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

(1) Incorporation and activity-

Incorporation-

Banco Nacional de Comercio Exterior, S. N. C., Institución de Banca de Desarrollo (hereinafter, the Institution, Bancomext), is an entity of the Federal Public Administration with an independent legal status and own capital, incorporated as a National Credit Corporation under the Credit Institutions Law and its own Integral Law.

On June 8, 1937, was founded Banco Nacional de Comercio Exterior, S. A. On July 12, 1985, following the Mexican nationalization of banks, the Institution became Banco Nacional de Comercio Exterior, S.N.C., Institución de Banca de Desarrollo. On January 20, 1986, Congress issued the “Integral Law of Banco Nacional de Comercio Exterior”. Based on the provisions published in the June 24, 2002 Official Gazette, the Ministry of Finance amended, added and repealed various provisions thereof, especially aspects regarding the objectives, operations, administration, supervisions and authority of the Board of Directors of the Institution, and the powers of the Institution’s General Director. On April 2, 1991, the Ministry of Finance (SHCP for its acronym in Spanish) issued the Integral Regulations of the Institution, amended on March 14, 1996, and September 10, 2009. On January 10, 2014, in the Official Gazette was published the Decree by which various provisions of the Organic Law were amended, added and abrogated and the Law to Regulate Financial Groups is issued, through which various provisions of the Organic Law were modified; as a result of the aforementioned reforms, on August 25, 2015, the Agreement was published in the Official Gazette by which the Organic Regulation was fully modified. On September 25, 2017, and March 27, 2020, modifications to the aforementioned Regulations were published in the Official Gazette.

Activity-

In terms with the Institution’s Organic Law, as a Development Bank, it renders public banking and lending services subject to the objectives and priorities of the National Development Plan, particularly, the National Development Financing Program to promote and finance activities and sectors as entrusted thereto in such law.

As a Development Bank, its purpose is to finance the nation’s foreign trade and participate in the promotion of such activity.

The main activities of the Institution are regulated by the Credit Institutions Law and by the Banco de Mexico (“Banxico” or “Mexican Central Bank”) Law. Such ordinances include a number of limits indicating the maximum leverage level and capitalization requirements limiting Institution’s investments and operations, and is under the supervision of the National Banking and Securities Commission (CNBV for its acronym in Spanish).

Attached consolidated financial statements as of December 31, 2023, and for the year ending on such date, include Institution’s financial statements, as well as those of its subsidiaries, to wit: Desarrollo Inmobiliario Especializado, S. A. de C. V. (DIESA) and Administradora de Centros Comerciales Napoles, S.A. de C.V. (ACCN).

(Millions of Mexican Pesos)

Below is a description of such subsidiaries´ purpose and their share in the stockholders' equity:

Subsidiary	Holding	Purpose
Desarrollo Inmobiliario Especializado, S. A. de C. V.	99.20% ("A" Series) 100.00% ("B" Series)	- The acquisition, leases, administration, benefiting, exploitation, disposal and use of real estate. - Execution of adaptation, conservation, construction, demolition, maintenance and modification works thereto, provided property where Institution's office are or are to be.
Administradora de Centros Comerciales Napoles, S.A. de C.V. Under liquidation*	100%* (Fixed) 100%* (Variable)	- Acquire, purchase, sell, mortgage, lease, build and exploit any kind of movable and real property or rights in rem. - Rendering of any kind of professional services.

* In 2022, the Shareholders Meeting authorized the Company's dissolution and liquidation strategy as well as a free donation in favor of Institution of 50,015 Bancomext shares held by an individual officer by Institute's mandate, donation carried out on June 29, 2022. In 2023, the Shareholders' Meeting authorized the entity's dissolution and liquidation appointing its liquidator, thus, as of December 31, 2023 the liquidation is under implementation.

As of December 31, 2023 and 2022, DIESA's total assets represent 0.128% and 0.129%, respectively, of the Institution's total assets. ACCN total assets represent 0.001% of the Institution's total assets as of December 31, 2023 and 2022.

(2) Financial Statements authorization and bases of preparation

Authorization-

Attached consolidated financial statements and notes as of December 31, 2023, for the year ending on such date were authorized for issuance by the subscribing members of the board: Luis Antonio Ramirez Pineda (Chief Executive Officer), Maria Fernanda Ruiz Padilla (the Head of the Administration and Finance Unit), Julia Noemi Rodriguez Ku (Accounting and Budget Director) and Victor Manuel Jimenez Garcia (Internal Audit Director) on February 19, 2024, for approval by the Board of Directors on a subsequent date.

In accordance with the General Business Corporations Law, the Institution's bylaws and the General Provisions Applicable to Mexican Financial Entities, issued by CNBV, the Board of Directors and the CNBV are vested with capacity to modify attached 2023 consolidated financial statements, following issuance thereof.

Bases of preparation-

a) Statement of compliance-

Attached consolidated financial statements have been prepared on the grounds of banking laws in accordance with Accounting Criteria Applicable to Mexican Financial Entities ("Accounting Criteria"), established by CNBV, the entity in charge of inspection and oversight of financial entities, and for the review of their financial information.

The Accounting Criteria provide that CNBV is to issue specific rules for specialized operations, CNBV's A-4 criterion "Supplementary application of Accounting Criteria" establishes that, in the absence of an express CNBV accounting criterion applicable to financial entities, and within the broadest context of the Financial Reporting Standards (*FRS*) issued by the Mexican Board of Financial Reporting Standards (CINIF per its Spanish acronym), the supplementary process established under FRS A-8 Supplementary process (currently FRS A-1 Conceptual Framework of Financial Information Standards, Chapter 90 Supplementary Nature), and only when International Financial Reporting Standards (IFRS) fail to resolve the accounting recognition a supplementary standard belonging to any other regulating process may be observed, provided in satisfaction with all requirements identified in referred to FRS, but such supplementary process is to be applied as follows: US Generally Accepted Accounting Principles (US GAAP) and any accounting standard part of the set of formal and well-known standards, provided in satisfaction with A-4 criterion's requirements.

b) Accounting ordinances in force as from January 1, 2022-

During the monetary crisis that started on 2008, the different countries identified insufficient and delayed recognition of credit losses as a weakness in current accounting standards, therefore, as a result thereof, the international financial reporting standard IFRS 9 "Financial Instruments" was issued on July 2014.

As a result of IFRS 9's issue, CINIF published 10 new financial reporting standards that entered into effect on January 1, 2018.

The 10 new financial reporting standards published on January 1, 2018 to converge with IFRS 9 were the following:

a) FRS B-17, Fair value determination.
b) FRS C-2, Investment in financial instruments.
c) FRS C-3, Accounts receivable.
d) FRS C-9, Provisions, contingencies and commitments.
e) FRS C-10, Derivative Financial Instruments and hedging ratios.
f) FRS C-16, Impairment of Financial Instruments Receivable.
g) FRS C-19, Financial instruments payable.
h) FRS C-20, Financial Instruments to Collection of Principal and Interests.
i) FRS D-1, Revenue from customer contracts.
j) FRS D-2, Customer contract costs.

On the grounds thereof, CNBV initiated a process to adopt International Financial Reporting Standard 9 "Financial Instruments" (IFRS 9) substituting IAS 39 standard, to which effect it was required to update Accounting Criteria applicable to Financial entities (Accounting Criteria) to make them congruent with domestic and international financial reporting standards, to allow the availability of transparent financial information comparable with that of other countries.

On March 13, 2020, the CNBV published in the Official Gazette of the Federation (DOF per its Spanish acronym) a Resolution amending General Character Provisions Applicable to Financial Entities, incorporating latest information standards issued by CINIF, enforceable as from January 1, 2022, in accordance to amending Resolution published in the DOF on December 4, 2020.

Such Resolution's FIFTH TRANSITORY ARTICLE reads that the annual consolidated basic financial statements requested to institutions in terms with above identified Provisions, for the period ending on December 31, 2022 are not to include comparative figures of 2021 and for the period ending on December 31, 2021.

The above by reason of changes on accounting ordinances covered in the Resolution better known as IFRS 9, and deriving from the fact that in the application of this new standard the CNBV established as a practical solution the capacity of institutions to recognize, on the date of first application, the accrued effect of accounting changes, therefore, prior period financial statements would not be restated.

Main changes in accounting ordinances, mechanics for adoption and adjustments implemented to determine initial effects due from application of changes.

Changes in accounting ordinances

Accounting criteria that were modified were:

- A-2 "Application of specific standards"
- A-3 "Application of general standards"
- B-1 "Cash and cash equivalents"
- B-3 "Repurchase"
- B-4 "Lending of securities"
- B-6 "Loan portfolio"
- B-7 "Awarded property"
- B-8 "Guarantors"
- B-9 "Custody and administration of property"
- B-10 "Trusts"
- C-2 "Securitization transactions"
- D-1 "Statement of financial position"
- D-2 "Comprehensive income statement"
- D-3 "Statement of changes in stockholders' equity"
- D-4 "Cash flow statement"

Accounting criteria that were derogated:

- B-2 "Investment in securities"
- B-5 "Derivatives and hedging transactions"
- B-11 "Collection rights"

- C-1 “Recognition and release of financial assets”
- C-3 “Related parties”
- C-4 “Segmented information”

The Financial Reporting Standards (FRS) issued by the Mexican Board of Financial Reporting Standards and referred to in paragraph 3 of Criterion A-2 “Application of specific standards” under Exhibit 33 of CUB, the application of which initiated on January 1, 2022, were:

- B-17 “Fair value determination”
- C-2 “Investment in financial instruments, (FI)”
- C-3 “Accounts receivable”
- C-9 “Provisions, contingencies and commitments”
- C-10 “Derivative Financial Instruments and hedging ratios”
- C-16 “Impairment of Financial Instruments Receivable”
- C-19 “Financial instruments payable”
- C-20 “Financial Instruments to Collection of Principal and Interests”
- D-1 “Revenue from customer contracts”
- D-2 “Customer contract costs” and
- D-5 “Leases”

On December 30, 2021, the CNBV published in the DOF amendments to resolution dated March 13, 2020, substituting criteria A-2 “Application of specific standards”, A-3 “Application of general standards”, B-1 “Cash and cash equivalents”, B-6 “Loan Portfolio”, B-7 “Awarded property” and D Series “Criteria related to basic financial statements”.

Included in changes stated by CNBV in above identified amendments, there are significant recognition, measuring, presentation and disclosure difference with Accounting Criteria applied up to December 31, 2021. Such differences are of importance to Institution’s consolidated financial information.

A descriptive summary of differences the Institution’s Management believes the most important for its consolidated financial information is below.

1) Criterion B-6 “Loan Portfolio”

Business model

The business model refers as how the Institution proceeds to administer or manage its loan portfolio for cash flow generation. That is, the Institution’s business model determines whether cash flows will inflow of contract cash from loan portfolio sale or both.

The Institution’s business model to administer or manage the loan portfolio is a matter of fact and not a mere intent or affirmation. Observable through activities carried out by the Institution to attain the business model’s purpose.

In terms with this criterion, the loan portfolio is recognized when the purpose of the business model is to maintain the same to collect contractual cash flows and the terms of the contract provide cash flows on predefined dates, corresponding to solely payments of principal and interest (SPPI) on the unpaid principal amount, if the above is not complied with, treatment will be in accordance to the provisions of FRS C-2, “Investment in financial instruments”.

On December 10, 2021, the Internal Credit Committee authorized the Business Model, Classification and Measuring of Financial Instruments to collect principal and interest (IFCPI per its Spanish acronym) for the Institution's loan portfolio, where the model is to maintain the portfolio up to maturity. On December 23, 2021. The Report on the Business Model of the Bancomext Loan Portfolio and SPPI Tests was sent to the CNBV.

Effective interest method

The effective interest method and the effective interest rate are established to allow calculation of the loan portfolio´s amortized cost to distribute its effective interest income or expense, in the pertinent periods during the loan portfolio's life. The effective interest rate is the rate accurately discounting estimated future cash flows to be collected during the expected life of a loan.

Unlike a nominal rate recognizing interests as they accrue, it considers a series of elements, such as, the number of disbursements, number of payments, nominal interest, commissions charged, transaction costs, as well as any other contract flow or charge that may exist, therefore affecting the recognition of interest in books from the financial but not the contractual point of view.

Under accounting criteria in force up to December 31, 2021, the recognition of loan portfolio interests was at the contract rate, but the accrual of interests in contract terms did not match the accrual of interests upon applying the effective interest rate, because in the first scenario, income from commissions and costs resulting from the granting of the loan are recognized through deferred charges or loans amortized under the straight-line method during the life of the loan.

In order to determine the effective interest rate, the following steps must be taken:

1. To determine the amount of estimated future cash flows receivable. - By obtaining the total sum of principal and interests to be received in line with the loan's payment plan, during the contractual term, or a shorter term when there is a possibility of payment prior the date of maturity or any other circumstance justifying the existence of a shorter term.

2. To determine the effective interest. - Deducting from estimated future cash flows receivable.

3. To determine the effective interest rate. - Represents the ratio between effective interest and the net financed amount.

In the subsequent recognition, the loan portfolio is to be valued at its amortized cost, to include increases resulting from accrued effective interests, reductions resulting from amortization of transaction costs and items charged in advance, as well as reductions resulting from collection of principal and interests and the credit risk allowance.

CNBV allowed a facility in application of Criterion B-6- Loan Portfolio consisting in that during the 2022 year, when determining the amortized cost, the contract interest rate and the straight-line method in the recognition of commissions charged and transaction costs could continue being used for the recognition of interests accrued by the loan portfolio as indicated in current criterion B-6 "Loan Portfolio", in force up to December 31, 2021, obliged to disclose in quarterly and annual financial statements of such year, such circumstance. The Institution did not follow such facility.

Allowance for loan losses

The allowance amount will be determined based on different methodologies established by CNBV per type of loan and credit level of risk, and any further allowances required in other ordinances and those dictated and acknowledged by CNBV, that must be recognized in the profit and loss for the applicable period.

The CNBV implemented a new calibration to allowance calculation methodologies focusing on commercial portfolio expected loss. Simultaneously with IFRS 9, the current portfolio and past due portfolio concepts were modified to portfolio in stages 1, 2 or 3 to control credit risk and to establish, in a manner congruent to such risks, the credit risk allowances.

The Loan portfolio impairment level identification must occur prior a failure to perform, taking into consideration amongst the main factors, significant increases in credit risk indicators, degradation of the instrument or borrower's external rate, significant risk increases in other instruments of same borrower, default information, significant impairment in market indicators, significant changes in value of collateral or borrower's operation profit and loss, even those changes in the economic environment, also allowing incorporation of models to rate such loan portfolio with own models or those based in FRS C-16.

Expected loss estimate must be calculated taking into consideration the above 3 stages, depending on the asset credit impairment level, being:

Stage 1, incorporates financial instruments with a credit risk that has not significantly increased from initial recognition with an allowance to be established for a 12-month period.

Stage 2, incorporates instruments with a significant credit risk increase as from initial recognition.

Stage 3, comprising instruments with objective evidence of impairment and that, in stage 2 and 3, it is established that credit entities are to establish allowances for the remaining term up to maturity.

The methodology to establish the amount of the allowances is to be disclosed.

2) Criterion B-1 "Cash and cash equivalents" (formerly liquid assets)

Main changes refer to modifications to treatment to financial instruments referred to under paragraph number 4) that follows, establishing that only those with high liquidity the disposal of which is foreseen within up to 48 hours will be taken into account under this item.

3) Repurchase

The rule of presentation in force up to January 31, 2021 of Criterion B-3 "Repurchase", providing that any time a repurchaser sold or granted the collateral available thereto as guarantee, the account receivable would be set off against the account payable and the debtor or creditor balance would be entered under the repurchase debtor or collateral sold or granted as guarantee item, as applicable, was eliminated.

The standard in force as from January 1, 2022, indicates that, for the purposes of financial asset and liability set-off when the entity as a repurchaser, the provisions of FRS B-12 "Financial asset and financial liability set-off" is to be followed.

4) FRS C-2 "Investment in financial instruments" (FI)

Business model

The main change in this standard is FI classification as an investment. The intent of acquisition and use of FI as investment to determine classification thereof is discarded; instead, the business model of investment in FIs management to obtain cash is adopted, which cash flow may be obtained as a FI contract yield, from collection of contract yield and/or sale or gaining profit following sale, in order to classify the different FIs.

Reclassification of investments in FIs as to the various categories (receivable, debt at fair value and negotiable) is not permitted, unless the business model changes, which scenario is deemed as occurring infrequently.

The Financial Instruments Receivable (other than the Loan Portfolio) Business Model was documented by Institution determining classification of the following portfolios:

Trading Financial Instrument (TFI), to the end of investing in order to making profit from the difference between the purchase price and the sale price, that is, in function of such instrument's market risk management (money desk).

Financial Instrument to Collect or Sell (FICS), in order to collect contractual cash flows resulting from collection of principal and interests, or else, the gaining of profit from sale thereof, when convenient (liquidity).

Financial Instruments to Collection of Principal and Interests (FICPI), to collect contractual cash flows; the terms of contract provide cash flows on predefined dates corresponding only to payments of principal and interests on the unpaid principal amount (contract superavit).

These FIs are initially recorded at fair value adjusted by transaction costs (if any).

Subsequent recognition

FICPI are assessed at amortized cost applying the effective interest rate, with effects in profit and loss; FICSs are assessed at fair value with changes in other comprehensive income, previously affecting the profit and loss due to interests accrued, any exchange rate fluctuation and impairment losses; TFIs are measured at fair value with effects in profit and loss.

5) FRS B-17 "Fair value determination"

Fair value is the exit price received upon selling an asset, or paid upon transferring a liability, in an orderly transaction amongst market participants on the date of valuation.

In order to determine the fair value, it is required to take into consideration: a) the specific asset or liability being valued; b) as to a non-monetary asset, the longer and better use of the asset and if the asset is used in combination with other assets or independently; c) the market where an ordered transaction would occur for the asset or liability, and d) the appropriate valuation technique or techniques to determine the fair value.

6) FRS C-3 "Accounts receivable"

Main changes are that it establishes: a) a financial instrument is represented by accounts receivable based on a contract; b) uncollectible commercial accounts estimate is acknowledged based on expected credit losses upon accrual of income; c) the value of money in time must be taken into consideration as from the initial recognition, and d) present an analysis to changes existing between opening and closing balances of the uncollectible allowance.

7) FRS C-9 "Provisions, contingencies and commitments"

The main change in this standard is the adjustment into the definition of a liability of the term "possible" eliminating the term "virtually unavoidable".

8) FRS C-10 "Derivative Financial Instruments and hedging ratios"

Main changes refer to the following:

- ✓ Hedging ratios must be aligned with risk management strategy to qualify as hedging ratios. Otherwise, they would not qualify as such and they may not be recognized as hedging ratios;
- ✓ Specific measures are eliminated (between 80% and 125% in respect to hedged item variations) to determine whether its hedging is effective and any ineffectiveness is immediately acknowledged in profit and loss;
- ✓ The restriction to be able to establish a hedging ratio on assets and liabilities valued at fair value was eliminated;
- ✓ The hedging ratio is discontinued only if the hedging instrument or the hedged item cease to exist, or if there is a change in the risk management strategy, which would be unusual and rare;
- ✓ The hedging ratio must be rebalanced if ineffective, by increasing or reducing the hedged item or the hedging instrument;
- ✓ Implied derivative financial instruments existing when hosting instrument is a financial asset may not be segregated; and
- ✓ An item hedged at a net income and expense position may be designated as hedged item when such designation reflects the entity's risk management strategy.

