXC9124D	12,840	99.85	USD	Dec 16, 22	Jan 6, 23	21	14.0%	0 days	0 days	25	-	-
JBMONEXC9126D	4,070	99.82	USD	Dec 16, 22	Jan 6, 23	21	14.0%	0 days	0 days	8	-	-
JBMONEXC9130D	5,530	99.88	USD	Dec 16, 22	Jan 6, 23	21	13.0%	0 days	0 days	11	-	-
JBMONEXC9131D	10,760	99.83	USD	Dec 16, 22	Jan 5, 23	20	12.8%	0 days	0 days	21	-	-
JBMONEXC9134D	5,020	99.86	USD	Dec 16, 22	Jan 5, 23	20	11.1%	0 days	0 days	10	-	-
										323	-	-
										$ 1,369	**5**	**5**

The financial instruments payable associated with the credit titles issued with stock indexes JBMONEX C23 1 framework act, were traded in the stock market under the trading program registered with the Commission, for a total amount of up to $60,000 of which to date $6,045 have been traded. The remainder that the Bank could issue under such a program amounts to $53,955. Such titles have the following unsecured guarantees, which are shown below:

Product	Warranty Type	Guaranteed amount (1)
j mxp bonds	Unsecured	$ 430
j usd bonds	Unsecured	24
CEDES mxn	Unsecured	11,733
CEDES usd	Unsecured	229

(1) See note 7.

(Continued)

(Millions of Mexican pesos)

Financial restrictions

Derived from deposit operations, the Bank has financial restrictions during 2023 and 2022, regarding the following:

The capitalization index may not be less than 10.5%.
Liquidity level requires a minimum of 100% (according to the CCL)
Leverage may not exceed the limit of 3%.

(20) Bank and other borrowings-

The bank and other borrowings include the following:

2023		**Pesos**	**Foreign currency**	**Total**
Short term				
Government Banking Institutions	$	1,275	173	1,448
Government trust		10	-	10
	$	**1,285**	**173**	**1,458**

2022		**Pesos**	**Foreign currency**	**Total**
Short term				
Central bank	$	3,862	-	3,862
Government Banking Institutions		510	193	703
	$	**4,372**	**193**	**4,565**

(1) Credit agreement with the Central Bank signed on September 10, 2009 at a rate of TIIE 11.5035 as of December 31 2023.

(2) Credit agreement with NAFIN signed on September 14, 2009 at a rate as of December 31 2023 and 2022 in productive chains of 12.59% in pesos and 6.59% in dollars.

Interest expense on interbank loans and loans from other entities, during the years ended December 31, 2023 and 2022, was $215 and $349, respectively.

(21) Income taxes (IT) and Employee Profit Sharing Plan (EPSP)-

The current Income Tax Law establishes an IT rate of 30% for 2022.

(Continued)

(Millions of Mexican pesos)

a) Income taxes

The income tax expense (benefit) includes the following:

		2023	2022
In the profit or loss of the period:			
Current IT	$	1,288	864
Deferred IT		(202)	(121)
	$	**1,086**	**743**

The tax expense attributable to profit (loss) from continuing operations before income taxes and OCI, was different from that which would result of applying a 30% IT rate to profit (loss) before taxes to profit from discontinued operations and OCI as a result of the items mentioned as follows below:

		2023	2022
Profit or loss of the operation and before income taxes	$	3,979	3,217
Expected expense at 30%		1,194	965
Increase (decrease) resulting from:			
Tax effect of inflation, net		(148)	(250)
Non-deductible expenses		4	4
Others, net		36	24
Income tax expense	$	**1,086**	**743**

<u>Deferred income tax</u>

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2023 and 2022, are analyzed as follows in the next page.

(Millions of Mexican pesos)

		Deferred income tax	
		2023	**2022**
Deferred income tax assets:			
Valuation of investments in financial instruments	$	(24)	37
Valuation of derivative financial instruments payable		12	(143)
Allowance for irrecoverability or doubtful payment on collection rights		9	21
Allowance for irrecoverability or doubtful payment on other accounts receivable		248	214
EPSP payable		55	55
Deferred EPSP liability		-	(13)
Accruals for employee benefits		130	90
Accruals		218	539
Advance collection		355	-
		1,003	800
Valuation reserve		(5)	(4)
		998	796
Deferred income tax liabilities:			
Other deferred charges and prepayments		(39)	(31)
		(39)	(31)
Deferred income tax asset, net	$	**959**	**765**

The Bank's Management does not record a reserve on the deferred tax (asset), since it considers a high probability that it can be recovered, according to the financial and fiscal projections prepared by it.

The Bank does not have tax losses carry forward.

b) EPSP

The expense (benefit) per EPSP is integrated as follows:

In the profit or loss of the period:		**2023**	**2022**
Current	$	181	142
Deferred EPSP		151	(43)
	$	**332**	**99**

(Continued)

(Millions of Mexican pesos)

Deferred EPSP

The temporary differences that originate significant portions of the assets and liabilities, as of December 31 2023 and 2022, are listed below:

		2023	2022
Deferred EPSP assets:			
Valuation of investments in financial instruments	$	(69)	(75)
Valuation of derivative financial instruments		(117)	(50)
Allowance for irrecoverability or doubtful payment on collection rights		7	7
Allowance for irrecoverability or doubtful payment on other accounts receivable		77	71
Accruals for employee benefits		33	29
Accruals		84	180
		15	162
Valuation allowance		(1)	(1)
		14	161
Deferred EPSP liabilities:			
Other deferred charges and prepayments		(14)	(10)
		(14)	(10)
Deferred EPSP asset, net (1)	$	**-**	**151**

(1) During fiscal year 2023, the Bank canceled the deferred EPSP asset, since from the Reforms to the Federal Labor Law, the Bank records the EPSP limit payable to workers, so there is no additional obligation to record a deferred EPSP.

(22) Employee benefits-

a) Post-employment benefits

The Bank has a defined benefit plan for seniority premiums, legal compensation for unjustified dismissals and a pension plan, which covers the full-time staff and in general all the staff. Benefits are based on years of service and the amount of employee compensation at the end of the employment relationship and date of termination. The Bank's policy to fund the pension plan is to contribute the highest deductible amount for income tax according to the projected unit credit method.

Cash flows-

Net contributions and benefits paid from the funds amounted to $69 and $38 in 2023 and 2022, respectively.

(Continued)

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The components of the cost of defined benefits for the year ended December 31, 2023 and 2022 are shown below:

2023		**Seniority premium**	**Legal compensation**	**Pension plan**
Current Service Cost	$	10	35	38
Net interest on DBNL*		5	24	20
Labor cost of past service generated in the year		-	-	71
Remeasurements of DBNL in OCI* DBNL remeasurements recognized in profit or loss of the period		4	47	(10)
Net cost of the period		19	106	119
Beginning balance of DBNL* in OCI remeasurements		30	234	(190)
Remeasurements generated		(3)	23	17
Reclassification of Remeasurements		(4)	(47)	10
Ending balance of DBNL* remeasurements in OCI		23	210	(163)
Ending balance of DBNL* remeasurements in OCI		(7)	(24)	27
Defined benefit cost	$	12	82	146
Beginning balance of DBNL*		49	259	200
Defined Benefit Cost (income)		12	82	146
Contributions to the plan		-	-	(40)
Payments charged to DBNL*		(4)	(40)	(25)
Ending balance of DBNL*	$	**57**	**301**	**281**

(Continued)

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2022		**Seniority premium**	**Legal compensation**	**Pension plan**
Current Service Cost	$	5	15	37
Net interest on DBNL*		2	9	28
Remeasurements of DBNL in OCI* DBNL remeasurements recognized in profit or loss of the period		2	17	-
Net cost of the period		9	41	65
Beginning balance of DBNL* in OCI remeasurements		15	96	(9)
Remeasurements generated		17	154	(181)
Reclassification of Remeasurements		(2)	(16)	-
Ending balance of DBNL* remeasurements in OCI		30	234	(190)
Ending balance of DBNL* remeasurements in OCI		15	138	(181)
Defined benefit cost	$	24	179	(116)
Beginning balance of DBNL*		27	116	316
Defined Benefit Cost (income)		24	179	(116)
Payments charged to DBNL*		(2)	(36)	-
Ending balance of DBNL*	$	**49**	**259**	**200**

* Defined Benefits Net Liability (DBNL).

The financing situation of the defined benefit obligation as of December 31, 2023 and 2022 is shown below:

2023		**Seniority premium**	**Legal compensation**	**Pension plan**
Defined benefit obligations (DBO)	$	65	301	392
Plan assets		(8)	-	(111)
Financial Position of the Obligation	$	**57**	**301**	**281**

2022		**Seniority premium**	**Legal compensation**	**Pension plan**
Defined benefit obligations (DBO)	$	56	259	290
Plan assets		(7)	-	(90)
Financial Position of the Obligation	$	**49**	**259**	**200**

(Continued)

(Millions of Mexican pesos)

	2023	2022
Discount rate	9.98%	10.21%
Expected return on plan assets	9.98%	10.21%
Rate of compensations	7%	10.50%
Average remaining employee labor life	18 years	18 years

The account balance is comprised by $639 and $508 from the pension plan, employee bonuses for $544 and $478, and EPSP for the year for $184 and $183 in the years 2023 and 2022, respectively.

(23) Stockholders' equity-

The main characteristics of Stockholders' equity are described below:

a) Structure of capital stock-

The capital stock as of December 31, 2023 and 2022 includes 3,240,473 series "O" shares with a par nominal value of one peso each.

b) Basic earnings per common share

	2023	2022
Net income according to comprehensive income	2,893	2,474
Weighted average shares	3,240,473	3,240,473
Earnings per share (pesos)	893.63	763.41

c) Other comprehensive income (OCI)-

OCI include:

		2023	2022
Result from valuation of financial instruments to collect and sell	$	16	(2)
Remeasurements for defined employee benefits		(197)	(208)
Income taxes and deferred EPSP		54	62
Total	$	**(127)**	**(148)**

(Continued)

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The movements registered in the components of the OCI during the years 2023 and 2022 are presented below:

Valuation of financial instruments to collect or sell:

		OCI before IT and ESPS	IT and ESPS	Net OCI	Controlling interest
Balances as of December 31, 2022	$	(3)	1	(2)	(2)
Fair value valuation		26	(8)	18	18
Balances as of December 31 2023	$	**23**	**(7)**	**16**	**16**
Balances as of December 31, 2021	$	(33)	10	(22)	(23)
Fair value valuation		30	(9)	21	21
Balances as of December 31 2022	$	**(3)**	**1**	**(2)**	**(2)**

Remeasurements for defined employee benefits

		OCI before IT and ESPS	IT and ESPS	Net OCI	Controlling interest
Balances as of December 31, 2022	$	(208)	62	(146)	(146)
Net change in fair value		4	(1)	3	3
Balances as of December 31 2023	$	**(204)**	**61**	**(143)**	**(143)**
Balances as of December 31, 2021	$	(235)	70	(165)	(165)
Net change in fair value		27	(8)	19	19
Balances as of December 31 2022	$	**(208)**	**62**	**(146)**	**(146)**

d) Dividends-

On August 24, April 26 and January 9, 2023, the General Stockholders' Meeting to the stockholders agreed to declare dividends from the "Accumulated Results" account in the amount of $1,430, $400 and $400, respectively.