9) FRS C-16 "Impairment of Financial Instruments Receivable" (FIR)

Establishes that FIR expected losses due to impairment must be acknowledged upon increase of the credit risk, it is concluded that a portion of future FIR cash flows will not be recovered. Such expected loss is to be recognized based on the historic credit loss experience, current conditions and reasonable and sustainable forecasts of the different future quantifiable events that could affect the amount of future cash flows recoverable from FIR. As to interest accruing FIR, it must be defined how and when recovery is estimated, as the recoverable amount must be estimated at current value.

10) FRS C-19 "Financial Instruments payable"

Establishes: a) the possibility of valuing specific financial liabilities at fair value; b) valuing long-term liabilities at current value in the initial recognition, taking into consideration their value in time if for a term exceeding a year or off standard credit conditions, and c) upon restructuring a liability without substantially modifying future cash flows for their settlement, the costs and commissions disbursed in this process affect the liability amount and are to be amortized at a modified effective interest rate, instead of directly affecting the net profit or loss.

The provisions in paragraph 41.1.1 number 4 of the FRS C-19, regarding the use of a market rate as the effective interest rate when assessing a financial instrument payable will not apply when both rates were substantially different.

The exception to irrevocably designate, at initial recognition, a financial instrument payable to be subsequently valued at fair value with effects on net income as referred to under section 42.2 of FRS C-19 will not apply to entities.

11) FRS C-20 "Financial Instruments to collect principal and interest"

Determines classification of financial instruments based on the business model as follows: a) if to generate profit through a contract yield, they are acknowledged at their amortized cost; b) if they are also used to produce earnings based on their sale, they are acknowledged at fair value. Additionally, the standard provides that the host instrument's implicit derivative instrument modifying principal and interest flows is not to be segregated, but everything is to be valued at fair value, as if a negotiable financial instrument.

12) FRS D-1 "Revenue from customer contracts"

Comprises assessment, presentation and disclosure standards applicable to income from contracts with customers, the recognition of income from a control transfer, the identification of obligations to be performed under a contract, the assignment of a transaction amount and the recognition of a collection right. Eliminates supplementary character of International Accounting Standard 18 "Income from Day-to-Day Activities" and interpretations thereof.

13) FRS D-2 "Customer contract costs"

Contains ordinances regarding acknowledgment of customer contract costs and incorporates accounting treatment of costs related with construction and manufacture of capital asset contracts, including costs related with customer contracts. Jointly with FRS D-1 "Revenue from customer contracts", FRS D-2 derogates Bulletin D-7 "Construction and manufacture of specific capital asset contracts" and interpretation to Financial Reporting Standard 14 "Real-property-related construction, sale and service rendering contracts".

14) FRS D-5 "Leases"

As to lessor there are no changes in the recognition in books, disclosure requirements are added, exclusively. As to lessee, the classification of leases as operation or financial is eliminated, recognizing an asset based on right to use the leased underlying asset and a leasing liability reflecting an obligation to make leasing payments at current value, when the leases exceed 12 months.

Due to the above, this FRS: a) requires evaluating, at the inception of the contract, whether a right to control the use of an identified asset for a specific time period is obtained; b) operation lease expenses is replaced by a depreciation expense or amortization of assets with to right to use and an interest expense on leasing liabilities; c) the presentation in cash flow statement is modified by reducing cash outflows from operation activities, and increasing cash outflows from financing activities to reflect leasing liability payments; d) the recognition of income or loss is modified upon leases transferring an asset to another entity, leases back such asset.

15) D Series Accounting Criteria "Criteria related to basic financial statements"

Main changes in the Statement of Financial Position (formerly, the Balance Sheet), refer to presentation of Investments in financial instruments, classified under the new standard as negotiable Financial Instruments, Financial Instruments to Collect or Sell and Financial Instruments to Collection of Principal and Interests, as well as presentation of the Loan Portfolio in Stages 1, 2 and 3 and presentation thereof at amortized cost by integrating the Deferred Item.

The main change in the Comprehensive Income Statement (formerly, the Income Statement), is that the Comprehensive Income is presented in addition to the Net income, corresponding to the net income increased or reduced by Other Comprehensive Income (OCI) during the period, net of effects or related profit taxes and Employee Profit Sharing, as well as interests in OCI of other entities.

Retrospective Adjustments due to Accounting Changes and error corrections are added, upon occurrence, to the Statement of Changes in the Stockholders' Equity, itemizing concepts related to Other Comprehensive Income.

Adjustments due to items associated with investment activities and financing activities are itemized in the Cash Flow Statement.

Initial effect of applying standards effective as from January 1, 2022

TRANSITORY ARTICLE FIVE of the Resolution amending General Character Provisions Applicable to Financial Entities dated March 13, 2020 and its Amending Resolution dated December 4, 2020, provides that institutions may apply partial retrospective recognition by allowing recognition, as of the date of opening application of new standard (IFRS 9), the accrued effect of accounting changes. FRS B-1 "Accounting changes and error correction", provides in its paragraph 21 that any time the initial effect proves impossible to determine, the prospective application of the accounting change must be implemented.

Paragraph 24 of FRS B-1 provides that retrospective application is deemed impractical when, among other, the effect of retrospective application cannot be determined, notwithstanding the entity management's reasonable justifiable efforts.

Bancomext deemed unpractical to determine the initial accrued effect of applying the effective interest rate to the loan portfolio because, in order to determine the effective interest rate at the inception of each transaction, transactions from the universe of loans granted as of December 31, 2021, must be reconstructed, a functionality in the credit system must be developed for a single processing and due to unfeasibility of objective quantification of the amortized cost for the remaining trench and term of each identified loan, the initial upload of loans at amortized cost could not be performed, therefore, the effort to produce such information would represent very high costs in time and monetary, and technological and staff resources.

Similarly and notwithstanding the existence of information to retrospectively apply the standard on financial liabilities, the loan portfolio data is unavailable, therefore, Institution deemed it incorrect to retrospectively apply the effective interest method to financial liabilities, but not in case of financial assets, in line to the basic postulate of congruency establishing that an entity is to follow a single accounting treatment regarding similar transactions.

By virtue of the above, the effective interest rate method for financial assets and liabilities was prospective comprehensively performed.

(Millions of Mexican Pesos)

Initial effect due to the application of the new standard as of January 1, 2022

Assets	Standard in force up to December 31, 2021	Assets	Standard in force as of January 1, 2022	Opening effect	
Availabilities	$ 24,184	Cash and cash equivalents	$ 24,184	-	
Investment securities:		Investments in financial instruments:			
Trading	198,294	Trading financial instruments	188,326	(9,968)	(1
Available for sale	55	Financial instruments to collect or sell	9,968	9,913	(1
Held to maturity	186	Financial instruments to collect principal and interest (securities) (net)	186	(0)	(1
	198,535		198,480	(55)	
Debtors on repurchase/resale agreements	910	Debtors on repurchase/resale agreements	4,360	3,450	(2
Derivatives	1,851	Derivatives	1,851	(0)	(3
Current loan portfolio	226,194	Loan portfolio with stage 1 credit risk	225,922	(272)	(4
		Loan portfolio with stage 2 credit risk	272	272	(4
Business and commercial activities	8,499	Loan portfolio with stage 3 credit risk	8,499	-	(4
	234,693	Loan portfolio	234,693	-	
		(+ -) Deferred items	(35)	(35)	(4
Less:		Less:			
Allowance for loan losses	10,917	Allowance for loan losses	10,918	1	(5
Total loan portfolio, net	223,776	Total loan portfolio, (net)	223,740	(36)	
Permanent investments	755	Permanent investments	810	55	(1
Deferred income taxes and employee' statutory profit sharing, net	5,000	Deferred income tax asset (net)	3,630	(1,370)	(10
Deferred charges, prepayments and intangible assets	239	Prepayments and other assets (net)	1,520	1,281	(6, (10
Other asset accounts	10,872	Other accounts receivable (net)	10,872	-	
Total assets	**$ 466,122**	**Total assets**	**$ 469,447**	**3,325**	
Liabilities and stockholders' equity		**Liabilities and stockholders' equity**			
Deposits	169,534	Deposits	169,484	(50)	(6
Due to bank and other	69,678	Due to banks and other institutions	69,678	-	
Creditors from repurchase/resale agreements	168,915	Creditors from repurchase/resale agreements	168,915	-	
		Collateral sold or pledged as guarantee Repurchases/resale	3,450	3,450	(2
Derivatives	8,396	Derivatives	8,396	-	
Other accounts payable/Income tax payable	1			(1)	(7
Other accounts payable/Settlement transaction	324	Other accounts payable/Settlement transaction	324	-	
		Other accounts payable/Contributions payable	14	14	(9
Other accounts payable/Sundry creditors and other accounts payable	2,771	Other accounts payable/Sundry creditors and other accounts payable	1,523	(1,248)	(8, (9
		Income tax liability	1	1	(7
		Liability for employee benefits	1,234	1,234	(8
Subordinated debt issue	10,362	Subordinated debt issue	10,321	(41)	(6
Deferred credits and advance collections	699	Deferred credits and advanced collections	664	(35)	(4
Total liabilities	**430,680**	**Total liabilities**	**434,004**	**3,324**	
Stockholders' equity:		**Stockholders' equity:**			
Contributed capital	43,316	Contributed capital	43,316	-	
Earned (lost) capital	(7,485)	Income from prior years	(7,524)	(39)	(1, (3, (5, (10, (11
Net income	-	Net income	(1)	(1)	(5,(11
		Other Comprehensive Income			
Unrealized gain from valuation of available for sale securities	16	Valuation of financial instruments to collect or sell	6	(10)	(1, (10, (11
		Share in other entities' OCI	51	51	(1
Other capital accounts	(405)	Other stockholders' equity accounts	(405)	-	
Total stockholders' equity	**35,442**	**Total stockholders' equity**	**35,443**	**1**	
Total liabilities and stockholders' equity	**$ 466,122**	**Total liabilities and stockholders' equity**	**$ 469,447**	**3,325**	

1) Investment in securities

In accordance to Institution's Business Model for Financial Instruments Receivable (other than the Loan Portfolio), the following reclassifications were made:

a) From Trading Financial Instruments to Financial Instruments to Collect or Sell for the liquidity portfolio in the amount of $9,968 and its $4 superavit was reclassified in the Profit and Loss of prior years under the heading Other Comprehensive Income – Valuation of Financial Instruments to Collect and Sell.

b) The shares classifies as Securities Available for Sale in the amount of $55 were reclassified as Permanent Investments; the deficit of such investments in the amount of $40 was entered under the capital item of the Profit and Loss due to valuation of securities available for sale, was reclassified to Results of previous fiscal years.

Additionally, the impairment of Financial Instruments to Collection Principal and Interests and that of Financial Instruments to Collect or Sell in the amount of $0.07 and $5, respectively, was recognized with effect on the results of previous years, subsequently recognizing the adjustment at fair value in Financial Instruments to Collect or Sell in the amount of $5 with favorable effects in Other Comprehensive Income – Valuation of Financial Instruments to Collect or Sell.

The participation in the OCI of associated companies was reclassified under the OCI Interest of other entities in the amount of $51.

The adjustment to deferred taxes deriving from these movements resulted in the reduction $18 with a $10 charge to Profit and Loss of prior years and $8 to the heading of Other Comprehensive Income – Valuation of Financial Instruments to Collect and Sell.

2) Repurchase Transactions

The regulation in force as from January 1, 2022, indicates that for the purposes of setting-off financial assets and liabilities when the entity acts as a repurchaser, the provisions of FRS B-12 “Compensation of financial assets and financial liabilities” must be followed.

As the compensation rules of FRS B-12 are not complied with $3,450 are reclassified from Debtors due to Repurchase to Collateral sold or pledged-Repurchase for the collaterals granted as guarantee in repurchase transactions.

3) Derivative financial instruments

The credit risk (Credit Value Adjustment - CVA) in the amount of $0.04 of derivative financial with an effect on results from previous years.

4) Loan Portfolio

The Loan Portfolio was classified in stages per credit risk level, as follows:

Loan portfolio at Stage 1 credit risk. – Loans whose credit risk that has not increased significantly from initial recognition up to the date of financial statements and that are not in the assumptions to be considered as stage 2 or 3, in the amount of $225,922.

Loan portfolio at stage 2 credit risk.- Loans as in which there is objective evidence of impairment for $272, that as of December 31, 2021 were recorded in the current portfolio item.

Loan portfolio at stage 3 credit risk. – Loans with credit impairment caused by the occurrence of one or more events with a negative impact on future cash flows in the amount of $8,499.

5) Allowance for loan losses

The amount of allowance for loan losses was determined based on the different standard methodologies issued by CNBV per type of loan and credit risk level established in the modifications as of March 13, 2020, resulting in a net effect of constitution of $1 reserves as follows:

(Millions of Mexican Pesos)

Rating		Regulation in force as of				Variation	
		December 31, 2021		January 1, 2022			
		Rating portfolio	Allowances for loan losses	Rating portfolio	Allowances for loan losses	Rating portfolio	Allowances for loan losses
A-1 Minimum	$	164,838	810	175,908	910	11,070	100
A-2 Minimum		55,832	574	46,109	437	(9,723)	(137)
B-1 Low		9,199	142	8,388	127	(811)	(15)
B-2 Low		3,287	69	1,789	36	(1,498)	(33)
B-3 Low		2,504	86	3,179	109	675	23
C-1 Average		4,201	271	4,292	278	91	7
C-2 Average		523	74	523	74	-	-
D High		5,400	1,485	5,595	1,540	195	55
E Irrecoverable		9,930	6,625	9,931	6,626	1	1
Subtotal		**255,714**	**10,136**	**255,714**	**10,137**	**-**	**1**
Former employees		113	8	113	8	-	-
Past due interests		273	273	273	273	-	-
Additional reserves		-	500	-	500	-	-
Total	**$**	**256,100**	**10,917**	**256,100**	**10,918**	**-**	**1**

The constitution of reserves for $1 reserves was made with effect on Net results, in accordance with the antepenultimate paragraph of the third transitory article of the Resolution that modifies the General Provisions applicable to credit institutions published in the DOF on March 13, 2020, and which was reformed by the Resolution published in the DOF on December 4, 2020, providing that any time the amount of allowances to be constituted by the application of the methodology used as of January 1, 2022 is greater than the balance of the item of the results from previous fiscal years, the difference that results will be recognized in the results of the corresponding fiscal year.

The movements in the allowance for loan losses generated a cancellation effect of the deferred tax estimates of $20, which was recorded as income in the results of previous years.

6) Transaction Costs of Financial Instruments Payable

Transaction costs for $91 were reclassified, from the Deferred Charges, prepayments and intangible assets item to traditional Deposits for $50 and Outstanding Subordinated Obligations for of $41.

7) Income Tax Liability

The income tax payable of $1, was reclassified from the Other Accounts Payable/Income Tax Payable item to the new Income Tax Liability item.

8) Employee Benefit Liability

The Net Liability for Defined Benefits arising from the provisions of FRS D-3 “Employee benefits” of $1,234 was reclassified from the Other Accounts Payable/Sundry Creditors and Other Accounts Payable, to the new Employee Benefit Liability heading.

(Millions of Mexican Pesos)

9) (Taxes or Contributions) Payable

Contributions Payable from the item of Other Accounts Payable/Sundry Creditors and Other Accounts Payable, were reclassified to the new item of other accounts payables/Taxes payable for $14.

10) Deferred Taxes

As detailed under paragraphs 1) and 5) above, the initial effect of applying new regulations in force as of January 1, 2022 represented a net increase in the deferred tax asset derived: paragraph 1) decrease of $18 with a $10 charge to Earnings from previous years and $8 to the Other Comprehensive Income – Valuation of Financial Instruments to Collect and Sell and paragraph 5) the cancellation of Deferred Tax Estimates for $20, which was recorded as income in Result from previous years.

Deferred ESPS for $1,372 is reclassified from the previous item of deferred income tax and employee profit sharing, net, to the item of prepaid payments and other assets (net).

11) Stockholders' Equity

As described under paragraph 1), 3), 5) and 10), the initial effect of application the new standard in force as from January 1, 2022 represented a net increase of Stockholders' Equity of $1, integrated which is integrated as shown below:

Stockholders' Equity Heading		Initial effects as of January 1, 2022
Result of previous fiscal years		
1) Securities investments	$	(59)
3) Derivative Financial Instruments 1/		(0)
5) Allowance for loan losses		20
		(39)
Net Income		
5) Allowance for loan losses		(1)
Other Comprehensive Income – Valuation of financial to collect and sell		
1) Securities investments		41
Total Stockholders' Equity	**$**	**1**

1/ Corresponds to $0.04

c) Use of criteria and estimation of uncertainties-

The preparation of consolidated financial statements requires the Management to apply criteria, estimates and assumptions regarding the book value of assets and liabilities and disclosure of contingent assets and liabilities as of the date of financial statements, and amounts entered into income and expenses during the year. Actual results may differ from such estimates and assumptions.

Assumptions and uncertainty in estimates

Information on assumptions and estimate uncertainty having a significant risk of resulting in a material adjustment to book amounts of assets and liabilities is included in the following notes:

(Millions of Mexican Pesos)

- Note 3f and 6 – Investment in securities;
- Note 3g and 7 – Repurchase transactions;
- Note 3h and 8 – Derivative financial instruments;
- Note 3k and 9b – Credit risk allowance;
- Note 3t and 19 – Employee benefits;
- Note 3u and 20 – Income Tax (ISR for its acronym in Spanish) and Employee Profit Sharing (PTU for its acronym in Spanish).

d) Functional and reporting currencies-

Consolidated financial statements are presented in the reporting currency, Mexican pesos, same as the book currency and functional currency.

For the purposes of disclosure made in the notes to consolidated financial statements, any time a reference is made to pesos or "$", is a reference to million Mexican pesos, except when otherwise indicated, and when a reference is made to USD or dollars, is a reference to dollars of the United States of America.

(3) *Summary of main accounting policy-*

Accounting policy described below have been uniformly applied in preparing consolidated financial statements for the reporting years.

(a) Bases for consolidation-

Consolidated financial statements include those of the Institution and those of its subsidiaries under its control, Desarrollo Inmobiliario Especializado, S. A. de C. V. (DIESA) and Administradora de Centros Comerciales Napoles, S.A. de C.V. (ACCN). Transactions, balances and unrealized profits or losses resulting from transactions between Institution and its subsidiaries, have been eliminated in preparation of these consolidated financial statements. Consolidation was effected based on DIESA and ACCN financial statements on and for the years ending on December 31, 2023 and 2022, which were prepared in adherence to Accounting Criteria Applicable to Mexican Credit Entities.

(b) Recognition of the effects of inflation-

Attached consolidated financial statements include acknowledgement of inflation effects in financial information up to December 31, 2007, date when an inflationary economic environment (accrued inflation in excess of 26% in the last three-year period) is deemed terminated and a non-inflationary economic environment initiated, measured by Investment Unit (UDI for its acronym in Spanish) value deriving factors, UDI be a unit the value of which is determined by Central Bank in function of inflation. Annual and cumulative inflation rates of the last three years and the value of UDI used to determinate inflation, are shown below:

		Inflation	
December 31	**UDI**	**Of the year**	**Accumulated**
2023	7.981602	4.38%	20.83%
2022	7.646804	7.58%	19.50%
2021	7.108233	7.61%	14.16%

(c) Fair Value-

The fair value of a financial asset or liability is the exchange outflow price, based on the price that would be received upon sale of an asset or would be paid to transfer a liability, in an arm's length transaction as of the date of valuation.

The transaction price, that is, the price paid for the asset or that assumed for the liability is an inflow price. To the contrary, the fair value is an outflow price, as it is the price that would be received for selling the asset or transferring a liability.