On July 6 and April 19, 2022, the General Stockholders' Meeting agreed to declare dividends from the "Accumulated Results" account in the amount of $160 and $125.

e) Restrictions on stockholders' equity-

The Credit Institutions Law obliges the Bank to separate 10% of its profits annually to constitute statutory reserves, up to the amount of paid-up capital stock. As of December 31, 2023 and 2022, the statutory reserve amounts to $1,323 and $1,076, which has not reached the required amount.

At no time may foreign legal entities that exercise functions of authority participate in any way in the capital of the Bank. Neither can financial entities of the country, including those that are part of the Institution, except when they act as institutional investors under the terms of Article 13 of the credit institutions law.

If profits that did not generate the tax applicable to the Bank, this will have to be paid when distributing the dividend. Therefore, the Bank must keep an account of the profits subject to each rate.

Capital reductions will cause taxes on the excess of the amount distributed against the fiscal value, determined in accordance with the provisions of the Income Tax Law.

The Bank as an independent legal entity is subject to the legal provision that requires that at least 10% of the net profits of each year be separated and transferred to a capital reserve fund0, until this is equal to the amount of the capital stock. paid. This reserve is not likely to be distributed to shareholders during the Bank's existence, except in the form of stock dividends.

According to the IT Law, in the case of payment of dividends by Mexican companies, there is an additional ISR of 10% on the payment of dividends to individuals and residents abroad, in the case of residents Abroad treaties may be applied to avoid double taxation.

f) Capitalization (unaudited)

In accordance with Article 50 of the Banking Law (LIC, per Spanish acronym), the Bank must maintain a net capital greater than the sum of the capital requirements for the credit, market and operational risks incurred in the operation. The net capital is determined in accordance with the Provisions.

The Provisions establish at least a Fundamental Capital Coefficient of 8%, and floor levels for the different elements that make up the basic part of Net Capital, the components that make up the Fundamental and Non-Fundamental Capital, the Complementary Capital. It also incorporates a capital conservation supplement of 2.5% of the Basic Capital itself over total weighted assets subject to risk. Additionally, it includes Capital supplements for institutions of local systemic importance.

The Bank has not been assigned a degree of systemic importance by the Commission; therefore, it does not require a capital supplement.

As of December 31, 2023 and 2022, the Bank's capitalization index was 19.66%, hence it is classified as category I in accordance with Article 220 of the Provisions in both years, which is calculated by applying certain percentages in accordance with the risk assigned according to the rules established by the Central Bank. The information corresponds to the Bank's capitalization (capitalization index reported to the Central Bank and subject to approval).

Capitalization Index-

The Capitalization Index is equal to the result of the ratio of the Bank's net capital, to the sum of the weighted assets subject to credit risk, the equivalent weighted positions subject to market risk and the assets subject to operational risk.

The information corresponding to the Bank's capitalization index as of December 31, 2023 and 2022 is presented on the next page.

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Basic capital		**2023**	**2022**
Common shares	$	3,240,473	3,240,473
Result earnings		4,735	4,738
Other comprehensive income (and other reserves)		4,481	3,402
Basic capital before regulatory adjustments		**12,457**	11,381
Local regulatory adjustments:			
Deferred charges and early prepayments		475	461
Deferred taxes, items in favor from temporary differences		790	916
Investments in other instruments		238	238
Capital Regulatory Adjustments		**1,503**	1,615
Non-core capital		11,508	10,622
Total basic capital		**11,508**	10,622
Complementary capital		**100**	**341**
Admissible reserves that compute as Complementary		100	341
Net capital	$	**11,608**	**10,963**
Total Risk Weighted Assets	$	**65,786**	**27,290**
Capital ratios and supplements			
Capital Index 1		17.49%	19.05%
Basic Capital Index		17.49%	19.05%
Complementary Capital Index		0.15%	0.61%
Net Capital Index		17.65%	19.66%
Limits applicable to the inclusion of reserves in the complementary capital:			
Limit on the inclusion of provisions in the complementary capital under standardized methodology	$	100	341

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Weighted assets subject to total risk as of December 31, 2023 and 2022

2023		Equivalent assets at risk	Capital requirement
Positions exposed to market risks by risk factors:			
Transactions in local currency with nominal rates	$	5,436	435
Transactions with debt security in local currency with surcharge and a revisable rate		2,562	205
Transactions in local currency with real rate of denomination in UDI's		649	52
Positions in UDI's or with yield referred to the INPC		15	1
Transactions in foreign currency with nominal rate		1,658	133
Positions in currencies or with returns indexed to the exchange rate		347	28
Positions in shares or with performance indexed to the price of a share or group of shares		654	52
Impact capital requirement		-	-
		11,321	906
Weighted assets subject to credit risk by risk group:			
Of unrelated counterparties, for transactions with debt securities		541	43
Of unrelated counterparties, for derivative operations		1,063	85
Of related counterparties, for derivative operations		168	25
Of the issuers of debt securities in position		3.611	289
Of borrowers in portfolio credit transactions		24,393	1,951
Of borrowers in restructured credit transactions program		882	70
Of borrowers in credit transactions of Article 2 Bis 17 (reform)		4,717	377
For guarantees and lines of credit granted		434	35
By securitizations		1,176	94
Permanent investments and other assets		2,811	225
From transactions with individuals related to issuer risk, borrower and lines of credit (except Art. 2 Bis 17)		526	42
From credit risk of the counterparty in defaults of free submission mechanisms		125	10
Adjustment for Credit Valuation in derivative transactions		832	31
		41,279	3,277
Weighted assets subject to risk and capital requirements for operational risk		13,186	1,055
Total market, credit and operational risk	$	**65,786**	**5,238**

(Continued)

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	Method	Risk Weighted Assets	Capital requirement	Average requirement for market and credit risk of the last 36 months	Average positive annual net income for the last 36 months
December	Business indicator	13,186	1,055	Not applicable	Not applicable

2022		Equivalent assets at risk	Capital requirement
Positions exposed to market risks by risk factors:			
Transactions in local currency with nominal rates	$	4,391	351
Transactions with debt security in local currency with surcharge and a revisable rate		3,284	263
Transactions in local currency with real rate of denomination in UDI's		685	55
Positions in UDI's or with yield referred to the INPC		31	2
Transactions in foreign currency with nominal rate		1,690	135
Positions in currencies or with returns indexed to the exchange rate		223	18
Positions in shares or with performance indexed to the price of a share or group of shares		652	52
Impact capital requirement		1	-
		10,957	876
Weighted assets subject to credit risk by risk group:			
Of unrelated counterparties, for transactions with debt securities		687	55
Of unrelated counterparties, for derivative operations		779	62
Of related counterparties, for derivative operations		148	12
Of the issuers of debt securities in position		2,455	196
Of borrowers in portfolio credit transactions		19,761	1,581
Of borrowers in restructured credit transactions program		2,089	167
Of borrowers in credit transactions of Article 2 Bis 17 (reform)		2,380	190
For guarantees and lines of credit granted		321	26
By securitizations		1,275	102
Permanent investments and other assets		2,380	191
From transactions with individuals related to issuer risk, borrower and lines of credit (except Art. 2 Bis 17)		1,402	112
From credit risk of the counterparty in defaults of free submission mechanisms		38	3
Adjustment for Credit Valuation in derivative transactions		394	32
		34,109	2,729
Weighted assets subject to risk and capital requirements for operational risk		10,697	856
Total market, credit and operational risk	$	**55,763**	**4,461**

(Continued)

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III.3 Weighted Assets Subject to Operational Risk

2022

	Method	**Risk Weighted Assets**	**Capital requirement**	**Average requirement for market and credit risk of the last 36 months**	**Average positive annual net income for the last 36 months**
December	Business indicator	10,697	856	Not applicable	Not applicable

V. Capital Management

The results of the Institution's capital adequacy exercise for the years 2023 and 2022 are presented below, considering the two supervisory scenarios and the three internal scenarios, the above to comply with the Provisions. The relevant indicator to analyze is the capitalization index (ICAP), which can be proven to have a greater impact in adverse scenarios. However, it is important to note that in none of the scenarios is the ICAP below the tolerance level indicated by the Board of Directors."

	Base Supervisor Scenario 2023											
	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	10,943	11,301	10,865	11,017	10,520	10,901	11,233	11,405	11,377	11,664	11,979	12,160
Basic Capital	10,943	11,301	10,865	11,017	10,520	10,901	11,233	11,405	11,377	11,664	11,979	12,160
Net Capital	11,276	11,653	11,218	11,375	10,881	11,266	11,601	11,776	11,751	12,041	12,358	12,542
Weighted Assets Subject to Total Risk	58,931	60,452	58,145	62,709	65,709	67,434	68,520	69,546	70,796	71,601	72,568	73,567
Weighted Assets Subject to Credit Risk	34,719	36,220	36,282	38,476	39,640	40,632	41,385	42,055	42,761	43,492	44,213	44,946
Weighted Assets Subject to Market Risk	13,081	13,364	10,273	12,706	13,938	14,723	15,022	15,133	13,375	15,479	15,536	15,674
Weighted Assets Subject to Operational Risk	11,131	10,868	11,589	11,526	11,858	12,078	12,113	12,358	12,661	12,629	12,818	12,948
Fundamental Capital Ratio (%)	18.57%	18.69%	18.69%	17.57%	16.08%	16.17%	16.39%	16.40%	16.07%	16.29%	16.51%	16.63%
Core Capital Ratio (%)	18,57%	18,69%	18,69%	17.57%	16.08%	16.17%	16.39%	16.40%	16.07%	16.29%	16.51%	16.63%
Capitalization Index (%)	19.13%	19,28%	19.29%	18,14%	16,63%	16.71%	16.93%	16.93%	16.60%	16.82%	17.03%	17.05%