The fair value is determined based on market information; in a few cases, information is available (observable data) and in others, it is not (non-observable data). For the purposes of financial information, fair value measurements are classified based on the level at which the measurement entry data are observable and its importance in determining fair value in its entirety, at three levels:

- Level 1, the highest level comprises observable exchange prices in an active market that the entity may obtain as of date of valuation;
- Level 2, prices obtained from observable entry data other than Level 1 exchange prices, whether directly or indirectly,
- Level 3, the lowest level, takes into account non observable entry data.

The Institution applies direct to vector valuation using the Updated Price from its Price Provider (Valuacion Operativa y Referencias de Mercado S.A. de C.V.) of the following instruments:

I. Securities entered in the Registry or authorized, entered or regulated in markets recognized by CNBV by means of general character provisions.

II. Derivative Financial Instruments that are traded in domestic derivative markets or belonging to markets recognized by Mexican Central Bank.

III. Underlying assets and all other financial instruments part of Structured Transactions or Derivative Packages, when about Securities or financial instruments foreseen under fractions I and II above.

Therefore, the level of fair value of these instruments is at Level 1.

Derivative Financial Instruments traded by Bancomext are in the OTC market and internal valuation models used to determine their fair value are standard in the market, were introduced and authorized by the Comprehensive Risk Administration Committee (CRAC) and are duly documented in the Risk Regulation Manuals. As to Swaps and Forwards, future flows (whether fixed or variable) with simple interest are discounted, and in the event of options the Black Scholes model is used. Supplies used in determination (yield curves, interest rates, volatility, exchange rate) are made available by the institutional price provider, therefore, the fair value hierarchy of these instruments is at Level 2.

During 2023 and 2022, the Institution did not use prices classified at Level 3, no transference in hierarchy classification of the updated price for valuation were made, and there were no adjustments to valuation models or updated price for valuation within the period.

(Millions of Mexican Pesos)

The following table shows financial assets and liabilities valued at fair value:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Instruments				
Trading Financial Instruments				
Securities in Repurchase Transactions	166,180	-	-	$ 166,180
No Restriction Government Securities	26,011	-	-	26,011
Financial Instruments to Collect or Sell				
No Restriction Government Securities	10,011	-	-	10,011
Financial Instruments to Collection of Principal and Interests				
No Restriction Government Securities	204	-	-	204
Derivative financial instruments				
Fair Value Hedging				
SWAPS				
For Portfolio Hedging				
Assets		59,192		59,192
For Liability Hedging				
Assets		56,279	-	56,279
Negotiations				
SWAPS				
Assets		7,603	-	7,603
Options				
Purchases	-	-	-	-
Total Assets	**202,406**	**123,074**	**-**	**$ 325,480**

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative financial instruments				
Fair Value Hedging				
SWAPS				
For Portfolio Hedging				
Liabilities	-	59,188	-	$ 59,188
For Liability Hedging				
Liabilities	-	51,944	-	51,944
Negotiation				
SWAPS				
Liabilities	-	7,572	-	7,572
Options				
Purchases	-	-	-	
Total Liabilities	**-**	**118,704**	**-**	**$ 118,704**

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**

(Millions of Mexican Pesos)

Financial Instruments				
Trading Financial Instruments				
Securities in Repurchase Transactions	174,190	-	-	$ 174,190
No Restriction Government Securities	15,900	-	-	15,900
Financial Instruments to Collect or Sell				
No Restriction Government Securities	9,896	-	-	9,896
Financial Instruments to Collection of Principal and Interests				
No Restriction Government Securities	198	-	-	198
Derivative financial instruments				
Fair Value Hedging				
SWAPS				
For Portfolio Hedging				
Assets	-	44,744	-	44,744
For Liability Hedging				
Assets	-	57,304	-	57,304
Negotiations				
SWAPS				
Assets	-	17,053	-	17,053
Options				
Purchases	-	241	-	241
Total Assets	**200,184**	**119,342**	**-**	**$ 319,526**

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative Financial Instruments				
Fair Value Hedging				
SWAPS				
For Portfolio Hedging				
Liabilities	-	43,371	-	$ 43,371
For Liability Hedging				
Liabilities	-	62,943	-	62,943
Negotiation				
SWAPS				
Liabilities	-	16,974	-	16,974
Options				
Sales	-	241	-	241
Total liabilities	**-**	**123,529**	**-**	**$ 123,529**

(d) Impairment of Financial Instruments Receivable-

Institution acknowledges an estimate of Expected Credit Loss (ECL) due to impairment in Financial Instruments Receivable (FIR), taking into consideration the credit risk where all possible nonperformance events are taken into consideration, to which the Institution completes an evaluation as from initial recognition of expected losses due to impairment in FIRs, taking into consideration the credit loss historic experience, current conditions and fair sustainable forecast of the different quantifiable future events that could affect the amount of future cash flows recoverable in FIRs.

The ECL model for Financial Instruments to Collection of Principal and Interests (FICPI) requires the establishment of the credit risk stage applies to an instrument, as follows:

Stage 1.- Low credit risk. Instruments with a credit risk not having significantly increased from initial recognition up to the date of the financial statements.

Stage 2.- Instruments with significant credit risk increase from initial recognition up to the date of financial statements.

Stage 3.- High credit risk. Are those with credit impairment due to one or more even with a detrimental impact in the instrument's future cash flows has occurred.

Based on the stage classification, the severity of loss (SL) and possibility of nonperformance (PNP), is that a recoverable amount is determined and the difference between the latter and the instrument value is the amount of accrued ECL.

The ECL is applied to the following concepts:

- Investment in financial instruments
- Loan portfolio including factoring
- Guarantee and third-party guarantee contracts
- Other accounts receivable
- Derivative financial instruments

The methodology used in order to determine ECL is described in the policy related to these concepts.

ECL is recognized as an expense in the comprehensive income statement for the period of its determination independently of the time the loss is verified, under the heading applicable to the item.

When there are favorable changes in credit quality of FIRs, the ECL estimate excess is reverted during the period such changes occur, against same net profit or loss items that were affected upon creation, in accordance to the originating item. Should an amount previously written-off were recovered, the same net profit or loss item affected upon acknowledging the loss is affected.

(e) Cash and cash equivalents-

This item comprises cash in treasury, deposits made with Mexican Central Bank, in the Federal Treasury (TESOFE for its acronym in Spanish), in domestic or foreign financial entities that are available for Institution's operation, and cash equivalents, such as, short-term, high liquidity securities, easily convertible into cash and subject to trivial risks in change of value, maintained to perform with short-term commitments more than for investment purposes, such as, inter-banking lending transactions agreed within a term not exceeding 3 business days, purchase of currency and highly liquid financial instruments.

Central Bank deposits comprise monetary regulation deposits that the Institution is obliged to maintain in accordance to provisions issued to such effect by the Central Bank; such deposits are not subject to any term and their accrual of interests is at a banking funding rate recognized as restricted cash equivalents.

Cash and cash equivalents are first recognized at fair value, which in case of cash is the face value. The cash is maintained valued at face value and cash equivalents at their fair value.

Cash and cash equivalents in foreign currency are valued at the exchange rate in force at the closing of the business day published by Central Bank on the date of consolidated financial statements are drafted.

This item includes acquired currency, the settlement of which is agreed on a date following the trading date, and are recognized as restricted cash equivalent; should the set-off balance of purchases and sales turns out negative, this is presented in other accounts payable.

The yield generated by cash and cash equivalents is recognized in profit and loss as accrued under the "Interest Income" heading, while currency valuation and purchase and sale profits and losses are grouped under the "Intermediation Income" heading of the consolidated comprehensive income statement.

(f) Investment in financial instruments-

These comprise debt and capital securities, classified based on the management Business Model for these investments, in order to obtain cash flows and attain business purposes.

As a result of such evaluation, investments in financial instruments are classified as Financial Instruments to Collection of Principal and Interests (FICPI), Financial Instruments to Collect or Sell (FICS) and Trading Financial Instruments (TFI).

Business Model Evaluation

The Institution implements an evaluation to objectives of the Business Models for the different financial instruments at portfolio level, taking into consideration relevant evidence related to:

a) How performance of assets is determined and reported to the highest operation decision-making authority (*MATDO for its acronym in Spanish*);

b) What risks affect the business model and applicable financial instrument performance and how such risks are administered; and

c) Policy and goals per portfolio, that may be achieving contract yield of a financial instrument, collection of contract yield and/or sale, or obtaining profit from their purchase and sale.

Based on the above, investment in financial instruments portfolios are classified as follows:

Domestic Money Desk

The goal of the Domestic Money Desk is the generation of profit by trading debt instruments, providing resources to the Institution by funding Treasury and funding positions of the Desk through repurchase transactions.

Based on the above, the Money Desk portfolio Business Model is that of Trading Financial Instruments (TFI), its objective being to invest in order to obtain profit from the difference between the purchase price and the sale price, in function of such instrument's market risk management. With that, these are administered in order to gain maximum yield based in fair value to assess investment performance, therefore, the market risk is the one that mainly affects the portfolio.

Treasury

Liquidity

The purpose of this portfolio is the purchase of instruments that may serve as liquidity source for the treasury. Notwithstanding, interest collection is not the main purpose upon acquisition of these instruments, they may be sold when deemed necessary for the purposes of preserving the portfolio value or its increase.

Deriving from the above, the Business Models applicable to the Treasury Liquidity portfolio is that of Financial Instruments to Collect or Sale (FICS). Securities are maintained in position collecting contract cash flows as principal and interests, and also obtaining a profit from their sale, when convenient, generating flows under both concepts: administering liquidity levels and maintaining performance level.

The risks affecting portfolio performance are credit and market risks, and the evaluation of their results is based on the daily fair value of securities and the potential impairment due to the issuer's expected credit loss.

Contract superavit

The purpose of this portfolio is based in collection of the principal amount and interests upon maturity and benefiting from such superavit upon maturity of the instrument.

Deriving from the above, the Business Models applicable to the contract Superavit portfolio of the Treasury is Financial Instruments to Collection of Principal and Interests (FICPI). Securities are used to generate profit through reception of contract yield flows foreseen on preset dates of principal and interests.

An evaluation to portfolio's profit and loss is made based on contract yield and credit risk that may affect its performance.

The characteristics of such investment categories are summarized below:

Trading Financial Instruments

It is integrated by those debt or capital securities maintained in own position by Institution's management, having as purpose to obtain profits between the purchase and sale prices in function of market risk management; they are recorded at inception and later on at fair value applying market values determined by an authorized price provider and the effects of valuation are acknowledged in the profit and loss of the year as part of the valuation profit and loss under the heading "Intermediation Income" and when dispose of the valuation profit and loss previously recognized in the profit and loss statement for the year is reclassified as part of the purchase and sale profit and loss under such heading. Transaction costs are acknowledged in profit and loss, therefore, the contract interest is recorded under "Interest income" in the consolidated comprehensive income statement.

Financial Instruments to Collect or Sell

Debt securities having as purpose to collect contract cash flows as principal and interest collections, or else, obtain a profit from sale thereof, when deemed convenient, are managed in this portfolio.

They are recorded both at inception and later on at fair value applying market values determined by an authorized price provider and their valuation effects are acknowledged in other comprehensive profit items as part of the stockholders' equity under the heading "Valuation of Financial Instruments to Collect or Sell". The valuation profit and loss previously recognized in stockholders' equity upon sale is cancelled to be recognized in consolidated comprehensive profit and loss for the year. Interest is recorded at effective rate under the heading "Interest Income" in the consolidated comprehensive income statement.

Financial Instruments to Collection of Principal and Interests

They are those debt securities having as purpose the collection of contract cash flows; the terms of the contract foresee cash flows in preset dates, that only correspond to payments of principal and interests on the unpaid principal amount. These securities are characterized as loans and are administered based on their contract yield.

Securities included under this category are initially valued at fair value, which corresponds to the transaction price, adjusted for transaction costs directly attributable to securities acquisition and, thereafter, are valued at amortized cost.

Interests accrued by these securities as from their initial recognition, calculated by applying the effective interest rate are recorded under the heading "Interest Income" in the consolidated comprehensive income statement.

Risk Management for Investment in Financial Instruments (TFI, FICS and FICPI)

Bancomext's main purpose, as Development Bank, is the financing of Foreign Trade-related currency generator companies, in this sense, most of its Capital is assigned to Credit and Market Risk sourcing from such credit activity and funding thereof, more than 85%.

Bancomext holds 2 portfolios supplementing the credit activity operating with debt securities, under a Conservative Profile for all associated Risks (Market, Credit, Issuer) in order to optimize the assigned Capital.

Money Desk

Main Market Business Portfolio, comprising securities classified as trading financial instruments (TFI) comprising revisable instruments, 96.8% and 98.2% of which are issued by the Federal Government as of December 31, 2023 and 2022, respectively. Investments in this portfolio are subject to the investment regime authorized by the Board of Directors, maintaining a Conservative Profile in line with the Institutional Strategic Plan.

Risks to which the Portfolio is exposed

Market Risk.- Being a portfolio for negotiation purposes, the Market Risk is associated to the potential loss in the price of instruments due to changes in risk factors (rate and surcharge), however, it maintains a conservative profile by establishing that at least 70% of the portfolio must be invested in revisable instruments rapidly adjusting to market conditions, mitigating their risk. Such risk is measured using the VaR methodology based on the historic method taking 251 data, a one-day risk horizon and a 97.5% trust level implying that there is only 2.5% possibility that such investments suffers a deficit exceeding the estimate for such period. Also, sensitivity and stress scenarios are available, including metrics, such as Conditional VaR.

At the closing of December 2023 and 2022, the portfolio's VaR amounted to $12.2 and $13.5 representing 55.3% and 61.5%, respectively, of the assigned limit. The Capital Requirement amounted to $671 and $714, respectively, representing 65% and 60%, respectively, of the assigned limit.

Credit/Counterparty Risk.- 86% and 92% of the portfolio is invested in repurchase transactions as of December 31, 2023 and 2022, respectively, the Counterparty Risk exposure is administered under a regulating model taking into consideration the net amount of cash delivered and the collateral securities. The exposure being marginal by operating with high quality counterparties and through the Indeval system.

Issuer Risk.- As of December 31, 2023 and 2022, more than 97% and 98% of the portfolio, respectively, is invested in government securities, with a marginal Issuer Risk exposure, being managed under the regulating model for Capital Requirement.

Liquidity Risk.- The methodology applied to measure the portfolio's Liquidity Risk is below volatility existing in the purchase and sale prices of instruments, being marginal due to being government instruments of high demand in the domestic market, which at the closing of December, 2023 and 2022, represents 0.04% and 0.08% of the portfolio, respectively.

Concentration Risk.- In order to optimize the use of Capital assigned, practically the entire portfolio is issued by the Federal Government, subject to the least risk in the domestic market. It should be pointed out that there is a diversification indicator by series and type of instrument, that has been maintained within established thresholds.

Certificate impairment

Being a portfolio entirely comprised by Financial Instruments for Trade, no additional impairment is calculated as its recognition in books is at market value, which takes into consideration impact from market, liquidity and counterparty risks.

Treasury

As of December 31, 2023 and 2022, portfolio that is 98% in both years, comprised by government revisable securities classified as securities to collect and for sale (FICS) comprised in the liquidity portfolio, and a 2% of government real rate securities classified as securities to collect principal and interests (FICPI), comprised in the contract superavit portfolio.

Risk to which Portfolio is exposed

Market Risk.- The portfolio's Market Risk is measured under the VaR methodology based on the historic method taking 251 data, a one-day risk horizon and a 97.5% trust level, implying the existence of only 2.5% of possibility of these investments suffering a deficit greater than estimated during this period. Notwithstanding, the VaR model used has a few limits, such as, not taking into consideration worst case scenarios or not taking into consideration events not within the temporary horizon, Bancomext applies supplementary analysis, such as sensitivity analysis or Conditional VaR. At the closing of December of 2023 and 2022, the portfolio's VaR grew to $1.5 and $1.9, respectively representing 25.2% and 31.3% of the assigned threshold consumption, respectively.

Issuer Risk.- 100% of the portfolio is invested in government certificates, with an Issuer Risk exposure practically equal to zero.

Concentration Risk- To optimize the use of assigned Capital, the entire portfolio is issued by the Federal Government with the least risk in the domestic market in order to attain Risk Management goals in line with the Institutional Strategic Planning.

Certificate impairment

Being Federal Government-issued securities, these are classified under the stage risk 1 and show no significant impairment changes. The risk stage is determined based on issuer rating. It should be pointed out that due to the Investment Profile and institutional strategic goals, the FICS and FICPI stage is conditioned to being 1.

The general methodology to determine impairment of debt securities is made available by an Institutional price provider and is based on the historic nonperformance matrix of the Mexican market, observing its severity and exposure in accordance to the securities market.

Impairment is acknowledged as an expense in the consolidated comprehensive income statement for the period upon its determination, independently of when the loss is verified, for the amount of expected credit loss during the life of the instrument; for stage risk 1 instruments, the credit loss is estimated for the entire life of the instrument, resulting in nonperformance events estimated to occur within next 12 months.

As to FICS, the effect of the impairment is recognized in the net profit or loss, affecting the FICS value before recognizing the effect in OCI through valuation at fair value.

At the closing of December of 2023 and 2022, the FICS portfolio impairment was $3 and $5, respectively, and FICPI's was $0.06 and $0.10, respectively.

No transfers between securities categories were identified during the year, neither any change in perception of securities risk as to the position; no instruments were written-off due to non-recoverability.

Value date transactions

As to transactions with no agreed immediate settlement or same day value date, the right and/or obligation is recorded under settlement accounts on the date of trade, under “Other Accounts Receivable, (Net)” and “Other Accounts Payable, Creditors Due to Transaction Settlement”, respectively, while their settlement is not effected.

Investment reclassification

Only when there is a change in the Business Model to manage investments in financial instruments, the Institution proceeds to the reclassification of such investments, informing the CNBV in writing as to such fact within 10 business days following authorization issued to such effect by the Comprehensive Risk Administration Committee, providing a detailed business model change with justification. No Investment in financial instruments reclassification occurred during 2023 and 2022 years.

(g) Repurchase/resale agreements

Repurchase transactions failing to satisfy terms provided for under FRS C-14 “Financial Asset Transfer and Release”, are financially treated as collateral, in virtue of the economic substance of such transactions and independently if “cash-oriented” or “security-oriented” repurchase transactions. The intent of reseller in a “cash-oriented” transactions is to obtain financing in cash and the intent of the repurchaser is to invest its excess cash; in a “security-oriented” transaction a repurchaser’s purpose is to access to specific securities and the intent of the reseller is to increase yield of its investment in securities.

The accounting treatment to “cash-oriented” or “securities-oriented” transactions being the same.

Acting as reseller

On the date of repurchase transaction contracting, the entry of cash and cash equivalents or a debtor settling account is acknowledged, including an account payable measured at the inception at the price agreed, under the “Repurchase creditors” heading, representing an obligation to repay such cash to repurchaser. Throughout the repurchase term, the account payable is the value at amortized cost by acknowledging repurchase interest in profit and loss for the year as accrued, in accordance to the cash interest method, under the “Interest expense” heading. Financial assets transferred to repurchaser are reclassified in the consolidated statement of financial position, presenting them as restricted assets, and continue being valued in accordance to the accounting criterion applicable to the asset.

Acting as repurchaser

On the date of repurchase transaction contracting, the outflow of cash and cash equivalents or a creditor settling account is recognized, recording an account receivable at agreed price entered under the “Debtors due to Repurchase” heading, representing the right to recover the delivered cash. Throughout the term of the repurchase, the account receivable is valued at its amortized cost, by recognizing repurchase interests in the profit and loss for the year as accrued, in accordance to the effective interest method under the “Interest Income” heading.

The Institution, acting as a repurchaser, recognizes the collateral received in memorandum accounts in adherence to, for valuation purposes, guidelines of criterion B-9 "Asset Custody and Administration".

Should the repurchaser Institution sell the collateral or grants it as guarantee, it acknowledges the funds from transaction, and an account payable for the obligation to restore the collateral to reseller under the "Collateral Sold or Granted As Guarantee" heading, which is valued, in case of sale at fair value or, if granted as guarantee in a different repurchase transaction, at its amortized cost. For the purposes of set-off of financial assets and liabilities when the entity acts as a repurchaser, the provisions of FRS B-12 "Set-off of financial assets and financial liabilities" should be followed.

Repurchase interests accrual is entered under the interest income or expense heading of the consolidated comprehensive income statement, as applicable.

(h) Derivatives-

The Institution completes derivative financial instruments (DFI) transactions following policy and limits dictated by the Comprehensive Risk Administration Committee (CRAC), based on the following:

Derivative Financial Instruments Business Model

Mexican Central Bank authorized Bancomext to the effect that as from December 5, 2013, and indefinitely, it may transact with Forwards, Swaps and Options, on currencies and interest rates, also, on July 7, 2021 it granted its authorization to close Forward Starting Swap transactions.

The main objectives of a Derivative Financial Instrument transaction being:

- To hedge any currency and interest rate risks as required by the Institution's balance sheet.

- To collaborate with the Treasury in its short- and mid-term funding strategy (dollar/peso), obtaining more competitive market levels through CCS.

- To take advantage of market conditions to complete arbitration and negotiation transactions.

- To hedge transactions agreed with customers, neutralizing market risk of each transaction (negotiation transactions).

- Sell derivative products to prospects and customers, in addition to the placement of loans at a protected rate.

By virtue of the above, DFIs are classified as follows:

- for hedging purposes, with the specific purpose of setting-off any market risks sourcing from interest rate and exchange rate variations, same which in terms with FRS C-10 Derivative Financial Instruments and Hedging Ratios, are classified at fair value and the hedging ratio is documented as from designation.

- for negotiation purposes, that are sold to its customers with an intent to hedge interest rate and exchange rate risks, completing financial hedging of such DFIs through contracting of mirroring transactions with counterparties.

All derivative financial instruments in place that are in place are realized in the over the counter (OTC) market and are recognized in the consolidated statement of financial position as assets or liabilities, based on the rights and/or obligations specified in a confirmation as agreed between involved parties.

Futures and forwards

The Institution, as a futures market participant, has as its own primary policy to hedge risk positions as to the ratio between dollar assets and liabilities, and Mexican peso-dollar purchase and sale transactions, or else, in the latter currency with other currency.

In case of futures market transactions, the participation is with banking institutions with an investment grade issued by risk rating agencies, sensibly mitigating credit and legal risks.

Transactions in futures markets for negotiation purposes are referred to Mexican peso against dollar and are offered to borrowers as part of financing support to foreign trade transaction financing programs.

As of December 31, 2023 and 2022 there are no current futures market or forward transactions.

Swap transactions

The transactions contracted by the Institution under such instruments are deemed as fair value hedges, and their purpose is to hedge open risk positions, both of interest rate as well as exchange rate.

The closing of swap transactions is in order to hedge an interest rate or an exchange rate risk in function of conditions of funding amounts and placement of funds amongst borrowers. The above in order to exchange similar flows of fixed interest rates by variable rates, or else, different currencies against dollar, under conditions contrary to those originating the open risk position.

Swap transactions are contracted with financial institutions with an investment grade rating issued by well-known risk rating agencies, limiting credit and legal risk inherent to this type of transactions.

In addition to swap hedging transactions, the Institution has a business swaps portfolio, which are agreed with Institutional borrowers, in order to hedge interest rate and exchange rate risks incurred upon initiating a credit transaction with the Institution. Notwithstanding the transaction is agreed with a borrower, the Institution contracts economic hedging with a Financial Institution in order to mitigate Institution's exposure to interest rate and/or exchange rate risks.

Option contracts

Options are contracts granting an acquirer a right, but not an obligation, to purchase or sell a financial and underlying asset at a set price known as strike price, on a set date or period. Two parties intervene in these contracts, the party buying the option who pays a premium for acquisition thereof, simultaneously gaining a right, but not an obligation, and the party issuing or selling the option, who receives a premium therefor, acquiring in turn an obligation but not a right.

The Institution's option portfolio is made up by sale thereof to institutional customers, in order to hedge their interest rate and exchange rate risk exposure, and the acquisition of the economic hedging over such sales under same conditions. Contracting of economic hedging is in order to mitigate rate and/or exchange rate risk exposure of the Institution.

Valuation and presentation

DFI´s are initially acknowledged at fair value on the date of contracting which, generally, is a fair value of zero. The fair value includes effects of any risk affecting DFI´s, such as market, liquidity and credit risk; also, included is any payment made or received to maintain DFI´s at their fair value.

Subsequent to initial acknowledgement, DFIs are value at fair value with effects on profit or loss for the period, unless, used as hedging instruments, in which event the valuation is recorded following the regulations applicable to each type of instrument.

They are presented in the consolidated statement of financial position as assets or liabilities under the heading "Derivative Financial Instruments". If a single contract incorporates rights and obligations, the contract's financial assets and liabilities are set-off, presenting the debtor or creditor balance in assets or liabilities, respectively, in adherence to FRS B-12 "Set-off of Financial Assets and Financial Liabilities".

In fair value hedging, the hedged item is presented adjusted by the effect of valuation at fair value attributable to the hedged risk.

The effect of change in fair value of financial instruments for negotiation purposes is acknowledged in the comprehensive income statement under the heading "Intermediation Income"; for derivative financial instruments for hedging purposes, the effect of valuation is presented under the same heading where hedged item valuation is affected.

Collateral

Collateral are delivered and received in cash, and are presented under the headings Other Accounts Receivable and Other Accounts Payable, respectively.

Derivative Financial Instruments Risk Administration

Bancomext, as Development Bank, has as its main purpose the granting of loans and fostering of companies engaged in foreign trade that are currency generators, in this sense, the Institution Intended Risk Profile submitted to consideration to the Comprehensive Risk Administration Committee and authorized by the Board of Directors, is directed to the attainment of such purpose.

The Institution's foundation for Risk Administration is distribution of Capital for Risk assumption; the Board of Directors authorizes Capital Thresholds levels at Strategic Level and the Comprehensive Risk Administration Committee authorizes Thresholds at Tactical Level.

In order to attain Institutional objectives, a purpose of the Risk Management is that at least 80% of Distributable Capital is assigned to Credit Risk. Deriving from the above, the Market Risk is to maintain a conservative profile and be oriented to optimizing the use of its assigned Capital, maintaining low-exposure conservative strategies.

Hedging strategies

Market Risk.- In order to mitigate Interest Rate Risk exposure and maintain a leveled exchange rate position, as well as to optimize the use of Capital assigned to Market Risk, Bancomext contracts Derivative Financial Instruments for hedging purposes, specifically interest rate and exchange rate swaps. Thus, the entire Institutional Balance has been practically maintained at a variable rate and a marginal exchange rate position.

It should be pointed out that above strategies maintain a 100% efficiency, therefore, without affecting the Institutional Income Statement.

Counterparty Risk.- Hedging derivatives are contracted with first level Financial Institutions, with the criteria of their selection being duly documented in the Regulating Risk Manual, contemplating their credit quality, capitalization level and indicators assuring financial feasibility for the long-term.

Also, DFI transactions agreed with Financial Entities are protected in terms with the Credit Support Annex, establishing a daily margin call mechanism with a zero threshold, thus mitigating Counterparty Risk, consequently, CVA for such counterparties is zero. Notwithstanding, given that there is a marginal exposure due to an operating matter deriving from a one-day overlap between calculation of Portfolio Value and the time margin calls are made, the potential exposure is measured with each counterparty's portfolio VaR.

Liquidity Risk.- DFI Liquidity Risk is associated with the Institution's capacity to face daily margin calls with the financial counterparties. Such amounts are to be settled in pesos.

Bancomext, as Development Bank, is backed up by the sovereign guarantee, having, therefore, a huge refunding capacity in the domestic market; to cover daily margin call amount, it issues short-term PRLV, which are of high demand even in astringent periods due to having the support of the Federal Government.

In this sense, DFI Liquidity Risk is deemed under control, notwithstanding, there are regulating and economic indicators measuring the consolidated Liquidity Risk of the Institutional Balance.

(Millions of Mexican Pesos)

Business or implied derivatives

Market Risk.- In addition to the hedging portfolio, Bancomext has a business portfolio comprised by interest rate swaps and rate and currency options, such instruments are sold to Institutional customers to hedge Balance risks. Simultaneously, Bancomext purchases the contrary derivative in order to mitigate its own Market Risk exposure.

Counterparty risk.- In the case of DFI transactions with Customers, the following criteria are taken into account:

1. They are operated with Institution customers with an internal rating above IRB2.
2. A derivative transaction facility must be previously authorized, which facility is calculated following the procedure listed under the Credit Risk Regulating Manual. Exhibit 3.1 Plan of Methodological character for calculation of exposure threshold regarding derivatives with companies. Such facility is under same conditions that the credit facility previously acquired, including guarantees.
3. An additional Credit Risk (CVA) spread is charged, in accordance to the company's rating.

In accordance to the above, the Counterparty Risk is partially mitigated by derivative facility guarantees, residual risk of which is measured with CVA and the portfolio's VaR.

Liquidity Risk.- Just like the hedging portfolio, the liquidity risk is associated to margin calls that must be hedged with Financial Entities.

Exposure as of December 2023 and 2022

Market Risk.- As of December 2023 and 2022, the trading portfolio VaR amounted to $0.4 and $1.02 representing 2.2% and 5.1% of the established threshold, respectively. As to the hedging portfolio, the VaR is an indicator, as it is entirely set-off by the primary position hedged thereby.

Counterparty Risk.- Current and potential exposure with counterparties due to derivative instruments:

2023						
Counterparty	**Threshold**	**Current Exposure**	**Potential Exposure**	**Collateral**	**Net Exposure**	**Consumption (%)**
Counterparty 1	2,011	-	332	-	332	16.5
Counterparty 2	1,273	56	49	52	52	4.1
Counterparty 3	2,011	88	23	78	33	1.6
Counterparty 4	2,011	962	357	1,078	242	12.1
Counterparty 5	2,011	105	190	141	154	7.7
Counterparty 6	2,011	1,304	872	1,572	604	30.0
Counterparty 7	2,011	-	62	8	54	2.7
Counterparty 8	2,011	661	332	707	286	14.2
Counterparty 9	2,011	135	98	162	72	3.6
Counterparty 10	2,011	4	81	12	74	3.7
Counterparty 11	2,011	263	88	281	71	3.5
Counterparty 12	2,800	545	226	619	152	5.4
Counterparty 13	1,200	-	5	-	5	0.4

(Millions of Mexican Pesos)

2022						
Counterparty	**Threshold**	**Current Exposure**	**Potential Exposure**	**Collateral**	**Net Exposure**	**Consumption (%)**
Counterparty 1	2,301	-	435	-	435	18.9
Counterparty 2	1,456	-	69	-	69	4.7
Counterparty 3	2,301	-	160	-	160	6.9
Counterparty 4	2,301	-	583	-	583	25.4
Counterparty 5	-	-	-	-	-	0
Counterparty 6	2,301	-	-	-	-	0
Counterparty 7	2,301	-	175	-	175	7.6
Counterparty 8	2,301	-	583	-	583	25.3
Counterparty 9	-	-	-	-	-	0
Counterparty 10	-	-	-	-	-	0
Counterparty 11	-	-	-	-	-	0
Counterparty 12	-	-	-	-	-	0
Counterparty 13	2,301	-	202	-	202	8.8
Counterparty 14	2,301	-	202	-	202	8.8
Counterparty 15	-	-	-	-	-	0
Counterparty 16	-	-	-	-	-	0
Counterparty 17	2,301	-	141	-	141	6.1
Counterparty 18	-	-	-	-	-	0
Counterparty 19	2,301	-	103	-	103	4.5
Counterparty 20	2,301	-	-	-	-	0
Counterparty 21	2,301	-	-	-	-	0
Counterparty 22	2,301	-	-	-	-	0
Counterparty 23	2,301	-	-	-	-	0
Counterparty 24	2,301	-	44	-	44	1.9
Counterparty 25	3,203	-	2	-	2	0

Collateral received or delivered under an DFI transaction.- Bancomext only operates guarantees in local currency and in cash for transactions with derivative instruments. The amount for the guarantees received and granted during the period is shown below:

As of December 31, 2023 and 2022, the balance of guarantees granted is presented under the heading “Other Accounts Receivable, Net” amounting to $412 and $3,635, respectively and guarantees received in the amount of $5,039 and $842, respectively, under the heading “Other Accounts Payable/Creditors due to Collateral Received in Cash”.

Control to guarantee access.- In adherence to guarantees specified under Pledge Agreements regarding derivative financial instruments, valuation of each portfolio is known on a daily basis and the sufficiency of guarantees to hedge the risk resulting from the position of such transactions is determined through the net risk exposure.

The figure receivable or deliverable is determined and the pertinent margin call is confirmed by e-mail to each counterparty, to subsequently generate a dispersion or recovery form, as applicable.

The Institution maintains guarantees received available to hedge respective derivative transactions, its balance then corresponding to margin calls required on such date. Guarantees granted are only withdrawn in the event of reduction of requirement, in accordance to calculation methodology, prior agreement with the counterparty.

Bancomext did not have credit derivative transactions and as of December 31, 2023 and 2022, the Institution has no protected rate loans.

Analysis of DFIs' cash flow maturities

Both, the hedging, as well as the business portfolios, have tying flows, whether with primary position covered thereby or the initial derivative sold to the customer and subsequently hedged with a Financial Institution, in this sense, the liquidity risk associated to flows is linked to counterparty nonperformance, that is being managed with the measurements and mechanisms above described.

(i) Offsetting clearing accounts

The amounts receivable or payable originating from investments in securities, repurchases, lending of securities and/or transactions with derivative financial instruments maintained till maturity that have not been settled as of such date, are entered in settlement accounts under the headings "Other Accounts Receivable, Net" and "Other Accounts Payable, Creditors due to Transaction Settlement", as well as amounts receivable or payable resulting from currency purchase and sale transactions with no immediate settlement agreed.

Debtor and creditor balances of settlement accounts resulting from currency purchase and sale transactions, investment in securities, repurchases and derivatives are set-off, provided in adherence to FRS B-12 "Set-Off of Financial Assets and Financial Liabilities".

(j) Loan portfolio-

Business Model (background)

Bancomext is a solid financial Institution with the purpose of contributing to domestic economic growth fostering trade companies, activities and sectors and/or generators of foreign currency in the country, through a broad offer of financial products.

The 2020-2024 Bancomext Institutional Plan establishes priority objectives the most important being, among others:

- Contribute to economic development by financing currency generator companies in order to potentiate their productive and export capacity.
- Foster an increase in domestic content of production through financial support to companies, mainly MiPyMEs (Micro, small and medium companies), to allow them to insert themselves in global value chains.
- Foster diversification of Mexican company exports through supplementary financing to foreign trade.

Financing is channeled through the following financial plans:

- Tier 1, contemplates credit support directly offered by Bancomext both to the exporter sector community, as well as to entities and instrumentalities of the Federal Government and State and Municipal Governments, therefore, Tier 1 program financing plans are:

- Public Sector.
- Private Sector.
    - Enterprises
    - Tourism.
    - Syndicates.
    - Corporate.
    - Project Finance.
    - Credit with guarantor.
    - Derivatives.

- Tier 2, comprises support designed by Institution to support, through Financial Intermediaries (FIs), companies participating in foreign trade, as well as importers of goods and services of Mexican origin.

- International Factoring, contemplates support to foreign trade through the financing mechanism to accounts receivable or payable abroad of Mexican companies.

- Financing of Foreign Trade Inventory, the repurchase mechanism helps to support companies related to foreign trade regarding their strategic inventories deposited in Bonded Warehouses.

- Guarantee Program, as an alternate mechanism to foster financial intermediaries support to the exporter community, by granting guarantees against loans granted by the former to such sector.

For the last 15 years, notwithstanding Bancomext has previously carried out a portfolio sale, which has been an isolated case and related to troubled past due portfolio, under long-term out-of-court or court recovery processes, as to which the cost-benefit of recovery was compared vs. maintaining the portfolio up to completion of respective collection processes, such the reason why it is impossible to make a future estimate of portfolio sales; also, the Institution seeks recovery by exit plan management or through pertinent court proceedings, worthwhile mentioning that isolated sales do not determine the Institution's business model.

As to non-troubled portfolio, Bancomext expects recovery in contract terms.

Business Model (conclusion)

The loan portfolio Business Model is to generate profit through reception of yield from their contract flows (principal and interests).

In order to confirm the above, an analysis to cash flows received through a "SPPI Test" (Payment of Principal and Interests Only) was performed, which document shows evidence documenting tests applied to establish, whether a loan or loan portfolio is in line with the assumption that contract cash flows with only source from principal and interest payments to be valued at amortized cost, or else, that given their characteristics they are to be valued at fair value, in both cases, valuation is to be in terms with the provisions of CUB's Criterion B-6.

Concept	Definition
Payments	Interests paid and principal paid is evident from every payment received by the instrument.
Interest Rate	The use of general fixed rates, that may vary in function of amounts and credit terms.
Contingencies	Are those cash flows established by the Financial Asset not linked or not dependent on the occurrence or non-occurrence of events as to which the bank has no control or participation.
Prepayments/term extension	Any time the asset includes advances or term extensions, these are applied in such manner that payments maintain the distinction between principal and interest.
Reliance on other instruments	Collection of Financial Asset's cash flows are not linked nor dependent of another Financial Asset.

Upon completion of the above referred to analysis, it was concluded that Bancomext loan portfolio Business Model in relation to referred to financial programs satisfies the criterion that the instrument only originates principal and interest payments, denominated as Financial Instruments to Collection of Principal and Interests (FICPI) and is concluded that they should be entered at Amortized Cost.

On December 10, 2021, the Internal Credit Committee authorized the Business model, Classification and Measuring of Financial Instruments to Collection of Principal and Interests (FICPI) of the loan portfolio and on December 23, 2021 the Report regarding the SPPI Loan Portfolio Business Model and SPPI tests was filed with the CNBV.

The Institution periodically assesses, in accordance to its policy established to such effects, the characteristics of its business model to classify the loan portfolio and the portfolio is only reclassified any time the model is prospectively modified. The Business Model is integrated into the Credit Manual, last updated on December 7, 2023, approved by the Board of Directors in a meeting held on December 22, 2023, in which time the Business Model was ratified.

Loan Portfolio at Amortized Cost

Credits classified under the described business model are acknowledged at transaction price (net financed amount) corresponding to the amount effectively delivered to borrowers, adding or subtracting to the original loan amount, the financed insurance, transaction costs, commissions, interests and other items charged in advance. The transaction price corresponds to the fair value used as basis to apply the effective interest method with the effective interest rate; that is, the base for calculation of amortized cost of the loan portfolio for subsequent recognition.

The transaction price is entered independently of transaction costs and items charged in advance, which are amortized against profit and loss at the effective interest rate during the life of the loan and are presented under the loan portfolio item of the statement of financial position. Expenses not associated to the initial granting of the loan are entered in profit and loss as accrued. Commissions charged originated by credit facilities are amortized in profit and loss during the term of the facility.

Subsequently, the loan portfolio is valued at its amortized cost, including increases due to effective interest accrued, reductions due to amortization of transaction costs and items charged in advance, as well as deductions due to collection of principal and interests and the credit risk allowance.

The effective interest method is used when calculating the amortized cost to distribute effective interests earned and paid during the life of the loan portfolio. The effective interest rate is an interest exactly discounting estimated future cash flows collected under the portfolio, taking into consideration contract cash flows, transaction costs and items charged in advance.