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	Adverse Supervisory Scenario 2023											
	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	10,943	11,301	10,865	10,836	10,040	10,302	10,402	10,266	10,331	10,341	10,475	10,282
Basic Capital	10,943	11,301	10,865	10,836	10,040	10,302	10,402	10,266	10,331	10,341	10,475	10,282
Net Capital	11,276	11,653	11,218	11,194	10,405							
Weighted Assets Subject to Total Risk	58,931	60,452	58,145	62,673	65,394	10,673	10,780	10,650	10,720	10,735	10,873	10,684
Weighted Assets Subject to Credit Risk	34,719	36,220	36,282	38,116	39,274	40,130	40,439	41,029	41,233	41,299	41,901	42,366
Weighted Assets Subject to Market Risk	13,081	13,364	10,273	13,115	14,569	16,000	16,394	17,312	17,579	17,694	18,278	18,739
Weighted Assets Subject to Operational Risk	11,131	10,868	11,589	11,441	11,551	11,678	11,621	11,869	12,175	12,289	12,331	12,453
Fundamental Capital Ratio (%)	18.57%	18.69%	18.69%	17.29%	15.35%	15.19%	15.20%	14.62%	14.55%	14.51%	14.45%	13.98%
Core Capital Ratio (%)	18,57%	18,69%	18,69%	17.29%	15.35%	15.19%	15.20%	14.62%	14.55%	14.51%	14.45%	13.98%
Capitalization Index (%)	19.13%	19,28%	19.29%	17.86%	15.91%	15.74%	15.75%	15.17%	15.10%	15.06%	14.99%	14.52%

	Internal Scenario 1 2023											
	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	10,943	11,301	10,865	11,511	10,822	11,304	11,610	11,905	11,783	12,139	12,540	12,889
Basic Capital	10,943	11,301	10,865	11,511	10,822	11,304	11,610	11,905	11,783	12,139	12,540	12,889
Net Capital	11,276	11,653	11,218	11,868	11,183	11,668	11,977	12,279	12,157	12,517	12,922	13,274
Weighted Assets Subject to Total Risk	58,931	60,452	58,145	65,110	67,024	69,071	70,394	71,961	73,031	74,478	75,247	76,939
Weighted Assets Subject to Credit Risk	34,719	36,220	36,282	39,731	40,517	41,170	41,866	42,513	43,056	43,822	44,402	45,328
Weighted Assets Subject to Market Risk	13,081	13,364	10,273	12,426	13,231	13,889	14,338	14,531	14,760	15,185	15,283	15,713
Weighted Assets Subject to Operational Risk	11,131	10,868	11,589	12,954	13,277	14,012	14,191	14,917	15,214	15,471	15,562	15,899
Fundamental Capital Ratio (%)	18.57%	18.69%	18.69%	17.68%	16.15%	16.37%	16.49%	16.54%	16.13%	16.30%	16.67%	16.75%
Core Capital Ratio (%)	18,57%	18,69%	18,69%	17.68%	16.15%	16.37%	16.49%	16.54%	16.13%	16.30%	16.67%	16.75%
Capitalization Index (%)	19.13%	19,28%	19.29%	18.23%	16.68%	16.89%	17.01%	17.06%	16.65%	16.81%	17.17%	17.25%

	Internal Scenario 2 2023											
	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	10,943	11,301	10,865	12,842	11,875	12,142	12,149	11,972	12,120	12,420	12,752	13,142
Basic Capital	10,943	11,301	10,865	12,842	11,875	12,142	12,149	11,972	12,120	12,420	12,752	13,142
Net Capital	11,276	11,653	11,218	13,200	12,238	12,509	12,520	12,347	12,500	12,805	13,140	13,535
Weighted Assets Subject to Total Risk	58,931	60,452	58,145	66,663	70,103	73,525	76,348	77,218	82,136	84,310	86,336	89,152
Weighted Assets Subject to Credit Risk	34,719	36,220	36,282	39,937	41,112	42,264	43,438	44,661	45,604	46,471	47,303	48,558
Weighted Assets Subject to Market Risk	13,081	13,364	10,273	12,794	14,608	16,264	17,913	19,443	20,741	21,763	22,855	24,078
Weighted Assets Subject to Operational Risk	11,131	10,868	11,589	13,932	14,383	14,997	14,998	13,114	15,790	16,076	16,179	16,516
Fundamental Capital Ratio (%)	18.57%	18.69%	18.69%	19.26%	16.94%	16.51%	15.91%	15.50%	15.50%	14.73%	14.77%	14.74%
Core Capital Ratio (%)	18,57%	18,69%	18,69%	19.26%	16.94%	16.51%	15.91%	15.50%	15.50%	14.73%	14.77%	14.74%
Capitalization Index (%)	19.13%	19,28%	19.29%	19.80%	17.46%	17.01%	16.40%	15.99%	15.22%	15.19%	15.22%	15.18%

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	Internal Scenario 3 2023											
	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	10,943	11,301	10,865	12,456	11,549	11,958	12,222	12,501	12,315	12,539	12,728	12,878
Basic Capital	10,943	11,301	10,865	12,456	11,549	11,958	12,222	12,501	12,315	12,539	12,728	12,878
Net Capital	11,276	11,653	11,218	12,815	11,914	12,328	12,597	12,881	12,701	12,930	13,124	13,280
Weighted Assets Subject to Total Risk	58,931	60,452	58,145	65,414	67,052	70,446	71,751	73,509	74,665	76,442	78,389	80,346
Weighted Assets Subject to Credit Risk	34,719	36,220	36,282	39,667	40,357	41,146	41,683	42,223	42,408	42,766	43,267	44,189
Weighted Assets Subject to Market Risk	13,081	13,364	10,273	12,079	12,616	13,026	13,591	13,983	14,120	14,450	14,736	15,379
Weighted Assets Subject to Operational Risk	11,131	10,868	11,589	13,668	14,078	16,274	16,477	17,303	18,137	19,226	20,386	20,778
Fundamental Capital Ratio (%)	18.57%	18.69%	18.69%	19.04%	17.22%	16.97%	17.03%	17.01%	16.49%	16.40%	16.24%	16.03%
Core Capital Ratio (%)	18,57%	18,69%	18,69%	19.04%	17.22%	16.97%	17.03%	17.01%	16.49%	16.40%	16.24%	16.03%
Capitalization Index (%)	19.13%	19,28%	19.29%	19.59%	17.77%	17.50%	17.56%	17.52%	17.01%	16.91%	16.74%	16.53%

	Base Supervisor Scenario											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,279	10,017	10,440	10,876	11,298	11,143	11,453	11,741	12,011
Basic Capital	8,859	9,274	9,858	10,279	10,017	10,440	10,876	11,298	11,143	11,453	11,741	12,011
Net Capital	9,163	9,588	10,176	10,591	10,332	10,755	11,190	11,612	11,458	11,767	12,055	12,325
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	57,769	61,402	63,249	65,606	68,381	70,531	72,854	75,218	77,327
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	33,973	35,573	37,021	38,574	40,203	41,799	43,547	45,427	47,397
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	13,142	14,860	15,557	16,259	16,950	17,570	18,079	18,767	19,428
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,654	10,969	10,671	10,773	11,228	11,162	11,228	11,024	10,502
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.79%	16.31%	16.51%	16.58%	16.52%	15.80%	15.72%	15.61%	15.53%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.79%	16.31%	16.51%	16.58%	16.52%	15.80%	15.72%	15.61%	15.53%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.33%	16.83%	17.00%	17.06%	16.98%	16.24%	16.15%	16.03%	15.94%

	Adverse Supervisory Scenario											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,243	10,185	10,963	11,452	11,955	11,729	12,304	12,868	13,432
Basic Capital	8,859	9,274	9,858	10,243	10,185	10,963	11,452	11,955	11,729	12,304	12,868	13,432
Net Capital	9,163	9,588	10,176	10,555	10,500	11,278	11,766	12,270	12,044	12,619	13,182	13,746
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	56,800	59,793	63,834	68,412	72,183	74,376	78,499	83,541	87,518
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	34,323	36,167	38,074	39,835	41,391	43,127	45,397	48,392	50,849
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	11,842	12,282	14,301	16,746	18,394	18,535	20,025	21,874	23,698
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,635	11,344	11,459	11,831	12,398	12,714	13,077	13,275	12,971
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	18.03%	17.03%	17.17%	16.74%	16.56%	15.77%	15.67%	15.40%	15.35%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	18.03%	17.03%	17.17%	16.74%	16.56%	15.77%	15.67%	15.40%	15.35%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.58%	17.56%	17.67%	17.20%	17.00%	16.19%	16.07%	15.78%	15.71%

(Continued)

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	Internal Scenario 1											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,317	10,212	10,865	11,497	12,188	11,915	12,357	12,759	13,181
Basic Capital	8,859	9,274	9,858	10,317	10,212	10,865	11,497	12,188	11,915	12,357	12,759	13,181
Net Capital	9,163	9,588	10,176	10,629	10,526	11,179	11,811	12,502	12,229	12,672	13,073	13,496
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	57,654	61,920	63,977	67,343	70,343	72,272	76,499	80,866	85,695
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	37,589	41,072	42,652	44,652	46,567	47,780	49,774	52,230	54,830
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	9,419	9,682	10,245	11,345	11,817	12,507	14,590	16,650	19,033
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,646	11,166	11,080	11,346	11,959	11,985	12,135	11,986	11,832
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.44%	17.00%	17.47%	17.54%	17.77%	16.92%	16.56%	16.17%	15.75%

	Internal Scenario 2											
	Mar-22	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,257	10,141	10,829	11,613	12,099	12,042	12,585	12,981	13,490
Basic Capital	8,859	9,274	9,858	10,257	10,141	10,829	11,613	12,099	12,042	12,585	12,981	13,490
Net Capital	9,163	9,588	10,176	10,569	10,455	11,143	11,927	12,414	12,356	12,900	13,295	13,805
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	56,841	60,564	64,169	70,342	76,373	78,688	80,917	88,469	91,815
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	33,959	36,159	37,727	39,022	40,940	41,274	42,653	44,603	46,435
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	12,215	13,192	15,199	19,588	23,118	24,823	25,329	30,968	32,773
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,667	11,213	11,243	11,732	12,315	12,591	12,935	12,898	12,607
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.89%	16.49%	16.98%	17.07%	17.33%	16.49%	16.15%	15.78%	15.38%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.44%	17.00%	17.47%	17.54%	17.77%	16.92%	16.56%	16.17%	15.75%

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	Internal Scenario 3											
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Capitalization Index ***Final value of the quarter***												
Fundamental Capital	8,859	9,274	9,858	10,341	10,154	10,784	11,526	11,368	11,568	12,295	13,100	13,803
Basic Capital	8,859	9,274	9,858	10,341	10,154	10,784	11,526	11,368	11,568	12,295	13,100	13,803
Net Capital	9,163	9,588	10,176	10,653	10,469	11,099	11,840	11,682	11,882	12,609	13,414	14,117
Weighted Assets Subject to Total Risk	50,619	54,071	54,375	57,498	61,519	66,319	73,154	76,219	77,787	82,486	87,005	94,082
Weighted Assets Subject to Credit Risk	30,465	32,785	33,396	34,788	37,681	41,056	42,384	44,434	45,516	46,902	48,840	51,100
Weighted Assets Subject to Market Risk	8,446	11,219	10,436	12,001	12,558	13,924	18,897	19,756	19,876	22,652	24,898	29,803
Weighted Assets Subject to Operational Risk	11,708	10,067	10,543	10,709	11,280	11,339	11,873	12,029	12,395	12,932	13,267	13,179
Fundamental Capital Ratio (%)	17.50%	17.15%	18.13%	17.98%	16.51%	16.26%	15.76%	14.91%	14.87%	14.91%	15.06%	14.67%
Core Capital Ratio (%)	17.50%	17.15%	18.13%	17.98%	16.51%	16.26%	15.76%	14.91%	14.87%	14.91%	15.06%	14.67%
Capitalization Index (%)	18.10%	17.73%	18.71%	18.53%	17.02%	16.74%	16.18%	15.33%	15.28%	15.29%	15.42%	15.01%

(24) Transactions and debts with related companies-

As of December 31, 2023 and 2022, operations with related parties that exceed 1% of the Bank's basic capital are show bellow:

Asset:		**2023**	**2022**
Cash and cash equivalents	$	21,854	30,246
Repo debtors		11,579	3,049
Other accounts receivable, net		2,098	3,024
Loan portfolio		429	1,152
Derivative financial instruments		238	138
Liabilities:			
Deposit funding	$	644	514
Derivative financial instruments		147	134
Other accounts payable		23,938	33,098
Collateral sold or pledged		27,851	48,815
Repo creditors		2,501	-
Creditors for collateral received in cash		33	-

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The main results achieved with its related and affiliated companies are as of December 31, 2023 and 2022:

Income from:		**2023**	**2022**
Interest and commissions	$	1,105	476
corporate services		3	3
Financial services		5	3
Result by intermediation		785	-
Expenses for:			
Interest and commissions	$	4,684	3,193
Corporate services		18	15
Intermediation result		10	1,129
Leasing Services		-	2

Due to the foregoing and in accordance with the accounting criteria on the nature of the relationship according to the definition of Related Parties, what is shown as follows:

Asset 2023			
Related Party	**Concept**	**Amount**	**Net effect**
Monex Casa de Bolsa	Cash and cash equivalents	$ 21,897	
Monex Europe Luxembourg		(1)	
Monex Inc		(42)	$ 21,854
Monex Casa de Bolsa	Repo Debtors	11,579	11,579
Monex Europe Limited	Derivative financial instruments	37	
Monex Canada Inc		7	
Monex Europe Luxembourg		159	
Monex Canada Inc		3	
Arrendadora Monex		32	238
Monex Europe Limited	Loan portfolio	429	429
MNI Holding	Other accounts receivable, net	2,054	
Monex Casa de Bolsa		1	
Monex Europe Markets Limited		1	
Monex Inc		42	2,098

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Asset 2022			
Related Party	**Concept**	**Amount**	**Net effect**
Monex Casa de Bolsa	Cash and cash equivalents	$ 30,394	
Monex Europe Luxembourg		1	
Monex Inc		(149)	$ 30,246
Monex Casa de Bolsa	Repo Debtors	3,049	3,049
Monex Europe Limited	Derivative financial instruments	17	
Monex Canada Inc		98	
Monex Europe Luxembourg		23	138
Monex Canada Inc	Loan portfolio	195	
Arrendadora Monex		479	
Monex Europe Limited		321	
MNI Holding		157	1,152
Monex Casa de Bolsa	Other accounts receivable, net	2,826	
Monex Europe Markets Limited		49	
Monex Inc		149	3,024

Liabilities 2023			
Related Party	**Concept**	**Amount**	**net effect**
Monex Casa de Bolsa	Deposit funding	588	
Monex Grupo Financiero		1	
Arrendadora Monex		1	
Monex Canada Inc		1	
Monex Europe Holdings Limited		3	
Monex Europe Limited		32	
Monex Europe Luxembourg		11	
Monex SAP		2	
MNI Holding		1	
Monex Inc		4	644
Monex Casa de Bolsa	Reporter creditor	2,500	
Monex Etrust		1	2,501
Monex Casa de Bolsa	Collateral sold or pledged	27,851	27,851
Monex Casa de Bolsa	Derivative financial instruments	46	
Monex Europe Limited		28	
Arrendadora Monex		2	
Monex Europe Luxembourg		27	
Monex Europe Markets Limited		11	
Monex Canada Inc		33	147
Monex Casa de Bolsa	Other Accounts Payable	23,902	
Monex Operadora de Fondos		1	
Arrendadora Monex		35	23,938
Monex Europe Luxembourg	Creditors for collateral received in cash	33	33

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Liabilities 2022			
Related Party	**Concept**	**Amount**	**net effect**
Monex Casa de Bolsa	Deposit funding	$ 366	
Monex Grupo Financiero		1	
Admimonex		3	
Arrendadora Monex		3	
Monex Canada Inc		1	
Monex Europe Holdings Limited		3	
Monex Europe Limited		40	
Monex Europe Luxembourg		2	
Monex Technology Solutions Limited		17	
Monex SAB		3	
Cable 4		1	
MNI Holding		1	
Monex Inc		73	$ 514
Monex Casa de Bolsa	Collateral sold or pledged	48,815	48,815
Monex Casa de Bolsa	Derivative financial instruments	122	
Monex Europe Limited		7	
Monex Europe Markets Limited		3	
Monex Europe Luxembourg		2	134
Monex Brokerage House	Other Accounts Payable	33,096	
Monex Europe Luxembourg		1	
Monex Operadora de Fondos		1	33,098

Income 2023			
Related Party	**Concept**	**Amount**	**Net effect**
Monex Casa de Bolsa	Interest and commissions	$ 1,008	
Monex Europe Markets Limited		5	
Monex Ganada Inc		4	
Arrendadora Monex		65	
Monex Europe Limited		16	
MNI Holding		7	$ 1,105
Monex Casa de Bolsa	Corporate Services	2	
Arrendadora Monex		1	3
Arrendadora Monex	Financial services	5	5
Monex Europe Limited	Intermediation result	9	
Monex Ganada Inc		253	
Monex Europe Luxembourg		10	
Monex Casa de Bolsa		498	
Monex Inc		15	785

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Income 2022			
Related Party	**Concept**	**Amount**	**Net effect**
Monex Casa de Bolsa	Interest and commissions	$ 395	
Monex Canada Inc		1	
Arrendadora Monex		60	
Monex Europe Holdings Limited		6	
Monex Europe Limited		5	
MNI Holding		9	$ 476
Monex Casa de Bolsa	Corporate Services	2	
Arrendadora Monex		1	3
Arrendadora Monex	Financial services	3	3

Expenses 2023			
Related Party	**Concept**	**Amount**	**Net effect**
Monex Casa de Bolsa	Interest and commissions	$ 4,683	
Monex SAPI		1	4,684
Monex Operadora de Fondos	Corporate Services	17	
Arrendadora Monex		1	18
Monex Europe Markets Limited	Intermediation result	9	
Arrendadora Monex		1	10

Expenses 2022			
Related Party	**Concept**	**Amount**	**Net effect**
Monex Casa de Bolsa	Interest and commissions	$ 3,193	$ 3,193
Monex Operadora de Fondos	Corporate Services	15	15
Arrendadora Monex	Leasing Services	2	2
Monex Europe Limited	Intermediation result	267	
Monex Europe Markets Limited		1	
Monex Canada Inc		511	
Monex Europe Luxembourg		95	
Monex Casa de Bolsa		255	1,129

Management considers that the operations carried out with related parties were determined considering the prices and amounts of the considerations that would have been used with or between independent parties in comparable operations.

(25) Comparative table of maturities of the main assets and liabilities-

In the next page shows the maturity terms of the main asset and liability items as of December 31, 2023 and 2022.

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	Up to 6 months	From 6 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Assets:					
Cash and cash equivalents	$ 51,884	-	-	-	51,884
Margin accounts	2,803	-	-	-	2,803
Investments in financial instruments	11,396	4,629	54,217	16,639	86,881
Debtors in repurchase/resale agreements	1,056	1,443	-	-	2,499
Derivative financial instruments	1,706	534	3,688	1,405	7,333
Stage 1 credit risk loan portfolio	10,295	909	18,459	8,114	37,777
Stage 2 credit risk loan portfolio	38	-	250	-	288
Stage 3 credit risk loan portfolio	358	30	160	-	548
Other accounts receivable, net	13,927.	-	-	-	13,927
Total assets	93,463	7,545	76,774	26,158	203,940
Liabilities:					
Deposit funding	54,819	9,665	-	-	64,484
Bank and other borrowings	1,448	10	-	-	1,458
Creditors in repurchase/resale agreements	69,206	215	-	-	69,421
Collateral sold or pledged	557	-	-	-	557
Derivative financial instruments	2,372	696	3,073	1,294	7,435
Creditors for settlement of operations	43,585	-	-	-	43,585
Creditors for collateral received in cash	1,860	-	-	-	1,860
Contributions payable	156	-	-	-	156
Sundry creditors and other accounts payable	1,143	-	-	-	1,143
Total liabilities	175,146	10,586	3,073	1,294	190,099
Assets less liabilities	$ **(81,683)**	**(3,041)**	**73,701**	**24,864**	**13,841**

(Continued)

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	Up to 6 months	From 6 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Assets:					
Cash and cash equivalents	$ 50,871	-	-	-	50,871
Margin accounts	1,122	-	-	-	1,122
Investments in financial instruments	15,691	26,387	72,794	9,514	124,386
Debtors in repurchase/resale agreements	148	-	-	-	148
Derivative financial instruments	926	628	4,440	1,645	7,639
Stage 1 credit risk loan portfolio	6,802	1,073	13,875	7,926	29,676
Stage 2 credit risk loan portfolio	1	-	93	201	295
Stage 3 credit risk loan portfolio	148	15	262	32	457
Other accounts receivable, net	17,659	-	-	-	17,659
Total assets	93,368	28,103	91,464	19,318	232,253
Liabilities:					
Deposit funding	52,024	12	-	-	52,036
Bank loans and other organizations	4,565	-	-	-	4,565
Creditors in repurchase/resale agreements	112,528	-	-	-	112,528
Collateral sold or pledged	145	-	-	-	145
Derivative financial instruments	1,143	485	4,186	1,477	7,291
Creditors for settlement of operations	39,671	-	-	-	39,671
Creditors for collateral received in cash	2,259	-	-	-	2,259
Contributions payable	126	-	-	-	126
Sundry creditors and other accounts payable	656	-	-	-	656
Total liabilities	213,117	497	4,186	1,477	219,277
Assets less liabilities	**$ (119,749)**	**27,606**	**87,278**	**17,841**	**12,976**

(26) Memorandum accounts-

a) Credit commitments

	2023	2022
Lines for letters of credit not exercised	$ 642	1,216
Lines of credit not exercised:		
Commercial loans	24,864	13,871
Other credit commitments	4,342	3,115
	$ 29,848	**18,202**

(Millions of Mexican pesos)

b) Assets in trust or mandate

The trust activity as of December 31, 2023 and 2022 recorded in memorandum accounts is analyzed below:

		2023	2022
Trusts			
Guarantee, investment or administration	$	2662,529	245,755

c) Assets in custody or under management

Securities issued by the entity	$	16,453	4,892

d) Collaterals received by the entity.