In case the contract interest rate was periodically modified, the effective interest rate calculated at the inception of period is used during the life of the loan; in those cases when it proves impossible to reliably estimate cash flows or the life of the loan, contract cash flows are used.

Any available credit facilities are recorded in memorandum accounts, under the "Credit Commitments" heading. Transaction of third-party guarantees, guarantees and credit letters are recorded in memorandum accounts and they are transferred to the statement of financial position when exercised.

Classification of loan portfolio based on credit risk level

Loan portfolio with stage 1 credit risk are the following:

- Commercial loans with less than and up to 30 days of delay.
- Revolving consumer loans, when the number of days of delay of past due billing is less than or equal to 1.
- Mortgage loans, when the number of days of delay in past due billing is less than or equal to 1.

Loan portfolio with stage 2 credit risk are the following:

- Commercial loans with more than 30 days but less than 90 days of delay.
- Revolving consumer loans, when the number of days of delay of past due billing is more than but not exceeding or equal to 3.
- Mortgage Loans when the number of days of delay in past due billing is more than 1 but not exceeding or equal to 3.

Loan portfolio with stage 3 credit risk are the following:

- Commercial loans with more than or equal to 90 days delay.
- Revolving consumer loans, when the number of days of delay of past due billing is more than 3.
- Mortgage Loans when the number of days of delay in past due billing is more than 3.

The unpaid balance in accordance to payment conditions established under the loan agreement is acknowledged in the loan portfolio as Stage 3 credit risk when:

1. There is knowledge that the borrower has been declared in bankruptcy, in terms with the Bankruptcy Law (LCM for its acronym in Spanish).

   The Loans in a Bankruptcy that continue being paid in terms of the LCM are classified as Stage 3 credit risk portfolio if under the assumptions foreseen under paragraph number 2 below.

2. Revolving consumer loan amortizations and mortgage loans partially paid not having been fully settled under terms originally agreed, taking into consideration the following:

- If amounts owed are loans with a single payment of principal and interests being 30 calendar days or more past due;
- If amounts owed refer to loans with the single payment of principal upon maturity and periodic interest payments and the respective payment of interests is at least 90 calendar days past due, or else, the principal payment is 30 calendar days past due or more;
- If amounts owed comprise loans with periodic partial payments of principal and interests, and the principal and interest is at least 90 calendar days past due;

Loans with Stages 2 and 3 credit risk are returned to Stage 1 credit risk portfolio upon full settlement of payable balances or in performance with sustained payment, same that is credited to the payment of total payable amount of principal and interest without delay for 3 consecutive payments (payments up to 60 days), payment of 2 amortizations (periods of between 61 and 90 calendar days) and larger amortizations at 90 days, the payment of a single amortization. As to loans with a single principal payment upon maturity, the sustained payment is credited upon paying at least 20% of the loan's original amount upon restructuring or renewal or if interests in accordance to the restructure o renewal payment plan were paid within 90 days and such term has transpired.

Loan portfolio renegotiation
As to restructuring by Institution regarding Stages 1 and 2 credit risk loans or that have been partially settled due to a renewal, the renegotiation's profit or loss is determined as the difference between the book value and the cash flows discounted at the original effective interest rate; the result is entered as a deferred charge or credit against profit or loss due to loan portfolio renegotiation in the comprehensive income statement.

The amount of a partially restructured or renewed loan is the basis to apply the original effective interest rate, which is only adjusted, if any, to include transaction costs, commissions and other items charged in advance resulting from renegotiation. Transaction costs and items charged in advance pending amortization, as well as those originated during renegotiation are amortized during the new term of the loan based on the effective interest rate.

Should the Institution renew a loan, a new loan is deemed to exist, therefore, the former loan is written-off in the event of a full renewal.

Stage 2 or Stage 3 credit risk loans that may be restructured or renewed are not classified under a Stage with a lesser credit risk due to the effect of such restructure or renewal, pending evidence of sustained payment.

Loans with a single payment of principal upon maturity, that may be restructured during their term or that may be renewed at any time, are transferred into the immediately following category with higher credit risk until sustained payment. Credit facilities that have been used, that may be restructured or renewed at any time, are transferred to the immediately following category with higher credit risk, except when there are elements justifying debtor's payment capacity, and the entirety of interests and payments payable as of the date of restructure or renewal have been settled.

Any withdrawals under the credit facility upon their restructuring or renewal independently of the credit facility covering them, at least representing 25% of the entire balance drawn from the credit facility as of the date of restructure or renewal, have their total drawn balance and subsequent withdrawals transferred to the immediately following category with higher credit risk. The credit facility's total balance drawn is transferred to a classification with lower credit risk, when there is evidence of sustained payment of withdrawals originating such transfer and all demandable obligations of the entire credit facility as of the date of evaluation are satisfied.

Stages 1 and 2 credit risk loans, other than the above described, that may be restructured or renewed without transpiring at least 80% of the loan's original term, will remain in the same category, only when all accrued interests and the principal of the original loan amount that should have been paid, have been covered.

Stages 1 and 2 loans, other than the above, that may be restructured or renewed any time within the last 20% of the original loan term, are transferred to the immediately following category with higher credit risk, except when the borrower: has settled all interests accrued as of the date of renewal or restructure, has paid the principal of the loan's original amount that should have been paid, and has paid 60% of the loan's original amount.

Stages 1 and 2 credit risk, that are restructured or renewed more than once, are transferred to Stage 3 credit risk portfolio, except when, in addition to conditions established on the above paragraphs, Institution has available elements justifying debtor's payment capacity.

The Institution acknowledges the balance pending amortization corresponding to profit or loss due to the effect of renegotiation in the profit and loss for the year any time the loan has been transferred to a loan portfolio with Stage 3 credit risk.

If at the time of restructure or renewal, several loans granted to a single borrower are consolidated, and if this concluded that one or more loans are to be transferred to a portfolio having higher credit risk due to the effect of such restructure or renewal, the total balance of the consolidated loan is transferred to the category corresponding to the loan subject matter of consolidation having higher credit risk.

Loans classified under Stage 2 due to the effect of a restructure or renewal are periodically evaluated, in order to establish whether there is an increasing risk originating their transfer into Stage 3.

Restructures that as of the date of transaction show payment performance for the total amount of principal and interests payable, are not transferred to a category with a higher credit risk when only one or several of the following conditions are modified: extension or replacement of guarantees for other of better quality; improvement of interest rate; new currency or account unit; due date change without implying exceeding or modifying frequency.

Interruption of interest accrual

Upon unpaid balance of any loan being deemed as Stage 3 credit risk, the accrual of interests earned is interrupted, even as to those loans capitalizing interests to the amount owed under contract, recognizing the balance pending amortization of transaction costs, items collected or charged in advance and the effect of profit or loss in renegotiation pending amortization against the profit and loss for the year.

While the loan is maintained as Stage 3 credit risk, the control of interests is maintained in memorandum accounts, in the event such interests are collected, they are directly recognized in profit and loss for the year, and in the event they are waived or written-off, they are cancelled memorandum accounts without affecting the heading of credit risk allowance.

Policy and procedures established for the granting, control, recovery of loans, and those regarding credit risk evaluation and follow-up

Bancomext financing activities are regulated by its Organic Law and its Regulations, as well as by the different legal ordinances in force on banking and financing, such as the Credit Institutions Law, the General Negotiable Instruments and Credit Transactions Law, several Provisions issued by the Department of Treasury and Public Credit, the Domestic Banking and Securities Commission, Mexican Central Bank or any other pertinent authority.

The Credit Manual contains regulating guidelines corresponding to the Credit Process (CP), comprising from definition of the target market up to loan recovery.

The policies for each stage integrating the CP are identified below, defined in operating manuals and are integral part of the Institution's credit regulating program.

Business Development

1. Development and/or Updating of Programs/Products
2. Promotion Management-1st Ter
3. Promotion Management-2nd Ter
4. Credit File Administration 1st Ter
   Addendum No. 1 (September 15, 2022)
   Addendum No. 2 (March 01, 2023)
5. Credit File Administration 2nd Tier
   Addendum No. 1 (October 12, 2022)

Analysis and Decision Making

1. Borrower evaluation. Credit Analysis 1st Ter
   - Financial Program Matrixes 1st Ter
2. Borrower evaluation. Tier 2 Credit Analysis
   - Financial Program Matrixes 2nd Tier
3. Borrower evaluation. Preparation of a Legal Report and/or Capacity Report
4. Authorization
   Addendum No. 1 (September 13, 2023)

Implementation and Disbursement

1. Contracting- 1st Tier
2. Contracting- 2nd Tier
3. Entry and release of facilities, withdrawal authorization and Credit Letters- 1st Tier
4. Entry and release of facilities, withdrawal authorization and Credit Letters- 2nd Tier
5. Keeping and Custody of Value Documents- 1st Tier
6. Keeping and Custody of Value Documents- 2nd Tier

Follow-up

1. Administration and Control Portfolio 1st Tier
   Addendum No. 1 (September 30, 2022)
2. Administration and Control Portfolio 2nd Tier
3. Supervision and monitoring of national and international Borrowers and Financial Intermediaries
   Addendum No. 1 (December 22, 2021)

Addendum No. 2 (November 07, 2022)
4. Portfolio Rating
   Addendum No. 1 (October 26, 2022)
5. Specialized Collection Function
6. Collection Management- 1st Tier
   Addendum No. 1 (May 23, 2023)
7. Collection Management- 2nd T
8. Application of Preventive Reserves and Credit Writing-off

Support Processes

1. Credit Ordinances and Guarantee Ordinances
2. Investigation to applicant
   Addendum No. 1 (March 01, 2023)
   Addendum No. 2 (March 31, 2023)
3. Drafting of Managerial Reports of the Credit Process (CP)
4. Reception, Administration, Promotion and Commercial of Real and Movable Property Awarded and Received as Deed-in-lieu
5. Pricing and Rating System
6. Environmental and social Risk Management System (SARAS for its acronym in Spanish)
   Addendum No. 1 (March 01, 2023)
7. Entry, Modification or Discharge of Electronic Banking Service Users

Other Credit Programs

1. Ex-Employee Portfolio Administration
   Addendum No. 1 (August 17, 2022)
2. Foreign Trade Inventory Financing

The grating of a loan is based on an analysis on borrower's financial position, economic feasibility of investment projects, including guarantees, risk limits, applicant's credit investigation, the legal report or capacity report and all other general characteristics established under law, and Institution's internal manuals and policies.

In accordance to authority established under the Credit Manual, resulting areas on this matter are under the charge of the Board of Directors, the Executive Committee, the Internal Credit Committee and the Credit Committee.

Contracting is formalized and implemented based on contract models previously approved by the Legal area.

The creation of collateral, their nature and terms and conditions will depend on the application of each support program applicable to the financing to be granted taking into consideration the risk level, defined in the Credit Manual and will be authorized by the applicable authorized entity.

As to the Tier 1 Program, Private Sector, contemplating direct credit support to legal entities or individuals with entrepreneurial activity, the collateral is always encumbered in first place and degree. The value of real and personal property will be determined by banking appraisal no more than 6 months old, except financial products, such as "Financing for industrial infrastructure development" and "Tourist Sector", where the value of the collateral will be determined by banking appraisal or appraisal by a well-known firm experienced in the pertinent sector. When restructuring, additional collateral may be encumbered in a place subsequent to the first, provided the case so justifies, at the discretion of the authorized entity.

Regarding co-financing and syndicated loans, collateral may be shared with the financial counterparty, in pertinent ratio with same priority and degree. Collateral hedging must occur upon contracting, except development loans, construction loans and equipping of productive installation loans, where property subject to financing is gradually integrated and hedging is calculated upon completion of project following an appraisal. In revolving credits, hedging satisfaction is annually reviewed.

As to the Tier 2 Program, comprised by support granted through Bancomext-qualified domestic Financial Intermediaries (FI), FI guarantees transactions in adherence to the provisions of programs under which financing is being accessed, whether by discount or by funding of productive assets.

To control fund disposal, the approval and release of credit facilities is through the Control Table, verifying satisfaction with requirements prior to withdrawal as established in the authorization.

Internal control over administration and control of portfolio as provided for under the manuals, occurs during operation activities for the year and credit recovery up to entry into books, where due dates, rediscounts and transfers are supervised.

Permanent supervision and follow-up to performance with contract obligations, comprehensive review of performance of financial support granted throughout the life of the loans, and investment projects through review and visits to programs, allowing generation of early alerts that lead to prevention of portfolio impairment.

There is a Specialized Collection Function (FEC), for the assignment of payment noncompliance portfolio.

Terms established to carry out collection actions following borrower's failure to make punctual payment of a loan are classified under the following stages:

- Preventive collection will comprise a period as from day 1 up to day 4 (calendar days) as from the date of payment nonperformance.

- Administrative collection will comprise a period running from day 5 up to day 30 (calendar days) as from the date of payment nonperformance.

- Out-of-court collection will comprise a period from day 31 up to day 90 (calendar days) as from the date of payment nonperformance.

- Court collection, if following a 90-day term following due date, no positive results were obtained from collection process, or earlier upon detection or assumption of borrower or broker's insolvency, or any scenario preventing recovery, proceeds its turn for recovery through judicial means.

In cases where any payment proposal other than the original payment plan is processed, these are analyzed if legally and financially feasible they are submitted to the pertinent authorized instance for authorization.

The loan portfolio is deemed restricted when loans may not be withdrawn or may be used mainly when granted as guarantee for loans received. As of December 31, 2022, there are no restricted loans.

Portfolio risk and credit risk allowance determination is in accordance to describe under Note 3(k).

Policy and procedure to determine risk concentration

In accordance to Article 80 of CNBV's General Character Provisions applicable to Financial Entities, its fraction II paragraph a) specifically regarding loan portfolio risk, the Institution measures, evaluates and follows up concentration thereof, per type of financing, rating, economic sector, geographic area and borrower. Concentrations are monthly reported to CRAC through the Loan Portfolio Risk Report.

The Risk Management Direction issues Risk Regulating Circulars establishing internal policy to determine maximum financing amounts per Common Risk per type of borrower, which are lower than regulating limits established by CNBV, in order to control concentration per borrower or group of borrowers representing a Common Risk.

Concentration risks.- Policy and procedure established for risk management are described below.

Per borrower:

In realization of Asset Operations, article 54 of the CNBV's General Character Provisions applicable to Financial Entities provides that Bank Institutions must define maximum financing thresholds for a single individual or group of individuals deemed as a single individual due to representing a Common Risk.

In accordance to article 57 of such Provisions, regulatory limits applicable to the Institution during the fourth quarter of 2023 were determined by taking into account a 14.95% capitalization rate and a basic capital of $33,213 on September 2023. Regulatory limits are 30% of basic capital ($9,964 MDD equivalent to USD $587 million at an Exchange rate of $16.9666 pesos/dollar as of December 31, 2023) per borrower of private sector and 100% of basic capital (equivalent to USD $1,957 millions) for any other kind of debtors.

During the fourth quarter of 2022 were determined taking into consideration a 14.20% capitalization index and $33,546.8 basic capital on September 2022. Regulatory limits were 30% of basic capital ($10,064.1 equivalent to USD 515.9 millions at the exchange rate of $19.5089 pesos/dollar on December 31, 2022) per borrower of private sector and 100% of basic capita (equivalent to USD 1,719.6 millions) for any other kind of debtors

In accordance to the Comprehensive Risk Administration Regulating Manual, prudential limits lower regulatory limits are established to avoid breaking in the event of steep depreciation in the peso/dollar exchange rate and/or reduction of basis capital.

Therefore, prudential limits applicable to Institution during the fourth quarter of 2023 are $5,175 per borrower of private sector and $24,750 for any other kind of debtors. For the fourth quarter of 2022, they were $5,175 and $24,750, respectively.

(Millions of Mexican Pesos)

Per economic sector:

In order to manage the health of the main loan portfolio in face of any crises, there is a maximum prudential level of 30% of each portfolio's balance as to a geographic area or city, economic sector and loan beneficiary, in order to avoid concentrations as well as to limit and diversify risk.

CNBV special accounting criteria applicable to financial entities, in face of contingency caused by SARS-CoV2 (Covid-19) virus

On March 11, 2020, the World Health Organization declared the outbreak of a new coronavirus SAR-CoV2 (COVID-19) as pandemics, leading to uncertainty in global economy. The United Mexican State's Government declared a sanitary emergency, therefore, Institution adopted pertinent measures to support its borrowers in order to mitigate potential impacts on their economic activity, as summarized below:

CNBV issued, temporary character, Special Accounting Criteria (CCE) under Official Instruments P285/2020, P293/2020 and P325/2020 dated March 26, April 15 and June 23, 2020, respectively.

Bancomext Internal Credit Committee authorized on March 31, 2020, "Guidelines to rescheduling of amortizations maintained by borrowers with Bancomext in face of the issue caused by SARS-CoV2 (COVID-19) virus" (Guidelines), including CCEs.

As of December 31, 2023, the balance of restructured credits in accordance to the B-6 Criterion for the period running from April 2020 to December 2023 amounts to $41,210, $9,916 of which represent restructured credits based on Guidelines. As of December 31, 2022, the balance of restructured loans under the Criterion B-6 for the period from April 2020 to December 2022 amounted to $51,853, $13,432 of which are represented by restructured loans based on the Guidelines.

The balance of restructured loans in accordance to application of special accounting criteria amounts to $3,027 and $5,679 as of December 31, 2023 and 2022, respectively, and that of guarantees that was subjected to rescheduling is $150 and $478, respectively.

Loan rescheduling under special accounting criteria are detailed below:

LOANS RESCHEDULED IN TERMS WITH
SPECIAL ACCOUNTING CRITERIA AS OF DECEMBER 31, 2023

TYPE OF LOAN	TYPE OF TRANSACTION	STAGE 1	STAGE 2	TOTALS 2023
LOAN PORTFOLIO				
Commercial Loans		**$ 3,013**	**$ -**	**$ 3,013**
Business or commercial activities	Restructure	2,844	-	2,844
Financial entities	Restructure	169	-	169
Consumer Loans	Restructure	**1**	**-**	**1**
Mortgage Loans		**8**	**5**	**13**
Medium-sizes and residential	Restructure	8	5	13
Total		**$ 3,022**	**$ 5**	**$ 3,027**

(Millions of Mexican Pesos)

LOANS RESCHEDULED IN TERMS WITH
SPECIAL ACCOUNTING CRITERIA AS OF DECEMBER 31, 2022

TYPE OF LOAN	TYPE OF TRANSACTION	STAGE 1	STAGE 2	TOTALS 2022
LOAN PORTFOLIO				
Commercial Loans		**$ 5,663**	**$ -**	**$ 5,663**
Business or commercial activities	Restructure	4,372	-	4,372
Financial entities	Restructure	1,291	-	1,291
Consumer Loans	Restructure	**1**	**-**	**1**
Mortgage Loans		**10**	**5**	**15**
Medium sizes and residential	Restructure	10	5	15
Total		**$ 5,674**	**$ 5**	**$ 5,679**

It is important to point out that rescheduling of these borrowers was in order to support the liquidity of those requiring it, therefore, should the special accounting criterion had not existed payment of interest accrued as of the date of restructure in compliance with Criterion B-6 would have been required, also maintaining a current portfolio.

Additionally, on September 24, 2020, the SHCP, through the CNBV, issued temporary regulatory facilities on accounting matters ("Covid Accounting Facilities"), by means of official instruments P417/2020 and P418/2020 and the scope thereof by means of official instruments P/429 and P/430 dated October 8, 2020 and P/450 dated November 6, 2020.

The Institution's Board of Directors at its ordinary meeting held on December 1, 2020, approved a support plan denominated "Covid Regulatory Facilities", regarding loans and guarantees of Institution's borrowers, as well as the former employee portfolio.