Collaterals received by the Bank as of December 31, 2023 and 2022 is analyzed below:

Government debt	$	7,070	1,263
Banking debt		1,1442	1,782
Others		2,2875	-
	$	**11,389**	**3,045**

e) Collateral received and sold or given as guarantee by the entity.

The collaterals received and sold or given as guarantee by the Bank as of December 31, 2023 and 2022, is analyzed below:

		2023	2022
Government debt	$	6,910	1,263
Banking debt		1,377	1,782
Others		1,300	-
	$	**9,587**	**3,045**

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f) Other memorandum accounts

As of December 31, 2023 and 2022, the other memorandums accounts are integrated as shown below:

		2023	2022
Notional purchase of derivative financial instruments	$	764,444	405,278
Notional sale of derivative financial instruments		209,069	136,413
Portfolio		324	247
Documents except good collection		9	9
Trials		135	93
	$	**973,981**	**542,040**

(27) Additional information on profit or loss and financial indicators-

a) Financial margin

2023		**Pesos**	**Dollars valued**	**Total**
Interest income:				
Interest on cash and cash equivalents	$	1,592	-	1,592
Interest and returns in favor from investments in financial instruments		7,681	-	7,681
Interest and returns in favor from repurchase agreements		1,745	-	1,745
Commercial activity		1,877	782	2,659
Financial entities		161	145	306
Government entities		238	128	366
Mortgage loans		17	-	17
Commissions for the granting of credit		30	7	37
Profit from valuation		106	-	106
		13,447	1,062	14,509
Interest expenses:				
Deposit funding interest		25	42	67
For demand deposits		1,551	483	2,034
For time deposits		126	234	360
For debt securities issued		206	9	215
Interest on bank and other borrowing		10,575	-	10,575
Interest and returns payablefrom repurchase agreements		1	-	1
Leasing interest		22	-	22
		12,506	768	13,274
	$	**941**	**294**	**1,235**

* This item only includes origination loans commissions for $37.

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2022		Pesos	Dollars valued	Total
Interest income:				
Interest on cash and cash equivalents	$	763	-	763
Interest and returns in favor from margin accounts		5	-	5
Interest and returns in favor from investments in financial instruments		5,646	-	5,646
Interest and returns in favor from repurchase agreements		3,047	-	3,047
Loan portfolio interest:				
Commercial loans				
Commercial activity		1,408	419	1,827
Financial entities		119	56	175
Government entities		93	61	154
Mortgage loans		75	-	75
Commissions for the granting of credit		39	12	51
Profit from valuation		145	-	145
		11,340	548	11,888
Interest expenses:				
Deposit funding interest				
For demand deposits		11	8	19
For time deposits		357	62	419
For debt securities issued		106	206	312
Interest on bank and other borrowing		347	2	349
Interest and returns payable from repurchase agreements		9,049	-	9,049
Leasing interest		49	-	49
		9,919	278	10,197
	$	**1,421**	**270**	**1,691**

b) Commissions and fees received

		2023	2022
Financial intermediation	$	39	50
Commissions for sending transfers		71	67
Account management		19	17
Fiduciary activities		202	200
Opening letters of credit		34	21
Other commissions and fees charged		56	57
Total commissions and fees received	$	**421**	**412**

(Continued)

(Millions of Mexican pesos)

Financial intermediation result, net

		2023	2022
Result for valuation at fair value			
Result for valuation of securities and derivatives:			
Investments in financial instruments	$	362	(249)
Derivative financial instruments for trading purposes		(590)	108
Impairment or effect due to reversal of impairment of securities and derivative financial instruments:			
Financial instruments to collect principal and interest		(1)	(2)
Derivative financial instruments		-	(15)
Result from currency valuation		65	367
		(164)	209
Result from sale			
Result from purchase and sale of securities and derivatives:			
Investments in financial instruments		2,248	1,064
Derivative financial instruments for trading purposes		1,856	836
Derivative financial instruments for hedging purposes		-	9
Result for foreign currency trading		4,537	4,843
		8,641	6,752
	$	**8,477**	**6,961**

c) Financial indicators

	2023	2022
Delinquency rate	1.42%	1.50%
Overdue loan portfolio hedging ratio	1.51	2.51
Operating efficiency (administrative and promotional expenses/average total assets)	2.61%	2.45%
ROE (net income/average equity)	24.83%	24.17%
OAR (net income/average total assets)	1.25%	1.18%
Liquidity (liquid assets/liquid liabilities)	4.29	4.18
Financial margin for the year adjusted for credit risks/Average Earning Assets	5.80%	4.59%

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(28) Ratings-

As of December 31, 2023 and 2022, the Bank maintains the following rating.:

2023	**Bank Fitch Ratings**	**Bank HR Ratings**
Domestic scale-		
Short term	F1+(mx)	HR1
Long term	AA-(mex)	HR AA
Perspective	Stable	Stable
Publication date	September 12, 2023	October 09, 2023

	Bank Fitch Ratings Global
International scale-	
Short term	B
Long term	BB+
Perspective	Stable
Publication date	September 12, 2023

2022	**Bank Fitch Ratings**	**Bank HR Ratings**
Domestic scale-		
Short term	F1+(mx)	HR1
Long term	AA-(mex)	HR AA
Perspective	Stable	Stable
Publication date	September 21, 2022	November 4, 2022

(Continued)

	Bank Fitch Ratings Global
International scale-	
Short term	B
Long term	BB+
Perspective	Stable
Publication date	September 21, 2022

(29) Information by segments-

a) Factors used in identifying operating segments.

The Bank has established 6 business lines identified as reportable segments. The divisions offer different products and are managed separately based on the internal information structure presented to the Bank's management. The Board of Directors reviews the internal financial information of each division every quarter.

The reportable operating segments and the bases for their segmentation are presented below:

Reportable segment	Operations
Credit operations	Corresponds to loans given directly to individuals and companies in the public and private sector.
Treasury and investment banking operations	Corresponds to investment operations carried out by the Bank on its own account, such as currency purchases, investments in securities, repos, securities, loans and derivatives.
Operations on behalf of third parties	Operations whereby the Bank participates as an intermediary in the stock market.
Tier one credit operations	Loans given directly to the public and private sectors, distinguishing those that are granted with or without a subsidy.
Tier two Credit Operations	Corresponds to the channeling of resources through bank and non-bank financial intermediaries, differentiating granted with or without a subsidy, both to the private and public sectors.
Federal government financial agent	It is the one through which resources obtained from international organizations are channeled directly to the Federal Government.
Treasury and investment banking operations	Operations whereby part can be taken in the risk capital of public and private companies aimed at consolidating the financial structure thereof, including investment operations carried out by the Bank on its own behalf, such as investments in securities, repos, securities lending and derivatives.
Technical assistance	Assistance whereby support is given to entrepreneurs through training programs, advice, technological assistance, information services and organization of conferences, among others.
Operations on behalf of third parties	Operations whereby the Bank participates as an intermediary in the stock market.

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c) Information on reportable operating segments

December 31, 2023 and 2022

2023		Foreign exchange	Stock products	Derivatives	Credit and deposit	Trust services	Others	Total
Interest income	$	-	8,399	3	3,975	-	2,132	14,509
Interest expenses		(1}	(10,331)	(1,596)	(865)	-	(481)	(13,274)
Financial margin		(1)	(1,932)	(1,593)	3,110	-	1,651	1,235
Allowance for loan losses		-	-	-	137	-	-	137
Financial margin adjusted for credit results		(1)	(1,932)	(1,593)	3,247	-	1,651	1,372
Commissions and fees income		110	1	-	80	202	28	421
Commissions and fees expense		(19)	-	(25)	(65)	-	(108)	(271)
Financial intermediation income, net		4,442	2,631	1,411	-	-	(7)	8,477
Other operating income, net		-	-	-	(1)	(5)	(29)	(35)
Administration and promotion expenses		(2,587)	(400)	(204)	(1,861)	(113)	(874)	(6,039)
		1,946	2,232	1,182	(1,847)	84	(990)	2,607
Income before income taxes		1,945	300	(411)	1,400	84	661	3,979
Income taxes		(467)	(76)	(22)	(337)	(22)	(162)	(1,086)
Net income	$	**1,478**	**224**	**(433)**	**1,063**	**62**	**499**	**2,893**

2022		Foreign exchange	Stock products	Derivatives	Credit and deposit	Trust services	Others	Total
Interest income	$	-	7,698	1	2,675	-	1,514	11,888
Interest expenses		-	(8,809)	(432)	(310)	-	(646)	(10,197)
Financial margin		-	(1,111)	(431)	2,365	-	868	1,691
Allowance for loan losses		-	-	-	(287)	-	-	(287)
Financial margin adjusted for credit results		-	(1,111)	(431)	2,078	-	868	1,404
Commissions and fees income		118	11	-	58	200	25	412
Commissions and fees expense		(19)	-	(14)	(68)	-	(109)	(210)
Financial intermediation income, net		5,210	820	953	-	-	(22)	6,961
Other operating expenses, net		-	-	-	4	(9)	(190)	(195)
Administration and promotion expenses		(3,041)	(206)	(309)	(1,134)	(103)	(362)	(5,155)
		2,268	625	630	(1,140)	88	(658)	1,813
Income before income taxes		2,268	(486)	199	938	88	210	3,217
Income taxes		(439)	(30)	(45)	(164)	(15)	(50)	(743)
Net income	$	**1,829**	**(516)**	**154**	**774**	**73**	**160**	**2,474**

(Continued)

(Millions of Mexican pesos)

d) Reconciliation of reportable information to profit or loss.

The reconciliation of the income, profit or loss, assets and other items of the disclosed operating segments to the total amount presented in the financial statements for the year 2023 and 2022 is presented below:

Financial margin		**2023**	**2022**
Financial margin of reportable segments	$	(416)	823
Unallocated amount		1,651	868
	$	**1,235**	**1,691**
Financial margin adjusted for credit risks			
Financial margin adjusted for credit risks due to interest from reportable segments	$	(279)	536
Unallocated amount		1,651	868
	$	**1,372**	**1,404**
Income before income taxes			
Result of the operation for interests of reportable segments	$	3,318	3,007
Unallocated amount		661	210
	$	**3,979**	**3,217**

(30) Commitments and contingent liabilities-

(a) The Bank rents its administrative office, the premises for branches and warehouses, as well as the hardware in accordance with lease contracts with defined terms.

The amount of annual rent payable at present value, derived from the lease contracts, is as follows:

2024	$	68
2025		67
2026		63
2027		59
2028 and later		190
	$	**447**

(b) The Bank has entered into contracts for the provision of services with related companies, necessary for its operation. These contracts are for an indefinite period. The total accrual for this concept was $18 and $15 in 2023 and 2022, respectively, and is included in administration expenses in the statement of comprehensive income.

(c) There is a contingent liability derived from employee benefits, which is mentioned in note 3(x).

(d) The Bank is involved in various lawsuits and claims, derived from the normal course of operations, which are not expected to have a significant effect on the financial position and future profit or loss.

(Continued)

(e) In accordance with current tax legislation, the authorities have the power to review up to the five fiscal years prior to the last income tax return filed.

(f) In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and fiscal obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable transactions. In the event that the tax authorities review the prices and reject the determined amounts, they could demand, in addition to payment of the corresponding tax and accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100%. of the updated amount of contributions.

(31) Risk Management (unaudited)-

The Board of Directors of the Bank is responsible for approving the Desired Risk Profile for the Bank, the Framework for Comprehensive Risk Management, Risk Exposure Limits, Risk Tolerance Levels and the mechanisms for carrying out actions of correction, as well as the Contingency Plans and Contingency Financing.

Additionally, the Board of Directors is responsible for monitoring the implementation of the Comprehensive Risk Management strategy, as well as ensuring that the Bank has sufficient capital to cover the exposure of all the risks to which it is exposed, above the minimum requirements.

The Bank has set up a risk committee (the Risk Committee) in place, the purpose is to manage the risks to which the Bank is exposed, and to ensure that operations are carried out in accordance with the Desired Risk Profile, the Framework for Comprehensive Risk Management, as well as the Risk Exposure Limits, which have been previously approved by the Board of Directors.

The Risk Committee performs the following functions:

I. Proposing for approval of the Board of Directors:

   a) The objectives, guidelines and policies for Comprehensive Risk Management, as well as any modifications made there to
   b) The Global Risk Exposure Limits and, where applicable, the Specific Risk Exposure Limits, considering the Consolidated Risk, broken down by Business Unit or Risk Factor, their cause or origin thereof, taking into account, as appropriate, Articles 79 to 86 Bis 1 of the Provisions, as well as, if applicable, the Risk Tolerance Levels.
   c) The mechanisms for the implementation of corrective actions.
   d) The cases or special circumstances in which both the Global Risk Exposure Limits and the Specific Risk Exposure Limits may be exceeded.
   e) the Capital Adequacy Assessment including the capital estimate and, if applicable, the capitalization plan.
   f) The Contingency Plan and its modifications.

II. Approving:

   a) The Specific Risk Exposure Limits and Risk Tolerance Levels, when the Board delegates powers to do so, as well as the liquidity risk indicators referred to in section VIII of Article 81 of the Provisions.

b) The methodologies and procedures to identify, measure, monitor, limit, control, report and disclose the different types of risk to which the Bank is exposed, as well as any modifications thereof.

c) The models, parameters, scenarios, assumptions, including those related to the stress tests referred to in Appendix 12-B of the Provisions, which are used to carry out the Capital Adequacy Assessment and which will be used to carry out carry out the assessment, measurement and control of the risks proposed by the unit for the Comprehensive Risk Management, which must be consistent with the Bank's technology.

d) The methodologies for the identification, assessment, measurement and control of the risks of the new operations, products and services that the Bank intends to offer to the market.

e) The correction plans proposed by the general director in terms of what is indicated in Article 69 of the Provisions

f) The evaluation of the aspects of Comprehensive Risk Management referred to in Article 77 of the Provisions for submission to the Board of Directors and to the Commission.

g) The manuals for Comprehensive Risk Management, in accordance with the objectives, guidelines and policies established by the Board of Directors, referred to in the last paragraph of Article 78 of the Provisions.

h) The report on the technical evaluation of the aspects of Comprehensive Risk Management indicated in Appendix 12 of the Provisions, referred to in Article 77 thereof.

i) The level of effectiveness that the validation mechanisms of the security elements of the identifications presented by potential clients must have, as well as the technology referred to in Articles 51 Bis 6 and 51 Bis 8 of the Provisions to carry out biometric recognitions to referred to in such articles.

III. Appoint and remove the head of the unit for Comprehensive Risk Management.

IV. Inform the Board of Directors about the Risk Profile and compliance with the capital estimate contained in the Assessment of the Bank's Capital Adequacy, as well as about the negative effects that could occur in the operation of the Bank. Likewise, the Risk Committee must inform the Board of Directors of the non-observance of the Desired Risk Profile, the Risk Exposure Limits and the Risk Tolerance Levels established, as well as, where appropriate, the capitalization plan referred to in the Article 2 Bis 117c of the Provisions.

V. Inform the Board of Directors about the corrective actions implemented, including those regarding the Capital Projection Plan and, if applicable, the capitalization plan, in accordance with the provisions of Article 69 of the Provisions.

VI. Ensure at all times that the personnel involved in risk taking are aware of the Desired Risk Profile, the Risk Exposure Limits, the Risk Tolerance Levels, as well as the Capital Projection Plan and, where applicable, case, the capitalization plan.

VII. Report to the Board, at least once a year, on the results of the effectiveness tests of the Business Continuity Plan.

VIII. Approve the methodologies for estimating the quantitative and qualitative impacts of the Operational Contingencies referred to in section XI of Article 74 of these provisions.

IX. Approve the methodology to classify vulnerabilities in information security according to their criticality, probability of occurrence and impact.

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The Risk Committee, in order to carry out Comprehensive Risk Management, has a specialized unit whose purpose is to identify, measure, monitor and report the quantifiable risks faced by the Bank in its operations, whether these are recorded inside or outside of the statement of financial position, including, where appropriate, the risks of its Financial Subsidiaries.

Additionally, the Bank has an internal audit area that is separate from the Business and administrative Units, whose managers are appointed by the Audit Committee, which carries out a Comprehensive Risk Management audit at the end of each year.

a) Credit risk

The Provisions define Liquidity Risk as the potential loss due to default by a borrower or counterparty in the operations carried out by Credit Institutions, including real or personal guarantees granted thereto, as well as any other mitigation mechanism used by these institutions.

Qualitative information

The Bank's credit risk management is developed for each phase of the credit process: promotion, evaluation, approval, implementation, monitoring, control and recovery.

This management is carried out by identifying, measuring, supervising and informing the different corporate bodies and business units of the risks to which the loan portfolios as well as individual credits are exposed.

In the case of risks at the individual level, risk management is carried out through expert analysis, as well as through the rating of the portfolio of each borrower and each credit.

Regarding loan portfolios, risk is managed by establishing and monitoring criteria such as: concentration limits, financing limits, portfolio quality indicators, analysis of the evolution of risk indicators and trends.

Additionally, there is a monitoring methodology for the entire portfolio, which include policies and parameters to qualify the level of risk of borrowers, and in which criteria to manage borrowers considered high risk are established.

The Recovery Unit actively participates in the risk management and portfolio monitoring process, aiming to minimize risks to the Bank.

Likewise, the Bank rates each client using the methodology established by the Commission, which considers aspects related to financial risk, payment experience and guarantees.

The Bank established a top limit of 40% of the basic capital for exposure to credit risk by an individual or group of individuals that constitute a common risk, as established in the Provisions.

Quantitative information

Corporate bond portfolio.

The credit VaR of the money market corporate bond portfolio as of December 31, 2023 and 2022 at the Bank was (0.883%) and (1.157%), respectively relate to an investment of $18,528 and $15,007 while the stressed credit VaR of such portfolio was (2.20%) and (2.79%) on the same date. Credit VaR was calculated using the Monte Carlo Simulation method with a confidence level of 99% over a one-year horizon; stress was obtained by considering the next lower rating of each instrument.

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2023	VaR	Expected loss	Unexpected loss
Maximum	0.94%	0.22%	0.73%
Minimum	0.80%	0.19%	0.61%
Average	0.88%	0.21%	0.67%

2022	VaR	Expected loss	Unexpected loss
Maximum	1.29%	0.31%	0.98%
Minimum	1.06%	0.26%	0.80%
Average	1.17%	0.28%	0.89%

Note: The figures presented are expressed in amounts relative to the value of the corporate bond portfolio, corresponding to the daily exposure as of December 31, 2023 and 2022.

Commercial loan portfolio.

Allowance for loan losses is calculated monthly for the commercial loan portfolio in which the expected loss is part of the result issued, the methodology applied corresponds to that indicated by the Provisions, issued by the Commission. This method also assigns the degree of risk for operations.

Credit risk statistics of the commercial loan portfolio.

2023	Minimum	Maximum	Average
Expected loss	694	725	708
Unexpected loss	123	149	134
VaR	817	874	842

2022	Minimum	Maximum	Average
Expected loss	588	641	609
Unexpected loss	133	298	239
VaR	774	896	848

* The statistics of the expected loss, unexpected loss and VaR correspond to the daily exposure for all of 2023 and 2022.

No relevant variations in financial income or the economic value to be reported were identified in this period.

b) Liquidity risk

Pursuant to the Provisions, Liquidity Risk is defined as:

i. The inability to meet present and future cash flow needs affecting the daily operation or financial conditions of the Bank;
ii. The potential loss due to the impossibility or difficulty of renewing liabilities or contracting others under normal conditions for the Bank, due to the anticipated or forced sale of assets at unusual discounts to

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meet its obligations or, due to the fact that a position may not be timely disposed of, acquired or hedged by establishing an equivalent contrary position, or

iii. The potential loss due to the change in the structure of the Bank´s statement of financial position of the Institution due to the difference in terms between assets and liabilities.