Balance as of December 31, 2023 and 2022 of loan restructuring in adherence with Covid Accounting Facilities amounts to $1,143 and $1,541, respectively.

"CNBV'S special accounting criteria applicable to credit institutions for borrowers with domiciled or having source of payment in zones declared under emergency" due to Otis Hurricane.

On the grounds of article 175 paragraph one of "General Provisions Applicable to Credit Institutions" and as consequence of the damage caused by hydro-meteorological phenomena severely affecting the State of Guerrero by virtue of which the Department of Security and Citizen Protection issued, on October 26, 2023 the "Resolution Establishing an Emergency" being the municipality of Acapulco de Juarez first served, the National Banking and Securities Commission (CNBV) determined to issue interim special accounting criteria by means of Official Instrument P-307/203 dated October 27, 2023.

The CNBV issued special accounting criteria on consumer, mortgage and commercial loans for borrowers with domiciled or having loans with a source of payment located in affected zones, classified in books as stage 1 or stage 2 loan credit risk portfolio on October 24, 2023, in order to be renewed or restructured remaining under the same credit risk category without being deemed as restructured loans in accordance to the provisions of Criterion B-6 "Loan Portfolio".

(Millions of Mexican Pesos)

The above identified benefit allows, among others, a new maturity term that may be granted to the borrower, without exceeding 6 months the original date of maturity of transactions and if applicable restructure or renewal process are completed not later than on April 30, 2024.

To this regard, Bancomext authorized, on November 16, 2023, an "Emerging Support Plan for Entities affected by Otis Hurricane in the State of Guerrero (Rescheduling)" (the Plan), in order to give access to Bancomext borrowers eligible ~~to~~ for this benefit to a rescheduled amortization plan, by reason of impact suffered due to Otis Hurricane in the State of Guerrero with that, such entities will be able to maintain jobs and incur in most essential expenses to continue their operations.

The Plan was issued taking into consideration the possibility of applying both, General Provisions Applicable to Credit Institutions (Sole Bank Circular), Exhibit 33, Criterion B-6. "Loan Portfolio", as special accounting criteria issued by CNBV, having as deadline for implementation April 30, 2024.

On December 31, 2023, no transactions eligible for application of authorized Plan had been implemented in Bancomext.

(k) Allowance for loan losses-

Loan portfolio rating as of December 31, 2023 and 2022 was obtained in adherence to Provisions for the commercial portfolio, issued by CNBV on June 24, 2013 and subsequent amendments, most important being that published on March 13, 2020, based in an expected loss model, taking into consideration, at the time of evaluation, the loan stage (1, 2 or 3), the Economic sector applicable thereto, possibility of nonperformance, severity of loss and exposure to nonperformance; however, as to costumer and mortgage portfolio, the rating was in accordance to that established by the rating methodology for non-revolving and mortgage loan portfolio rating, referred to under Sections A of Section One and Two of Chapter V, Title Two of the General Character Provisions applicable to Financial Entities published in amending resolution dated October 25, 2010 and subsequent amendments.

Below is an explanation of each of such methodologies:

General methodology based on an expected loss model per credit risk

The amount of allowances of each loan will be the result of applying the following expression:

$$Ri = PIi \times SPi \times EIi$$

Where:

R_i	The amount of allowances to be established as to the i^{th} loan
PI_i	Possibility of nonperformance of the i^{th} loan
SP_i	Severity of loss of the i^{th} loan
EI_i	Exposure to nonperformance of the i^{th} loan

EI_i must be calculated monthly and at least quarterly as to PI_i and SP_i

(Millions of Mexican Pesos)

Commercial loan portfolio allowances are classified, based on the level of risk and percentages listed below:

Level of risk	Reserve percentage ranges	
A-1	0	0.90
A-2	0.901	1.50
B-1	1.501	2.00
B-2	2.001	2.50
B-3	2.501	5.00
C-1	5.001	10.00
C-2	10.001	15.50
D	15.501	45.00
E	Above 45.00	

In order to apply commercial loan portfolio rating based on the expected loss model, the following was taking into consideration:

1. The commercial loan portfolio was classified in accordance to the Provisions applicable to Institution, in terms with the following:

   I. Federal entities and municipalities (not applicable to Institution).

   II. Projects with own source of payment (Exhibit 19).

   III. Trustees acting under trusts excluded from the above fraction, and credit plans commonly known as "structured" (not applicable to Institution).

   IV. Financial entities (Exhibit 20).

   V. Legal entities not included in the above fractions and individuals with entrepreneurial activity:

   - Annual net income or net sales < 14 million UDIs (Exhibit 21).
     - ✓ "Borrowers with no-delay" in the last 12 months.
     - ✓ "Borrowers behind" at least one day behind in the last 12 months.

   - Annual net income or net sales ≥ 14 million UDIs (Exhibit 22).

     - ✓ Small corporations: 14 million UDIs ≥ Annual net sales < 54 million UDIs.
     - ✓ Corporations: 54 million UDIs ≥ Annual net sales < 216 million UDIs.
     - ✓ Large corporations: Annual net sales ≥ 216 million UDIs.

Also, the commercial portfolio was classified in stages in accordance to the following:

- Stage 1. For loans with less than or equal to 30 days late.
- Stage 2. For loans with more than 30 days and less than 90 days late, or not in satisfaction with any of the criteria described for stage 1 or 3.

- Stage 3. Loans with more than or equal to 90 days late or if a loan is at stage 3, in adherence to terms established under Accounting Criterion B-6 "Loan Portfolio".

As to committed credit facilities, Institution establishes allowances by migration of borrower's levels of risk, based on Bancomext risk indicator and its expert revision, allowing mitigation of allowance increase due to potential withdrawal of available balance of committed facilities. As of December 31, 2023 and 2022, no additional allowances under this concept were generated to those indicated in the years being rated.

Methodology for consumer and mortgage loan portfolio rating–

Non-revolving consumer and mortgage portfolios' ratings are determined in function of result determined by the possibility of nonperformance's effect on the severity of loss associated to the value and nature of credit guarantees. The origin of these portfolios derives from loans granted to employees, which after termination of their labor relationship with Institution, in accordance to CNBV ordinances, become part of the loan portfolio.

Additional reserves

In order to determine additional allowances reported to CNBV that Institution had obligation to establish during the 2023 and 2022 years, the financing term and concentration of average balance per loan were taken into consideration, reflecting higher exposure in comparison with the Commercial Banking, both in term, concentration, amount, destination and currency. Also, a comparative table between the Institution's current past due portfolio and the average of the Commercial Banking past due portfolio was made, under the assumption that the Institution's past due portfolio trended toward the banking median to reach a percentage similar to that of the Commercial Banking in the short-term, also considering the exchange rate effect deriving from the pandemic scenario occurring worldwide known as COVID-19.

Additionally and deriving from Official Instrument Number 122-2/3373/2023 dated June 07, 2023 by means of which CNBV communicated acts and corrective measures as from 2023, Bancomext divided the Preventive Reserve Estimate for Credit Risks into Required Reserves, obtained in accordance to Methodologies established in the CNBV'S CUB, and as Additional Specific Reserves corresponding to Reserves that are established to soften the impact in the institution results due to factors not taken into account by CUB Rating Methodologies.

Entry in books

In terms with the above, the Institution calculates the amount of credit risk allowance, same that is entered in the profit and loss of the pertinent year; any excesses in credit risk allowance are cancelled against the profit and loss for the year, affecting the same originating heading, that is, that the allowance itself.

Write-off, elimination and recovery of loan portfolio

The Institution periodically evaluates whether a stage 3 loan should remain in the statement of financial position, or else, be written-off or eliminated in adherence to the credit manual policy, which occurs by cancelling the unpaid balance of the loan against the credit risk allowance. In the event, the loan balance to write-off is in excess of the amount corresponding to its associated allowance, such allowance is increased for up to the amount of the difference prior the write-off.

Recovery deriving from loans previously written-off or eliminated is acknowledged in the profit and loss for the year; in any in-kind recoveries the provisions for Awarded Assets are followed.

Discounts, waivers, bonuses and reductions, whether partial or total, are charged against the credit risk allowance. Should their amount exceed the balance of the allowance associated with the loan, allowances are previously recorder up to the amount of the difference.

(l) Other accounts receivable, net-

Accounts receivable other than the Institution's loan portfolio and collection rights represent, among other, loans to employees and retirees, tax balances receivable, debtor settling accounts, collateral granted in cash in transactions with derivative financial instruments and items directly related with the loan portfolio.

Regarding loans to employees and retirees, their collection is through payroll. Interests are included in "Other income (disbursement) of the operation" in the consolidated comprehensive income statement.

The non-recoverability allowance is determined as follows:

- As to items directly related with the loan portfolio, the same risk percentage assigned for the associated loan is applied.
- As to accounts receivable regarding non-identified debtors, an allowance is created following 60 calendar days of first entry thereof.
- As to accounts receivable regarding identified debtors, an allowance is created on the 90 calendar days of first entry thereof.
- As to accounts receivable with a due date agreed at time of origin, at a term exceeding 90 calendar days, such as, guarantee deposits or reserve funds, an evaluation as to its effectiveness is made and whether they may be reimbursed, otherwise, the 90-day rule is applied.
- No allowance is established on tax balances receivable and creditable value added tax.

Accounts Receivable rating methodology applicable to collateral and insurance program for mortgage credits acquired by former employees:

Bancomext applies the CNBV standard methodology established in the CUB; below is a general description of the procedure applied:

1. The number of months transpired from the last payment date up to date of rating is defined.
2. The general formula of Art. 111 of CUB (Reserves = PNP x SL x ENP) is applied, in order to determine reserves.
3. Assigned Possibility of Nonperformance (PNP) is 100 %.
4. Severity of Loss (SL) is determined using the number of months transpired as defined under number 1, looking for such figure in the table of Art. 114 of CUB and applying the value shown in the first value column.
5. The Exposure to Nonperformance figure (ENP), is unpaid balance.
6. Following determination of PE, a risk degree is obtained (A-1, A-2, B-1, B-2, B-3, C-1, C-2, D and E) in accordance to the provisions of CUB'S Art. 129.

(Millions of Mexican Pesos)

(m) Foreclosed assets or assets received in lieu payment-

Foreclosed assets by court resolution are recorded on the date the foreclosure sale approval resolution in terms of which awarding was granted becomes final and non-appealable. Assets received as deed in lieu are recorded, on the other hand, on the date the deed in lieu is signed or the transfer of the asset's title is formalized.

The lesser amount between the gross book value of the asset originating the awarding, that is, without deducting the credit risk allowance recognized up to the date of awarding, and the net value of received asset realization is recorded, as the Institution's intends to sell them.

The Institution prudently establishes 100% estimates regarding assets awarded or received as deed in lieu, in order to recognize the loan recovery upon the disposal of assets.

In case of assets in a promissory sale, the base awarding value to determine the estimate is the book value reduced by collections received in the asset's account. Such value is applied the pertinent estimate percentages in accordance to tables listed under Section E, Title Two "Prudential provisions", Chapter V "Loan portfolio rating", Section VI, "About reserves for holding assets that have been awarded or received as deed in lieu" of the General Provisions Applicable to Mexican Financial entities, shown below:

a) Collection rights or movable assets

Time transpired as from awarding or deed in lieu (months)	Estimate percentage (%)
Up to 6	0
More than 6 and up to 12	10
More than 12 and up to 18	20
More than 18 and up to 24	45
More than 24 and up to 30	60
More than 30	100

b) Real assets

Time transpired as from awarding or deed in lieu (months)	Estimate percentage (%)
Up to 12	0
More than 12 and up to 24	10
More than 24 and up to 30	15
More than 30 and up to 36	25
More than 36 and up to 42	30
More than 42 and up to 48	35
More than 48 and up to 54	40
More than 54 and up to 60	50
More than 60	100

Upon sale, the difference between the sale price and the book value of the awarded asset in question is acknowledged in the profit and loss for the year under the heading Other operating income (expense).

(n) Prepayments and other assets, net-

Advances represent disbursements made by Institution when the benefits and risks inherent to the assets to be acquired or services to be rendered thereto have not been transferred. Advances are recorded at cost and are presented in the statement of consolidated financial position under the heading advances and other assets. Following reception of assets and/or provision of services that relate to the advances, these are acknowledged as an asset or as an expense in the period’s consolidated income statement, according to their respective nature.

Other short- and long-term assets include the asset due to employee benefits that arises in accordance with FRS D-3 “Employee benefits” and Deferred ESPS (Notes 19 and 20).

(o) Property, furniture and equipment, net-

Property, furniture and equipment are expressed as follows: i) acquisitions as from January 1, 2008, at cost of acquisition, and ii) acquisitions up to December 31, 2007, at their updated values determined by applying the factors deriving from investment units up to December 31, 2007 to the costs of acquisition. Up to December 31, 1996 the real property were restated at net replacement value based on appraisals by independent experts and quarterly factors disclosed by the CNBV.

The depreciation of real property is calculated by applying the straight-line method, in accordance to the remaining useful life as determined by independent experts. The depreciation of furniture and equipment is calculated by applying the probable life method, taking into consideration the cost of acquisition minus residual value (straight line method) on the restated value.

Property, furniture and equipment are submitted to impairment tests upon identification of impairment signs. Consequently, these are expressed at modified historic cost minus accrued depreciation and, if applicable, impairment losses.

As of December 31, 2023 and 2022 the defined long-life assets show no impairment signs, there being no requirements to apply tests to their recoverable values.

(p) **Assets due to rights of use-**

The Institution acknowledges effects of FRS D-5 Leases, considering the economic benefits deriving from leasing and subleasing contracts, same that in any cases transfer to Institution the right to use an underlying asset leased for a term exceeding a year, in exchange for a consideration.

The Asset due to a right of use is acknowledged following subtraction of its accrued depreciation and the pertinent lease Liability on the date of inception at a value following the discount future payments committed under the contract (current value); in order to discount such flows, the incremental financial interest rate obtained from a market sample is used.

Interest is recorded under the heading “Interest expense” in the consolidated comprehensive income statement.

(q) Permanent investments in associates-

These are initially recognized based on the invested, contributed or acquisition amount, thereafter, such investments are valued by applying the interest method, consisting in adjusting the investment, contribution or acquisition value of stock, by applying the share in comprehensive profits or losses and distribution of profits or capital reimbursements subsequent to the date of acquisition. Associated losses, that are not the result of reduction in interest percentage, but as consequence of other owners' movements, are acknowledged in the share corresponding to permanent investment against profit and loss of the period they occur.

Institution's interest in the profit and loss of associates is presented independently in the consolidated income statement.

The other permanent investments without considerable influence as to decision-making, are valued at cost of acquisition. Dividends from these investments are acknowledged in the consolidated comprehensive income statement for the period they are received, except for profits for periods prior to the purchase of investment, in which event, these are subtracted from permanent investments.

(r) Traditional fund-raising and inter-banking and other entity loans-

Traditional fund-raising includes deposit securities, term deposits, bank acceptances and notes with liquidable yield upon maturity, as well as stock securities and banking bonds. Inter-banking and other entity loans are itemized as call money, short-term and long-term, the last two are based on the term, less than or more than a year, respectively, of the amount of amortizations to become due.

They are initially acknowledged at transaction price net of transaction costs incurred, commissions and interests paid in advance, and their valuation is then on carried out at amortized cost, including increases due to accrued effective interest, reductions due to payments of principal and interest and, if applicable, the effect of any waiver granted on the amount due.

As to securities listed at a price other than face value, in addition to that in the above paragraph, the deferred charge or credit, as applicable, is recorded for the difference between the face value of securities and the cash amount received therefor, which is presented in the statement of financial position along with the originating liability that is part of amortized cost, therefore, they are amortized at effective rate against the profit and loss for the year during the term of originating securities.

Those securities that are placed at a discount and no interest accrual, are initially recorded based on the amount of received cash.

The traditional fund-raising and inter-banking and other entities loans interests at the effective rate are recorded under the heading "Interest expense" in the consolidated comprehensive income statement.

In accordance to Criterion A-2 "Application of specific standards", no valuation at fair value of these instruments nor the use of the market rate as the effective rate apply when they are both substantially different.

(s) Sundry creditors and other accounts payable-

This item includes the liability for the rendering of banking services such as Credit Letters, provisions, accounts payable to service providers, overdrafts in checking accounts and negative balance of the cash and cash equivalents item that in accordance to the provisions of criterion B-1 “Cash and cash equivalents” must be presented as a liability.

Provisions represent current obligations with a possibility of Institution having to lose economic funds, therefore, its balance represents the disbursement required to settle such obligation.

Amongst provisions are found those deriving from litigations and those related with operation risk, in accordance with legal risk policy and procedures authorized by the Comprehensive Risk Administration Committee (CRAC).

(t) Employee benefits-

Direct short- and long-term benefits

Direct benefits (salaries, overtime, vacation days, holidays, days-off with pay, etc.) are acknowledged in the profit and loss as accrued, and their payment occurs within the same period. In case of absences remunerated in accordance to legal or contract provisions, these are not acumulative.

Termination benefits

These represent remuneration due upon termination of a labor relationship, if it occurs before employee reaches retirement, and there are no preexisting conditions for their payment that makes them accumulative. As of December 31, 2023 and 2022, Institution has no liabilities under this concept.

Post-employment benefits

The Federal Labor Law establishes an obligation to make specific payments to employees that no longer work, under particular circumstances or satisfaction of specific requirements, as well as payment of obligations established in labor contracts.

As from January 1, 2016, the new FRS D-3 “Employee benefits” entered into effect, establishing the remeasuring of assets or liabilities due to the defined benefits concept and eliminating the possibility of differing recognition of actuarial earnings or losses as they accrue. Therefore, such actuarial earnings or losses are to be acknowledged immediately in Other Comprehensive Income (OCI), requiring recycling subsequent to net profit or loss.

Based on the provisions of Transitory Article Three of the Amendments to General Character Provisions Applicable to Financial Entities published in the Official Gazette of the Federation on December 31, 2015, the Institution elected to recognize 20% of remeasuring of accrued actuarial earnings or losses for a maximum term of 5 years as from 2021, which are to be acknowledged at the end of each period, having promptly informed the CNBV as to such election. Refer to note (19) containing detailed amounts under this concept.

The Institution has plans for payment of pension, seniority premiums and benefits following retirement for its personnel, in addition to that established under law.

Quantification of obligations due to benefits upon retirement is by following the projected unitary credit method, determined by actuarial calculation prepared by independent experts as of December 31, 2023 and 2022.

The net cost for the period based on actuarial calculation on projected salaries is acknowledged as an expense in the profit and loss for the year. Indemnity and direct labor costs are charged to the profit and loss for the year they are paid.

During 2023 and 2022 years, the net cost for the period includes recycling of remediation due to accrued actuarial losses as of December 31, 2015, as well as earnings or losses recorded under OCI in accordance to the average remaining labor life.

The Institution has in place a defined-contribution plan for newly contracted workers whom, upon reaching 60-years old and 30 years of service will be entitled to a life-long retirement pension, corresponding to the total funds accrued in their individual account.

(u) Income tax (ISR for its acronym in Spanish) and employee profit sharing (PTU for its acronym in Spanish)-

ISR and PTU accrued during the year are calculated in accordance to current legal and tax provisions.

Deferred ISR and PTU are recorded, in accordance to the asset and liability method, comparing their book and tax values. Deferred ISR and PTU (assets and liabilities) are recognized due to future tax consequences attributable to temporary differences between values reflected in the consolidated financial statements of existing assets and liabilities and their relative tax basis. Deferred ISR and PTU assets and liabilities are calculated by applying the rates established in the pertinent law that are to be applied to the taxable profit for the years when temporary differences are believed to revert. The effect of changes in tax rates on deferred ISR and PTU is acknowledged in the profit and loss for the period when such changes are approved.