Qualitative information

The UAIR calculates liquidity GAPs on a daily basis (term up to the dates on which interest or capital is received), for which it considers the inflows and outflows derived from the total financial assets and liabilities of the Bank.

The Bank quantifies the exposure to liquidity risk by making cash flow projections for certain periods of time, considering all assets and liabilities denominated in domestic and foreign currency, taking into account the maturity terms.

The Bank 's treasury is responsible for ensuring that a prudent amount of liquidity is maintained in relation to the Institution's needs. To reduce risk, the Institution maintains call money lines open in dollars and pesos with various financial institutions.

The liquidity requirement for foreign currency established in Central Bank's Circular 3/2016 is monitored daily.

Quantitative information

The Bank evaluates the maturities of the assets and liabilities in domestic and foreign currency that are maintained in the statement of financial position.

The liquidity gap in the Bank in pesos is presented in the following table (unaudited):

Year	Request <= 30 days	Request >30 days
2023	$ (14,165)	$ 51,622

Year	Request <= 30 days	Request >30 days
2022	$ (22,056)	$ 50,949

Moreover, the liquidity gap in US dollars is presented in the following table (unaudited):

Year	Request <= 30 days	Request >30 days
2023	$ (370)	$ 516

Year	Request <= 30 days	Request >30 days
2023	$ 77	$ 715

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Liquidity Risk statistics Liquidity

Total depreciation gap-2023

Statistics	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total*
Minimum	(18,846)	1,234	1,879	4,772	4,344	3,939	1,382	1,149
Maximum	(18,375)	3,792	4,237	5,365	5,987	5,987	2,834	10,989
Average	(18,592)	2,414	2,995	5,030	5,243	5,243	2,232	6,224

Total Maturity Gap-2023

Total	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total**
Minimum	(20,697)	(3,388)	1,804	8,607	19,652	30,067	(2,339)	39,946
Maximum	(20,034)	(504)	4,963	10,724	24,730	32,002	754	45,729
Average	(20,390)	(1,595)	3,313	9,831	21,582	30,944	(1,065)	42,620

Total depreciation gap

Statistics	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total*
Minimum	(18,412)	8,978	3,107	4,337	4,897	3,593	1,376	13,534
Maximum	(18,230)	10,295	7,983	6,818	10,254	7,699	3,383	19,580
Average	(18,327)	9,481	4,759	5,354	8,128	5,806	2,063	17,264

Total Maturity Gap

Total	<=30	<=90	<=180	<=360	<=720	<=1800	>1800	Total**
Minimum	(20,565)	3,389	4,947	25,732	18,066	20,429	(15,653)	44,341
Maximum	(20,257)	5,755	9,230	30,762	20,957	30,344	(14,053)	55,017
Average	(20,458)	4,413	6,889	27,992	19,174	26,978	(15,086)	49,902

* Corresponds to the "Total Gap" statistic of the Minimum, Average and Maximum.

(Continued)

(Millions of Mexican pesos)

** The maturity GAP statistics correspond to the position of the money, credit, derivatives and exchange market portfolios for December 2022.

Liquidity or sensitivity analysis considers the asset and liability positions under an extreme scenario for the evaluation of the variations in the economic value and with respect to the financial income, a sensitivity analysis for changes in the interest rate.

Repo renewal effect 2023	**Amount**	**Absolute Var**	**Effect of sale at unusual discounts**	**Amount**
Current cost	(1,048)		Value of the titles	86,022
Sensitivity 1	(1,153)	(105)	Sensitivity 1	(20)
Sensitivity 2	(1,258)	(210)	Sensitivity 2	(199)
Stress 1	(1,363)	(314)	Stress 1	(1,956)
Stress 2	(1,467)	(419)	Stress 2	(3,828)

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

Effect of the sale at unusual discounts on the Treasury 2023	**Amount**	**Interest paid for deposit funding**	**Current MTM**	**Variation in the MTM**
Value of the titles	27,454	Interest paid (current)	(56)	
Sensitivity 1	(6)	Sensitivity 1	(62)	(6)
Sensitivity 2	(55)	Sensitivity 2	(69)	(12)
Stress 1	(539)	Stress 1	(73)	(17)
Stress 2	(1,054)	Stress 2	(81)	(25)

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

Repo renewal effect	**Amount**	**Absolute Var**	**Effect of sale at unusual discounts**	**Amount**
Current cost	(631)		Value of the titles	123,893
Sensitivity 1	(694)	(63)	Sensitivity 1	(25)
Sensitivity 2	(757)	(126)	Sensitivity 2	(248)
Stress 1	(821)	(189)	Stress 1	(2,441)
Stress 2	(884)	(252)	Stress 2	(4,790)

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

(Continued)

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Effect of the sale at unusual discounts on the Treasury	Amount	Interest paid for deposit funding	Current MTM	Variation in the MTM
Value of the titles	28,369	Interest paid (current)	(9)	
Sensitivity 1	(6)	Sensitivity 1	(10)	(1)
Sensitivity 2	(63)	Sensitivity 2	(11)	(3)
Stress 1	(618)	Stress 1	(11)	(3)
Stress 2	(1,210)	Stress 2	(14)	(5)

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

In compliance with Appendix 10 of Article 8 established in section III of the general Provisions on liquidity requirements for Commercial Banking institutions, following page is the disclosure Format of the Net Stable Funding Ratio (CFEN, per Spanish acronym) of the fourth quarter of 2023.

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Net Stable Funding Ratio Disclosure Format

		No maturity	< 6 months	from 6 months to < 1 year	> 1 year	Weighted amount
	ELEMENTS OF THE AMOUNT OF STABLE FUNDING AVAILABLE					
1	**Capital**	**11,973**	**-**	**-**	**-**	**11,973**
2	Fundamental capital and non-fundamental basic capital	11,973	-	-	-	11,973
3	Other equity instruments	-	-	-	-	-
4	**Retail deposits**	**-**	**11,410**	**3**	**-**	**10,725**
5	Stable deposits	-	7,840	3	-	7,451
6	Less stable deposits	-	3,570	-	-	3,274
7	**Wholesale funding**	**20,607**	**19,132**	**18**	**3**	**19,375**
8	Operational deposits	-	757	-	-	379
9	Other wholesale funding	20,607	18,374	18	3	18,996
10	Interdependent liabilities	-	1,301	-	-	-
11	**Other liabilities**	**-**	**106,630**	**633**	**-**	**17,514**
12	Derivative liabilities for CFEN purposes	Not applicable	-	-	-	Not applicable
13	All liabilities and own resources not included in the previous categories	-	106,630	633	-	17,514
14	**Total Available Stable Funding amount**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**59,587**
	ELEMENTS OF THE STABLEFUNDING AMOUNT REQUIRED					
15	Total liquid assets eligible for CFEN purposes	Not applicable	Not applicable	Not applicable	Not applicable	6,487
16	Deposits in other financial institutions for operational purposes	-	-	-	-	-
17	**Current loans and securities**	**-**	**19,787**	**46**	**-**	**2,203**
18	Secured funding granted to financial institutions with eligible Tier I liquid assets	-	15,806	-	-	1,581
19	Funding granted to financial entities secured with eligible liquid assets other than level I, and unsecured funding granted to financial entities	-	3,976	45	-	619
20	Secured funding granted to counterparties other than financial entities which:	-	-	-	-	-
21	Have a credit risk weight less than 35% according to the Basil II Standardized Approach for credit risk	-	-	-	-	-
22	Housing loans (in stages 1 and 2), of which:	-	5	2	-	3
23	Have a credit risk weight less than 35% according to the Standardized Approach established in the Provisions	-	5	2	-	3
24	Debt securities and shares other than eligible Liquid Assets (that are not in default)	-	-	-	-	-
25	Interdependent assets	-	1,345	-	-	-
26	**Other Assets**	**-**	**469,996**	**3,508**	**21,256**	**41,534**
27	Physically traded basic raw materials (commodities) including gold	-	Not applicable	Not applicable	Not applicable	-
28	Initial margin granted on transactions with derivative financial instruments and contributions to the loss absorption fund of central counterparties	Not applicable	1,286	-	-	1,094
29	Derivative assets for CFEN purposes	Not applicable	322,211	-	-	-
30	Derivative liabilities for CFEN purposes before deduction for the variation of the initial margin	Not applicable	20	-	-	20
31	All assets and operations not included in the above categories	970	146,478	3,508	21,256	40,422
32	Off-balance sheet operations	Not applicable	Not applicable	-	-	-
33	**Total Required Stable Funding amount**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**50,224**
34	**NET STABLE FUNDING RATIO (%)**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**119%**

The ratio increased is mainly due to an increase in Available Stable Funding of 12.7% compared to the previous quarter, which derived mainly from an increase in funding received through repurchase operations. Furthermore, the amount of Stable Funding Required also increased, to a lesser extent, by 6.8% compared to the third quarter of the year.

(Continued)

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The evolution of the composition in the Amount of Stable Funding Available (FED, per Spanish acronym) and the Stable Funding Required (FER, per Spanish acronym) is as follows:

October		November		December	
SFA	63,388	SFA	64,279	SFA	51,094
SFR	49,276	SFR	52,050	SFR	49,349

Finally, we confirm that there is no impact on the Net Stable Funding Ratio from the incorporation of the entities subject to consolidation since our institution does not consolidate.

c) Market risk

The provisions define market risk, as the potential loss due to changes in the Risk Factors that affect the valuation or the expected results of the assets, liability or contingent liability operations, such as interest rates, exchange rates and price indices, among others.

Qualitative information

The Bank evaluates and monitors all positions subject to market risk, using value-at-risk models, which have the capacity to measure the potential loss of a position or portfolio, associated with movements in risk factors with a level of 99% confidence over a one-day horizon.

The UAIR also evaluates the rate differential (GAP) for assets and liabilities in domestic and foreign currency. The GAP is represented by the assets and liabilities that review rates in different periods of time, considering the characteristics in rates and terms.

Quantitative information

As of December 31, 2023 and 2022, the Global VaR was $43.5 and $48.47, (unaudited) with 99% confidence for one day. This value represents the maximum loss expected in one day and is within the limit established by the Bank.

No special market risk treatment for available-for-sale securities was identified in this period.

Market risk statistics statistics for the entire quarterly

2023	Minimum VaR	average VaR	Maximum VaR
Global	19.86	36.91	43.46
Derivatives	8.21	11.92	22.63
MDIN	6.08	15.60	15.29
Own MDIN	3.64	9.66	16.63
Treasury	16,48	24,35	26,04
Changes	-	0,04	0,21

(Continued)

(Millions of Mexican pesos)

2022	Minimum VaR	average VaR	Maximum VaR
Global	47.23	52.38	63.77
Derivatives	4.87	8.47	12.52
MDIN	24.94	27.32	33.24
Own MDIN	7.35	17.09	26.44
Treasury	23.07	29.14	36.63
Changes	-	0.03	0.14

* The average value corresponds to the daily exposure of the money market, derivatives and foreign exchanges as of December 31, 2023 and 2022.

d) Operational risk

Within the Provisions, operational risk is defined as the potential loss due to failures or deficiencies in internal controls, due to errors in the processing and storage of operations or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft, and includes, among others, technological risk and legal risk, which are also defined as described below.

Technological risk. It is defined as the potential loss due to damage, interruption, alteration or failure derived from the use or dependence on hardware, software, systems, applications, networks and any other information distribution channel in the provision of banking services with the Bank.

Legal risk. It is defined as the potential loss due to non-compliance with the applicable legal and administrative provisions, the issuance of unfavorable administrative and judicial resolutions and the application of sanctions, in relation to the operations that the Bank carries out.

BANK

Type of Operational Risk materialized events	Frequency	%Total	4Q-2023 Average impact*	%Total
Process execution, delivery and management	1	0.1%	0.800	30.4%
Process execution, delivery and management	2	0.2%	1.424	54.3%
Business incidents and system failures	4	0.5%	0.070	2.7%
Execution, delivery and process management	11	1.2%	0.33	12.6%
Events not materialized	**Frequency**	**%Total**	**Average impact***	**%Total**
Process execution, delivery and management	139	15.3%	0.00	0%
Business incidents and system failures	720	79.0%	0.00	0%
Customers, products and business practices	34	3.7%	0.00	0%
Total materialized + not materialized	**911**	**100%**	**2.624**	**100%**

(Continued)

(Millions of Mexican pesos)

BANK

Type of Operational Risk materialized events	Frequency	%Total	4Q-2022 Average impact*	%Total
Process execution, delivery and management	2	0.4%	1,424	46%
Process execution, delivery and management	21	3.9%	1,670	54%
Events not materialized	**Frequency**	**%Total**	**Average impact***	**%Total**
Process execution, delivery and management	143	26,8%	0.00	0%
Business incidents and system failures	340	63.7%	0.00	0%
Customers, products and business practices	28	5.2%	0.00	0%
Total materialized + not materialized	**534**	**100%**	**3.094**	**100%**

Technological risk

In the years 2023 and 2022, 18 and 19 operational risk events occurred, of which 6 and 12 corresponded to technological risk events, respectively.

Losses due to technological risk 2023

2023	Events	Average amounts
SPEI	-	-
SPID	4	-
Operational contingency	2	1
Total	**6**	**1**

Losses due to technological risk 2022

	Events	Average amounts
SPEI	4	-
SPID	7	1
Operational contingency	1	-
Total	**12**	**1**

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Also, a monitoring of the systems used in the bank's processes is carried out, in which the time it takes to recover the normal flow is shown in the event of any technological eventuality.

System 2023	Availability quality policy	Actual availability	Maximum Recovery Time Quality Policy	Maximum actual recovery time	Number of incidents
Banks	95.00%	100.00%	30 min.	-	-
Box	95.00%	100.00%	30 min.	-	-
Reconciliations	95.00%	100.00%	30 min.	-	-
Corporate Treasury	95.00%	99.65%	30 min.	44 min.	3
Capital Market	95.00%	99.81%	30 min.	30 min.	3
Money market	95.00%	98.54%	30 min.	180 min.	2
Foreign Exchange Market	95.00%	99.91%	30 min.	18 min.	1
Investment Company Market	95.00%	100.00%	30 min.	-	-
Derivatives Market	95.00%	99.71%	30 min.	60 min.	1
Loans	95.00%	100.00%	30 min.	-	-
Trusts	95.00%	100.00%	30 min.	-	-
Savings Funds	95.00%	100.00%	60 min.	-	-
Term Investments	95.00%	100.00%	60 min.	-	-
Promotion	95.00%	99.99%	30 min.	5 min.	1
Murex	95.00%	99.61%	60 min.	80 min.	1
Digitization	95.00%	100.00%	2,880 min.	-	-
Documentation	95.00%	100.00%	30 min.	-	-
PLD Online Alerts	95.00%	100.00%	60 min.	-	-
PLD, SAS	95.00%	99.91%	1,440 min.	30 min.	1
Reports	95.00%	100.00%	480 min.	-	-
Human Rec Processes	95.00%	100.00%	120 min.	-	-
Monex Portal	95.00%	99.93	30 min.	30 min.	1
Intramonex	95.00%	100.00%	30 min.	-	-
Infrastructure	95.00%	99.80%	30 min.	90 min.	1
Service Desk	95.00%	100.00%	30 min.	-	-
Administration and Finance	95.00%	100.00%	60 min.	-	-
Operational Risk	95.00%	99.61%	30 min.	80 min.	1
		99.87%			**16**

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System 2022	Availability quality policy	Actual availability	Maximum Recovery Time Quality Policy	Maximum actual recovery time	Number of incidents
Banks	95.00%	100.00%	30 min.	-	-
Box	95.00%	100.00%	30 min.	-	-
Reconciliations	95.00%	100.00%	30 min.	-	-
Corporate Treasury	95.00%	99.58%	30 min.	103 min.	2
Capital Market	95.00%	100.00%	30 min.	-	-
Money market	95.00%	100.00%	30 min.	-	-
Foreign Exchange Market	95.00%	99.15%	30 min.	80 min.	4
Investment Company Market	95.00%	100.00%	30 min.	-	-
Derivatives Market	95.00%	100.00%	30 min.	-	-
Loans	95.00%	100.00%	30 min.	-	-
Trusts	95.00%	100.00%	30 min.	-	-
Savings Funds	95.00%	100.00%	60 min.	-	-
Term Investments	95.00%	100.00%	60 min.	-	-
Promotion	95.00%	100.00%	30 min.	-	-
Murex	95.00%	100.00%	60 min.	-	-
Digitization	95.00%	100.00%	2,880 min.	-	-
Documentation	95.00%	100.00%	30 min.	-	-
PLD Online Alerts	95.00%	100.00%	60 min.	-	-
PLD, SAS	95.00%	100.00%	1,440 min.	-	-
Reports	95.00%	100.00%	480 min.	-	-
Human Rec Processes	95.00%	100.00%	120 min.	-	-
Monex Portal	95.00%	100.00%	30 min.	1 min.	1
Intramonex	95.00%	100.00%	30 min.	-	-
Infrastructure	95.00%	99.75%	30 min.	90 min.	2
Service Desk	95.00%	100.00%	30 min.	-	-
Administration and Finance	95.00%	100.00%	60 min.	-	-
Operational Risk	95.00%	100.00%	30 min.	-	-
		99.94%			**9**

(Millions of Mexican pesos)

Legal risk

In 2023 and 2022, there was a loss corresponding to unfavorable events of lawsuits against the Bank.

	Global Affairs December 2023		
Possible contingency for Monex Issue	**Cases**		**Provision**
Labor	44	$	114
Against	17		25
Trust	69		P/D
Total	**130**		**139**

Trials promoted by Monex Issue	**Cases**		**Provision**
Credit/Recovery	45	$	P/D
Lawsuits promoted against clients/third parties	22		130
Total	**67**		**130**

	Global Affairs December 2022		
Possible contingency for Monex Issue	**Cases**		**Provision**
Labor	42	$	33
Against	13		44
Trust	68		P/D
Total	**123**	$	**77**

Trials promoted by Monex Issue	**Cases**		**Provision**
Credit/Recovery	43	$	920
Lawsuits promoted against clients/third parties	21		133
Total	**64**	$	**1,053**

(Continued)

(Millions of Mexican pesos)

Lost due to lawsuits 2023

2023	Events	Average amounts
Execution and delivery of processes	3	$ -
External fraud	1	1
Total	**4**	**$ 1**

Lost due to lawsuits 2022

2022	Events	Average amounts
Execution and delivery of processes	1	$ 6
Total	**1**	**$ 6**

From 2022 to 2023 there are 17 new legal events, of which 11 are against and 6 in favor.

Legal trials

2023	Events	Mont
Against	61	$ 462
In favor	64	$ 801

Legal trials

2022	Events	Mont
Against	50	$ 493
In favor	58	$ 697

Also, in 2023 and 2022, at the end of December, the inventory of provisions for possible legal losses is available for a total of $136 and $93, respectively.

Provisions

2023	Events	Mont
Trade	10	$ 110
Labor	10	$ 26
Total	**20**	**$ 136**

Provisions

2022	Events	Mont
Trade	6	$ 77
Labor	6	$ 16
Total	**12**	**$ 93**

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(32) Recently Issued Regulatory Pronouncements-

Regulatory pronouncements issued by the CINIF.

The CINIF has issued the Improvements mentioned below.

Improvement to FRS 2023

In December 2023, the CINIF issued the document called "Improvements to FRS 2024", which contains specific modifications to some existing FRS. The main improvements are shown below:

FRS A-1 Conceptual Framework of FRS- FRS A-1 becomes effective for years beginning on or after January 1, 2025, though early application as of 2024 is allowed if the disclosures of the particular FRS applicable to the corresponding type of entity in question are adopted early. FRS A-1 includes the definition of public interest entities and requires disclosure of whether the entity is considered a public interest entity or a non-public interest entity. It divides the disclosure requirements of the FRS into i) disclosures applicable to all entities in general (public interest entities and nonpublic interest entities), and ii) additional disclosures mandatory only for public interest entities. Any change generated thereby must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS C-10, Derivative financial instruments and hedging relationships – FRS C-10 becomes effective for years beginning on or after January 1, 2024, allowing early application in 2023. FRS C-10 includes the accounting treatment of a hedge of equity financial instruments whose valuation at fair value is recognized in the OCI. Any change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS B-2, Statement of cash flows/FRS B-6, Statement of financial position/ FRS B-17, Determination of fair value/FRS C-2, Investment in financial instruments/FRS C-16, Impairment of financial instruments receivable/FRS C-20, Financial instruments to collect principal and interest/ IFRS 24, Recognition of the effect of the application of the new reference interest rates - This is effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. This changes the term financial instruments to collect or sell to financial instruments to collect and sell. Any accounting change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS D-4, Income taxes – FRS D-4 is effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. This Improvement clarifies the applicable rate that should be used to recognize current and deferred income tax assets and liabilities when there were benefits in tax rates of the period to encourage the capitalization of earnings (retained earnings). In these circumstances, current and deferred tax assets and liabilities should be determined at the rate that will be applicable to undistributed earnings in the period when they are paid as dividends in future periods. Any accounting change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

The Management is in the evaluation process to determine the effects of adopting NIF on the financial statements.