Upon evaluating recovery of deferred taxes, the Institution considers the possibility that a portion or the entirety be not recovered, acknowledging an estimate for non-recoverable deferred tax. Upon making such evaluation, the Management takes into account the expected reversion of deferred liabilities, projected taxable profits and planning strategies. Estimates are cancelled at the time the recovery of a deferred asset becomes a possibility.

Estimate due to deferred taxes relates to the Credit Risk Allowance from: borrowers rated at levels of risk A-1 to C-2, generic additional reserves and loans eliminated from assets in accordance to criterion B-6 restructured, in accordance to their characteristics and/or proven performance level.

The above, as it is already taken into account that deferred taxes will not be recoverable in the short- and mid-terms due there being a low possibility, determined based on transition matrixes, that borrowers rated at these levels of risk, or else, that generic additional reserves or loans eliminated from restructured assets, result in a write-off deductible for Institution in the short- and mid-term, in addition to the fact that, if the credit quality of a borrower classified at these levels worsens becoming risks D and E or generic additional reserves turn to be specific reserves, the portfolio rating would suffer the effect of new classification then generating applicable deferred tax without estimates.

Furthermore, prudentially and in order to mitigate the effect of recording income and expense due to deferred taxes deriving from tax losses, their realization and subsequent reversion in accordance to the behavior observed in the last four years, the Institution generates a deferred tax estimate when from tax losses of previous years.

The final realization of deferred taxes is contingent to the generation of taxable profit; in accordance to historic behavior, projection trends and planning strategies, the Institution believes that it will obtain tax profits against which deferred taxes will realize in the future.

(v) Stockholders' equity-

The capital stock, the premium upon sale of stock, the legal reserve, contributions for future capital increases and accrued profit and loss are expressed as follows: i) movements occurring as from January 1, 2008, at their historic cost, and ii) movements prior January 1, 2008, at restated values determined by applying factors deriving from UDIs to their historic values, up to December 31, 2007. Consequently, the different stockholders' equity concepts are expressed at modified cost.

The premium upon sale of Patrimonial Contribution Certificates (PCC) represents the excess difference between payment for subscribed PCCs and their face value.

Institution's contributions for future capital increases are acknowledged under independent heading as contributed capital, upon satisfaction of specific requirements, including, among other, the existence of a formal commitment with no fixed yield pending capitalization, and of no reimbursable nature. Contributions for future capital increases not in satisfaction with above requirements are recognized as liabilities.

Comprehensive Profit and Loss presented in the consolidated statement of variations in stockholders' equity, is integrated by the Net Income resulting of Institution total acting during the period, and by those items that due to a specific provision were directly taken to stockholders' equity and do not constitute contributions, reductions and capital distributions. The 2023 and 2022 comprehensive profit amounts are expressed in millions of historic pesos.

It also shows the increase or decrease in patrimony deriving from two type of movements: those inherent to owner resolutions and the recognition of comprehensive profit.

Capital Reserves are established by assignment of accrued profits for a specific purpose, including the creation of the legal reserve.

(w) Third-party guarantees granted

Payment commitment in the event of borrower nonperformance is entered in memorandum accounts. The purpose of such plan is to partially guarantee emissions of exchange notes or exchange financing instruments of companies related to foreign trade, in order to give them access to financing under better rating conditions.

The estimate is established based on methodologies described under Note 3(k) and its balance is included under Note 9b). As of December 31, 2023 and 2022 there are no balances of third-party guarantees granted. During 2023 and 2022, no recoveries nor losses resulting from secured borrowers noncompliance were generated.

(x) Trust operations-

The Institution enters into memorandum accounts, the trust or mandate´s assets under its management, by virtue of the obligation implied by realization or performance with the purpose of such trusts, when agreed to. In a few cases, such obligation is limited to recording of trust or mandate assets, while in others, it includes the recording of assets and liabilities that may result during such trust's operation.

The valuation of the trust or mandate assets acknowledged in memorandum accounts is in accordance to the Accounting Criteria.

The recording of income due to trust management is based on the provisions of FRS D-1 "Revenue from customer contracts" and are presented in the comprehensive income statement under the heading commissions and fees income.

(y) Custody and administration operations-

Administration operations include those by Institution in name of third parties, such as, the purchase and sale of securities and derivative financial instruments and repurchase transactions.

Since referred to assets are not owned by the Institution, these are not part of the consolidated statement of financial position. However, the estimated amount for which Institution would be obliged before its customers due to any future event is recorded in memorandum accounts, except for the cash received as payment for services in the name of third parties.

Determination of estimated amount valuation for assets under custody or administration is in function of the effected transaction.

In the event of an obligation before depositor due to loss or damage suffered by asset under custody or administration, the pertinent liability is recorded against the profit and loss for the year. It realizes upon becoming known, independently of any legal action by depositor claiming the repair of loss or damage.

The recording of income from custody and administration transactions is based on the provisions of FRS D-1 "Revenue from customer contracts" and is presented in the comprehensive income statement under the heading commissions and fees income.

In the event that assets under custody are also under administration, these are independently controlled.

(z) Other accounts of record-

This memorandum account item is used to facilitate entry into books or satisfy with numerous applicable legal provisions, providing information on the following events: liability classification per term, administration of syndicated loans as agent, credits eliminated in accordance to criterion B-6 Loan Portfolio, credits and written-off collateral, renewed and restructured credits, accepted counter collateral, tax information, notional amounts of derivative financial instruments, among other.

(aa) Income recognition-

Income is acknowledged upon accrual, independently of their date of realization. Interests from the stage 3 portfolio are acknowledged until they are effectively charged.

(bb) Foreign currency operations-

Foreign currency transactions are acknowledged at the exchange rate in force on the date of signing. As of the date of closing of these Consolidated Financial Statements, monetary assets and liabilities in foreign currency were converted by applying the exchange rate in force at the closing of the business as published by Mexican Central Bank in its website, based on the Resolution amending General Character Provisions establishing Accounting Criteria applicable to derivative contract market participants published in Official Gazette of the Federation on December 15, 2021 and Criterion A-2 Application of CUB's Specific Standards.

Earnings or losses in changes originated during conversion from foreign currency are recognized in profit and loss for the year.

The Institution adheres to the following standards and thresholds for purposes of transactions in foreign currency, which are established by Banxico's regulations:

a. The dollar short or long position must be equivalent to up to 15% of the Institution's basic capital.

b. The position per currency is not to exceed 2% of the net capital, except for the dollar or currency referred to the former, in which case it may be up to 15%.

c. The admission of liabilities in foreign currency is not to exceed 183% of the Institution's basic capital.

d. The investment regime of transactions in foreign currency demands maintaining a minimum level of liquid assets, in accordance with the calculation mechanism established by Banxico, in function of the term till maturity of transactions in foreign currency.

(cc) Contingencies-

Major obligations or losses related with contingencies are recognized when there is a possibility of their effects to realize and there are reasonable elements for quantification. In the absence of such reasonable elements, disclosure is included in a qualitative fashion in the notes to consolidated financial statements. The income, profit or contingent assets are recognized until there is certainty of realization.

(dd) Information per segment-

Tier 1 lending operation correspond to loans directly placed with companies; the Tier 2 lending operation corresponds to channeling of funds through banking financial intermediaries and other non-banking intermediaries, financial markets and the fund-gathering corresponds to obtaining funds required to satisfy the Annual Financial Program authorized by SHCP to hedge Institution's liquidity needs and the assignment of transfer cost to operating segments requiring funds to perform their transactions.

(ee) Related parties-

Related parties are, among other, individuals or legal entities directly or indirectly controlling, exercise significant influence or joint control on Institution and the members of the Board of Directors.

Related parties also are legal entities and members of the boards and officers as to which Institution, directly or indirectly holds control of at least 10% of securities representing its capital stock.

During ordinary course of operations, the Institution completes transactions with related parties, such as, deposit, cash equivalent or lending financing or discount operations granted revocable or irrevocably and documented under negotiable instruments or under agreements, restructuring, renewal or amendments and net positions are included in favor of Institution due to derivative transactions and investment in securities other than stock. Note (15) shows balances with related parties.

The total amount of benefits granted to relevant management personnel during 2023 y 2022, was $20 and $19, respectively.

(4) Foreign currency operations

As of December 31, 2023 and 2022 the amount of transactions in foreign currency of currency used by Institution, as well as the currency position is detailed below:

2023

	(In thousands)					
	Assets	**Liabilities**	**Net position in currency**	**Exchange rate in**		**Local**
Currencies	**Currency of origin**		**of origin**	**pesos**		**currency**
US dollar	9,682,322	9,675,253	7,069	16.966600	$	120
Pound sterling	996	-	996	21.621386		22
Canadian dollar	493	-	493	12.869166		6
Euro	4,472	4,306	166	18.745549		3
					$	**151**

2022

	(In thousands)					
	Assets	**Liabilities**	**Net position in currency**	**Exchange rate in**		**Local**
Currencies	**Currency of origin**		**of origin**	**pesos**		**currency**
US dollar	8,306,287	8,302,253	4,034	19.508900	$	79
Pound sterling	538	-	538	23.463355		13
Canadian dollar	495	-	495	14.391716		7
Euro	4,281	4,356	(75)	20.809169		(2)
					$	**97**

The exchange rate risk position (unhedged), both as a whole, as well as per currency, does not exceed a threshold equivalent to 15% of the Institution's basic capital, this being USD 286,107 and USD 250,443 thousand as of December 31, 2023 and 2022, respectively.

The exchange rate risk position (unhedged) as of December 31, 2022, is integrated as shown below:

		Currency valued in thousands of dollars	
		2023	**2022**
US dollar	$	(887)	(1,816)
Pound sterling		1,270	365
Canadian dollar		374	647
Euro		184	(79)
Total	**$**	**941**	**(883)**

In order to determine the exchange rate risk position, the following exchange rates were used (Currency: US dollar):

		Exchange rate	
Currency		**2023**	**2022**
US dollar	$	1.000000	1.000000
Pound sterling		0.784714	0.831463
Canadian dollar		1.318392	1.355565
Euro		0.905100	0.937515

As of December 31, 2023 and 2022, the exchange rates used for conversion into local currency are shown below:

		Exchange rate	
Currency		**2023**	**2022**
US dollar	$	16.966600	19.508900
Pound sterling		21.621386	23.463355
Canadian dollar		12.869166	14.391716
Euro		18.745549	20.809169

As of December 31, 2023 and 2022 the exchange rate used was that as of the closing of business, published by Mexican Central Bank in its website, based on the Resolution amending General Character Provisions establishing Accounting Criteria to be followed by derivative contract market participants published in the Official Gazette of the Federation on December 15, 2021 Criterion A-2 "Application of Specific Standards" of CUB.

As of February 19, 2024, the date of issue of the financial statements as of and for the year ending on December 31, 2023, the exchange rates used for conversion into local currency are:

Currency		**Exchange rate**
US dollar	$	17.041900
Pound sterling		21.526179
Canadian dollar		12.665479
Euro		18.394184

Balances in the statement of financial position reflect foreign currency transactions at an exchange rate below that of December 2022 by 2.5423 pesos per dollar, representing a lower asset amount by 18,613, 16,755 of which represent the foreign currency net estimate loan portfolio. Similarly, liabilities show a 18,612 reduction due to exchange rate effect in relation to December 2022.

(Millions of Mexican Pesos)

Notwithstanding the balance shows the above-described reduction, the position in currency of Institution is leveled, therefore, variations in the exchange rate have no major effects in exchange rate revaluation of the consolidated comprehensive income statement.

(5) Cash and cash equivalents-

As of December 31, 2023 and 2022, the item cash and cash equivalents is integrated as follows:

		2023	2022
Treasury		5	6
On-sight deposits	$	39,565	12,453
Deposits at term		-	6,441
Deposits with Mexican Central Bank		1	1
Deposits with domestic banks		195	217
Deposits with foreign banks		6,801	1,914
Inter-banking loans (Call Money)		1,234	272
Spot currency purchase and sale		29	-
	$	**47,830**	**21,304**

On-sight deposits:

2023					
Currency of origin	**Average rate**	**Term days**	**Currency of origin thousands**	**Exchange rate**	**Local currency**
Mexican currency	11.29%	-	20,305,457	1.0000	$ 20,305
Dollar	5.24%	4	1,135,181	16.9666	19,260
					$ 39,565

In December 2023, funding was contracted for credit transactions authorized by Governance Bodies, that were rescheduled for the first quarter of 2024, therefore, funds were temporarily invested in on-sight deposits at market conditions.

2022					
Currency of origin	**Average rate**	**Term days**	**Currency of origin thousands**	**Exchange rate**	**Local currency**
Dollar	4.44%	4	638,330	19.5089	$ 12,453

Term deposits:

2022					
Currency of origin	**Average rate**	**Term days**	**Currency of origin thousands**	**Exchange rate**	**Local currency**
Dollar	4.19%	6.50	330,144	19.5089	$ 6,441

(Millions of Mexican Pesos)

Deposits with Mexican Central Bank:

	2023			2022		
	Currency of origin thousands (USD)	**Exchange rate**	**Local currency**	**Currency of origin thousands (USD)**	**Exchange rate**	**Local currency**
Mexican Central Bank foreign currency	56	16.9666	$ 1	53	19.5089	$ 1

Deposits with domestic banks:

	2023			2022		
	Currency of origin thousands (USD)	**Exchange rate**	**Local currency**	**Currency of origin thousands (USD)**	**Exchange rate**	**Local currency**
Other banks, foreign currency	5,719	16.9666	$ 97	8,696	19.5089	$ 169
Other banks, local currency			98	-		48
			$ 195			**$ 217**

Deposits with foreign banks:

	2023			2022		
	Currency of origin thousands (USD)	**Exchange rate**	**Local currency**	**Currency of origin thousands (USD)**	**Exchange rate**	**Local currency**
US dollar	395,082	16.9666	6,703	92,893	19.5089	$ 1,812
Canadian dollar	493	12.8692	6	495	14.3917	7
Pound	496	21.6214	11	538	23.4634	13
Euros	4,295	18.7455	81	3,945	20.8092	82
	$ 400,366		**$6,801**	**$97,871**		**$ 1,914**

Inter-banking loans (Call Money):

	2023				2022			
Currency of origin	**Average rate**	**Term days**	**Currency of origin thousands**	**Local currency**	**Average rate**	**Term days**	**Currency of origin thousands**	**Local currency**
Domestic banks: Mexican currency	11.25	4	130,830	$ 131	10.48	3	271.576	$ 272
Domestic banks foreign currency	5.33	5	65,019	1,103	-	-	-	-
				$ 1,234				**$ 272**

Loans maturing within three business days (Call money), are documented under a "Framework contract to execute inter-banking lending transactions, "Call money"".

(Millions of Mexican Pesos)

Purchase – Sale of currency (Spot):

As of December 31, 2023 and 2022, the balance of currency receivable is $443 and $1,560, respectively, deemed restricted under the Criterion B-1 “Cash and cash equivalents”, and the balances of currency to be delivered is $414 and $1,623, respectively. The Criterion B-1 provides that in the event any concept shows a negative balance, this is to be reclassified under liabilities under the heading Other Accounts Payable. As of December 31, 2023, there are no negative balance concepts. As of December 31, 2022, the net balance of currency receivable and deliverable in the amount of $63 was reclassified.

(6) Investment in financial instruments-

These investments are subject to several types of risks, which may be associated with the market where they are operated, the interest rates associated to term, exchange rates and inherent risks, such as, credit and market liquidity.

Risk management policy and the analysis to risks to which Institution is exposed, are described under Notes 30 and 3(f).

As of December 31, 2023 and 2022, the investments in financial instruments are integrated as follows:

a. Trading financial instruments:

		2023		2022
Certificates in repurchase transactions (restricted)	$	166,180	$	174,190
No restriction government certificates		26,011		15,900
	$	**192,191**	**$**	**190,090**

- Certificates in repurchase transactions (restricted)

Certificates in repurchase transactions as of December 31, 2023 and 2022, are integrated as follows:

	2023			
Instrument	**Cost of acquisition**	**Accrued interests**	**Increase (reduction) due to valuation**	**Fair value**
BONDES F	69,197	380	56	$ 69,633
BPAG91	38,359	607	(60)	38,906
BPAG182	22,515	805	(73)	23,247
BPAG28	14,080	78	(4)	14,154
CEDES	8,997	8	-	9,005
FEDERAL GOVERNMENT ENTITIES AND INSTITUTIONS STOCK CERTIFICATES	5,535	24	11	5,570
CETES	3,181	-	(2)	3,179
DEVELOPMENT BANKING STOCK CERTIFICATES	1,300	4	-	1,304
BONDES D	668	5	-	673
MULTILATERAL ENTITIES DEBT	300	1	-	301
BANKING STOCK CERTIFICATES	207	1	-	208
	164,339	**1,913**	**(72)**	**$ 166,180**

(Millions of Mexican Pesos)

	2022			
Instrument	**Cost of acquisition**	**Accrued interests**	**Increase (reduction) due to valuation**	**Fair value**
BONDES D	46,227	152	(4)	$ 46,375
BONDES F	37,117	207	2	37,326
BPAG182	20,066	624	(146)	20,544
BPAG28	17,543	80	(29)	17,594
BPAG91	48,136	674	(205)	48,605
FEDERAL GOVERNMENT ENTITIES AND INSTITUTIONS STOCK CERTIFICATES	3,114	15	9	3,138
BANKING STOCK CERTIFICATES	107	-	-	107
DEVELOPMENT BANKING STOCK CERTIFICATES	200	1	-	201
MULTILATERAL ENTITIES DEBT	300	-	-	300
	172,810	**1,753**	**(373)**	**$174,190**

Maturity terms:

	2023				
Instrument	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5**	**Cost of acquisition**
BONDES F	6,077	40,060	19,560	3,500	$ 69,197
BPAG91	8,098	18,565	11,696	-	38,359
BPAG182	-	11,343	6,427	4,745	22,515
BPAG28	11,610	2,470	-	-	14,080
CEDES	8,997	-	-	-	8,997
FEDERAL GOVERNMENT ENTITIES AND INSTITUTIONS STOCK CERTIFICATES	-	5,535	-	-	5,535
CETES	-	3,181	-	-	3,181
DEVELOPMENT BANKING STOCK CERTIFICATES	50	50	1,200	-	1,300
BONDES D	151	517	-	-	668
MULTILATERAL ENTITIES DEBT	-	300	-	-	300
BANKING STOCK CERTIFICATES	-	207	-	-	207
	34,983	82,228	38,883	8,245	**$ 164,339**

(Millions of Mexican Pesos)

	2022				
Instrument	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5**	**Cost of acquisition**
BONDES D	14,919	31,304	4	-	$ 46,227
BONDES F	998	24,918	11,201	-	37,117
BPAG182	-	791	15,719	3,556	20,066
BPAG28	3,072	14,471	-	-	17,543
BPAG91	2,486	19,911	25,739	-	48,136
FEDERAL GOVERNMENT ENTITIES AND INSTITUTIONS STOCK CERTIFICATES	163	957	1,994	-	3,114
BANKING STOCK CERTIFICATES	-	-	107	-	107
DEVELOPMENT BANKING STOCK CERTIFICATES	-	50	150	-	200
MULTILATERAL ENTITIES DEBT	-	300	-	-	300
	21,638	**92,702**	**54,914**	**3,556**	**$ 172,810**

As of December 31, 2023, BONDES F for an amount of $229 having granted as collateral to Mexican Central Bank through liquidity auctions. As of December 31, 2022, an amount of $101 BONDES D have been granted as guarantee to Mexican Central Bank for liquidity auctions and BONDES D due to collateralized repurchases in the amount of $32.

- No restriction government certificates

No restriction government certificates as of December 31, 2023 and 2022, are integrated as follows:

	2023			
Instrument	**Cost of acquisition**	**Accrued interests**	**Increase (reduction) due to valuation**	**Fair value**
BONDES F	25,838	148	22	26,008
CEDES	3	-	-	3
	$25,841	**$148**	**$22**	**$26,011**

	2022			
Instrument	**Cost of acquisition**	**Accrued interests**	**Increase (reduction) due to valuation**	**Fair value**
BONDES D	13,596	61	(2)	$13,655
BONDES F	2,193	1	-	2,194
FEDERAL GOVERNMENT ENTITIES AND INSTITUTION: STOCK CERTIFICATES	50	1	-	51
	$15,839	**63**	**(2)**	**$15,900**

(Millions of Mexican Pesos)

Term to maturity:

	2023				
Instrument	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5**	**Cost of acquisition**
BONDES F	-	-	16,904	8,934	$ 25,838
CEDE	3				3
	3	**-**	**16,904**	**8,934**	**$ 25,841**

	2022				
Instrument	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5**	**Cost of acquisition**
BONDES D	2,199	11,397	-	-	$13,596
BONDES F	-	2,193	-	-	2,193
FEDERAL GOVERNMENT ENTITIES AND INSTITUTIONS STOCK CERTIFICATES	-	50	-	-	50
	2,199	**13,640**	**-**	**-**	**$15,839**

b. Financial Instruments to Collect or Sell:

Financial Instruments to Collect or Sell as of December 31, 2023 and 2022, are integrated as follows:

	2023	2022
No restriction government certificates	10,011	9,896
	$ 10,011	**$ 9,896**

	2023				
Instrument	**Cost of acquisition**	**Accrued interests**	**Stage 1 impairment**	**Increase (reduction) due to valuation**	**Fair value**
BPAG91	798	5	-	(1)	$ 802
BONDES D	2,834	16	(1)	4	2,853
BONDES F	5,827	27	(2)	6	5,858
BPAG28	498	-	-	-	498
	9,957	**48**	**(3)**	**9**	**$ 10,011**

	2022				
Instrument	**Cost of acquisition**	**Accrued interests**	**Stage 1 impairment**	**Increase (reduction) due to valuation**	**Fair value**
BONDES D	9,449	41	(5)	10	$ 9,495
BPAG91	400	3	-	(2)	401
	9,849	**44**	**(5)**	**8**	**$ 9,896**

(Millions of Mexican Pesos)

Terms till maturity:

			2023		
Instrument	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5**	**Cost of acquisition**
BPAG91	-	400	397	-	$ 797
BONDES D	1,326	1,509	-	-	2,835
BONDES F	699	5,128	-	-	5,827
BPAG28	-	498	-	-	498
	2,025	**7,535**	**397**	**-**	**$ 9,957**

			2022		
Instrument	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5**	**Cost of acquisition**
BONDES D	2,001	7,448	-	-	$ 9,449
BPAG91	-	400	-	-	400
	2,001	**7,848**	**-**	**-**	**$ 9,849**

Movements of periods 2023 and 2022 in Other Comprehensive Income (OCI) due to valuation of Financial Instruments to Collect or Sell (net of deferred taxes) are shown below:

	OCI 2023	**OCI 2022***
Opening balance	$ 5	$ 5
Entry/Release of certificates	2	(1)
Valuation for the period	(2)	1
Closing balance	**$ 5**	**$ 5**

*Includes retrospective adjustment due to accounting changes as of January 1, 2022.

c. Financial Instruments to Collection of Principal and Interests (securities) (net):

	2023	**2022**
No restriction government certificates	$ 204	$ 198

Government certificates as of December 31, 2023 and 2022, are integrated as follows:

				2023	
Instrument	**Cost of acquisition**	**Rate**	**Accrued interests**	**Stage 1 impairment**	**Amortized Cost**
CEBIC	122	3.3520%	2	-	$ 124
UDIBONOS	80	3.5686%	-	-	80
	202		**2**	**-**	**$ 204**

				2022	
Instrument	**Cost of acquisition**	**Rate**	**Accrued interests**	**Stage 1 impairment**	**Amortized Cost**
CEBIC	118	3.3520%	3	-	$ 121
UDIBONOS	77	3.5686%	-	-	77
	195		**3**	**-**	**$ 198**

Financial Instruments to Collection of Principal and Interests have a term exceeding 5 years as of December 31, 2023 and 2022.

d. The conciliation of changes in the opening balance as of the closing of impairment of FICSs and FICPIs is shown below:

	2023		2022*	
	Thousands of Mexican pesos		Thousands of Mexican pesos	
	FICS[1]	IFCPI[2]	FICS[3]	IFCPI[4]
Opening balance	$ 4,789	$ 103	$ 4,693	$ 70
Increase / (Decrease) charged to profit and loss	(1,932)	(39)	96	33
Closing balance	**$ 2,857**	**$ 64**	**$ 4,789**	**$ 103**

* includes a retrospective adjustment due to accounting changes as of January 1, 2022.

1) IFCV position was maintained stable. Reduction of impairment derives from a low possibility of instrument nonperformance, it should be pointed out that position is comprised by reviewable rate government certificates, mainly Bondes D/ Bondes F.
2) IFCPI position was maintained stable, the reduction in impairment derives from a reduction in the possibility of instrument nonperformance, it should be mentioned that the position is comprised by indexed government UDIS-indexed instruments.
3) Impairment increase was due to portfolio recomposition and the change of value due to market conditions.
4) Impairment increase resulted in portfolio change of value due to market conditions.

e. Interest income, income from security purchase and sale and profit and loss due to valuation for the years ending on December 31, 2023 and 2022:

	2023				2022			
	TFI	FICS	FICPI	Total	TFI	FICS	FICPI	Total
Interest income	21,392	1,130	15	22,537	15,592	745	21	$ 16,358
Profit and loss due to valuation	324	-	-	324	(430)	-	-	(430)
Impairment	-	2	-	2	-	-	-	-
Profit and loss due to purchase and sale of securities	(99)	(9)	-	(108)	(61)	-	-	(61)
	21,617	**1,123**	**15**	**22,755**	**15,101**	**745**	**21**	**$ 15,867**

(7) Repurchase/resale agreements-

Financial repurchase transactions as of December 31, 2023 and 2022, were mainly Savings Protection Bonds, Development Bonds, Fixed Rate Bonds and Stock Certificates with an average term of 4 days. Commercial repurchase of deposit certificates (metals) have a 45-day term for the years 2023 and 2022.

(Millions of Mexican Pesos)

a. Reseller

- Debtors due to Repurchase

		2023	2022
Government certificates	$	2,242	2,501
Commercial repurchases		2,228	747
Total	**$**	**4,470**	**3,248**

- Collateral sold or granted as guarantee

		2023	2022
Government certificates	**$**	**2,242**	**2,501**

- Collateral received by the entity (memorandum accounts)

		2023	2022
Government certificates	$	2,243	2,500
Commercial repurchases		3,501	993
Total	**$**	**5,744**	**3,493**

- Collateral received and sold or granted as guarantee by entity (memorandum accounts)

		2023	2022
Government certificates	**$**	**2,243**	**2,500**

b. Repurchaser

- Repurchase creditors

		2023	2022
Certificate held by Institution[1]:			
Government certificates	**$**	**165,317**	**173,795**

[1] Certificates repurchased are registered as restricted trading financial instruments.

In 2023 and 2022, the interests obtained due to repurchase amount to $579 and 209, respectively, and interests paid due to repurchase are $19,116 and $13,090, respectively.

As of December 31, 2023 and 2022 the average rate agreed under financial repurchase transactions, in which Institution acts as the repurchaser is 11.46% and 10.63%, respectively, and when acting as reseller is 11.38 and 10.48%, respectively. In commercial repurchase transactions, the agreed average rate for pesos as of December 31, 2023 and 2022, is 13.36 and 11.53%, respectively, and for dollars is 7.18% and 5.55%, respectively.

(Millions of Mexican Pesos)

(8) Derivative financial instruments-

As of December 31, 2023 and 2022, the heading derivative financial instruments is integrated by rate options (CAPs) and currency options for negotiation purposes and negotiation fair value hedging swap transactions as detailed below:

Presentation in the consolidated statement of financial position (fair value)

		2023		2022	
		Assets	**Liabilities**	**Assets**	**Liabilities**
For negotiation purposes:					
SWAPS	$	276	245	615	536
Options		-	-	241	241
	$	276	245	856	777
For hedging purposes:					
SWAPS		5,914	1,575	2,377	6,643
	$	**6,190**	**1,820**	**3,233**	**7,420**
Net active (passive) position	**$**	**4,370**		**(4,187)**	

Assets and liabilities due to derivative financial instruments

		2023		2022	
		Assets	**Liabilities**	**Assets**	**Liabilities**
Hedging swaps:					
For portfolio hedging	$	59,192	59,188	44,744	43,371
To hedge securities or liability certificates		56,279	51,944	57,304	62,943
		115,471	111,132	102,048	106,314
Negotiation swaps		7,603	7,572	17,053	16,974
Options		-	-	241	241
	$	**123,074**	**118,704**	**119,342**	**123,529**
Net active (passive) position	**$**	**4,370**		**(4,187)**	

For portfolio hedging:

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2023**
Asset	Rate	USD $	2,367,521	2,308,214	12,783	2,320,997	$39,379
Asset	Rate	M.N. $	26,323,105	19,657,302	155,215	19,812,517	19,813
							$59,192

(Millions of Mexican Pesos)

				Thousands currency of origin					**Local currency**
	Type of swap	**Currency of origin**		**Par**	**Principal**	**Interest**	**Total**		**2023**
Liability	Rate	USD	$	2,367,521	2,308,214	16,051	2,324,265	$	39,435
Liability	Rate	M.N.	$	26,323,105	19,657,302	69,649	19,726,951		19,727
								$	59,162
Valuation	Rate	USD					1,428	$	24
Valuation	Rate	M.N.					2,252		2
									26
								$	**59,188**

				Thousands currency of origin			**Local currency**
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2022**
Asset	Rate	USD	916,251	886,602	1,659	888,261	$17,329
Asset	Rate	M.N.	32,783,678	27,121,261	294,007	27,415,268	27,415
							$44,744

				Thousands currency of origin			**Local currency**
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2022**
Liability	Rate	USD	916,251	886,602	518	887,120	$ 17,307
Liability	Rate	M.N.	32,783,678	27,121,261	110,478	27,231,739	27,232
							$ 44,539
Valuation	Rate	USD				(62,073)	(1,211)
Valuation	Rate	M.N.				43,231	43
							(1,168)
							$**43,371**

For liabilities hedging:

				Thousands currency of origin				**Local currency**
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**		**2023**
Asset	Currency	M.N.	53,499,620	53,499,620	1,032,152	54,531,772	$	54,532
Valuation	Currency	M.N.				(108,467)		(108)
								54,424
Asset	Rate	USD	100,000	100,000	936	100,936	$	1,712
Valuation	Rate	USD		2,408,214		8,455		143
							$	1,855
							$	**56,279**

(Millions of Mexican Pesos)

			Thousands currency of origin				
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2023**
Liability	Currency	USD	2,879,907	2,879,907	13,699	2,893,606	$ 49,095
Valuation	Currency	USD				52,680	894
							$ 49,989
Liability	Rate	USD	100,000	100,000	1,960	101,960	$ 1,730
Valuation	Rate	USD				13,283	225
							$ 1,955
							$ 51,944

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2022**
Asset	Currency	M.N.	35,966,585	35,966,585	489,391	36,455,976	$36,456
Valuation	Currency	M.N.				(1,888,502)	(1,889)
							$34,567
Asset	Rate	USD	1,062,000	1,041,333	5,615	1,046,948	$20,425
Valuation	Rate	USD				118,483	2,312
							$22,737
							$57,304

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2022**
Liability	Currency	USD	1,934,216	1,934,216	8,877	1,943,093	$37,908
Valuation	Currency	USD				48,724	951
							$38,859
Liability	Rate	USD	1,062,000	1,041,333	11,066	1,052,399	$20,530
Valuation	Rate	USD				182,193	3,554
							$24,084
							$62,943

(Millions of Mexican Pesos)

For trading:

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2023**
Asset	Rate	M.N.	586,200	285,585	239	285,824	$ 286
Valuation	Rate	M.N.				53,359	53
							$ 339
Asset	Rate	USD	384,975	377,301	957	378,258	$ 6,418
Valuation	Rate	USD				49,887	846
							$ 7,264
							$ 7,603

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2023**
Liability	Rate	M.N.	586,200	285,585	218	285,803	$ 286
Valuation	Rate	M.N.				52,260	53
							$ 339
Liability	Rate	USD	384,975	377,301	903	378,204	$ 6,416
Valuation	Rate	USD				48,155	817
							$ 7,233
							$ 7,572

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2022**
Asset	Rate	M.N.	586,200	345,708	156	345,864	$ 346
Valuation	Rate	M.N.				75,895	76
							$422
Asset	Rate	USD	628,437	730,155	853	731,008	$14,261
Valuation	Rate	USD				121,495	2,370
							$16,631
							$17,053

(Millions of Mexican Pesos)

			Thousands currency of origin				Local currency
	Type of swap	**Currency of origin**	**Par**	**Principal**	**Interest**	**Total**	**2022**
Liability	Rate	M.N.	586,200	345,708	133	345,841	$ 346
Valuation	Rate	M.N.				74,843	75
							$ 421
Liability	Rate	USD	628,437	730,155	647	730,802	$14,257
Valuation	Rate	USD				117,663	2,296
							$16,553
							$16,974

As of December 31, 2023 and 2022, the amount of hedged items recognized in the consolidated statement of financial position is as shown below:

			2023	2022
Item	**Hedged risk**		**Amount**	**Amount**
Loan portfolio	Rate	$	(1,104)	(1,774)
Term deposits	Rate		-	(9)
Term deposits	Currency		16	(3)
Banking loans	Rate		(31)	(46)
Credit securities issued	Rate		(1,181)	(1,795)
Credit securities issued	Currency		(1,018)	(2,836)

Options for trading purposes

			Thousands currency of origin		Local currency
	Underlying	**Currency of origin**	**Par**	**Fair value**	**2023**
Purchase call	Rate	M.N.	193,850	$6,883	7
Valuation					(7)
				$	-
Sale call	Rate	M.N.	193,850	$ (8,083)	(8)
Valuation					8
				$	-

			Thousands currency of origin		**Local currency**
	Underlying	**Currency of origin**	**Par**	**Fair value**	**2022**
Purchase call	Rate	M.N.	234,850	7,780	$ 8
Purchase put	Currency	USD	200,000	(9,302)	(182)
Valuation					(67)
					$ (241)
Sale call	Rate	M.N.	234,850	$ (9,153)	(9)
Sale put	Currency	USD	200,000	10,974	214
Valuation					36
					$ 241

As of December 31, 2023 and 2022, the result due to valuation of hedging instruments at fair value and primary position, as well as negotiation instruments recognized in the consolidated comprehensive income statement, is integrated as follows:

	2023		**2022**	
	Derivatives	**Primary position**	**Derivatives**	**Primary position**
Hedging	$ 1,619	(1,631)	(1,779)	$ 1,779
Business	(23)	N/A	(24)	N/A

Conciliation of changes in opening balance at the closing of impairment of Derivative financial instruments (CVA), same that increased due to a reduction in collateral valuation, is shown below:

	Thousands of pesos	**Thousands of pesos**
	CVA 2023	**CVA 2022***
Opening balance	$ -	39
Net of increase/reduction with effects on results	4	(39)
Closing balance	**$ 4**	**$ -**

*The 2022 opening balance includes a retrospective adjustment due to accounting changes as of January 1, 2022.

(Millions of Mexican Pesos)

(9) Loan portfolio-

(a) Loan portfolio per stages-

As of December 31, 2023 and 2022, the loan portfolio with credit risk at Stages 1, 2 and 3, is shown below:

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Portfolio in foreign currency, valued in local currency:				
Commercial loans				
Business or commercial activities	114,679	-	3,459	$ 118,138
Financial entities	6,676	-	255	6,931
Government entities	5,485	-	-	5,485
Subtotal	126,840	-	3,714	$130,554
Portfolio in local currency:				
Commercial loans				
Business or commercial activities	53,896	55	2,566	$ 56,517
Financial entities	28,931	-	1,086	30,017
Government entities	2,938	-	-	2,938
Consumer loans	18	1	2	21
Mortgage loans				
Medium-sizes and residential	54	8	1	63
Subtotal	85,837	64	3,655	$ 89,556
Total	**212,677**	**64**	**7,369**	**$220,110**

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Portfolio in foreign currency, valued in local currency:				
Commercial loans				
Business or commercial activities	118,173	113	2,369	$ 120,655
Financial entities	4,459	-	294	4,753
Government entities	6,614	-	-	6,614
Subtotal	129,246	113	2,663	$ 132,022
Portfolio in local currency:				
Commercial loans				
Business or commercial activities	55,877	556	1,511	$ 57,944
Financial entities	25,150	-	1,086	26,236
Government entities	2,804	-	-	2,804
Consumer loans	20	1	4	25
Mortgage loans				
Medium-sizes and residential	67	7	3	77
Subtotal	83,918	564	2,604	$ 87,086
Total	**213,164**	**677**	**5,267**	**$ 219,108**

(Millions of Mexican Pesos)

Integration of loan portfolio per economic sector as of December 31, 2023 and 2022:

		2023		2022	
Sector per economic activity		**Amount**	**%**	**Amount**	**%**
Travel	$	33,557	15.25	38,499	17.57
Real estate and rental services		33,503	15.22	27,099	12.37
Metal products, machinery and equipment		25,695	11.67	25,352	11.57
Transportation and communications		22,294	10.13	21,631	9.87
Power, gas and water		19,257	8.75	23,259	10.62
Chemical substances and plastic or rubber items		7,782	3.54	6,781	3.09
Commerce		7,179	3.26	11,380	5.19
Professional services, individuals and legal entities		6,400	2.91	6,097	2.78
Food, beverages and tobacco		5,248	2.38	4,357	1.99
Extraction of oil and natural gas		4,413	2.00	4,800	2.19
Construction industry		3,707	1.68	3,451	1.57
Steel industry		2,717	1.23	2,557	1.17
Textiles, garments and hide industry		1,839	0.84	2,062	0.94
Unclassified services		1,779	0.81	1,217	0.56
Mineral non-metallic products		99	0.04	604	0.28
Individuals		84	0.04	102	0.05
Paper, print and publishing houses		11	0.00	200	0.09
Wood industry and wood products		-	-	611	0.28
Adjustment to book value of hedged item		(825)	(0.37)	(1,358)	(0.62)
Private sector	$	174,739	79.38	178,701	81.56
Financial sector		36,948	16.79	30,989	14.14
Government sector		8,423	3.83	9,418	4.30
Total	**$**	**220,110**	**100.00**	**219,108**	**100.00**

(Millions of Mexican Pesos)

As of December 31, 2023 and 2022 the loan portfolio at Stage 3, as from the date of its classification into this stage, is shown below:

	Days past due as of December 31, 2023				
Type of portfolio:	**1 to 180 days**	**181 to 365 days**	**1 to 2 years**	**More than 2 years**	**Total**
Commercial loans					
Business or commercial activities	1,155	2,647	2,223	-	$ 6,025
Financial entities		-	1,341	-	1,341
Consumer loans		-	1	1	2
Mortgage loans					
Medium-sizes and residential	-	-		1	1
	1,155	2,647	3,565	2	$ 7,369

	Days past due as of December 31, 2022				
Type of portfolio:	**1 to 180 days**	**181 to 365 days**	**1 to 2 years**	**More than 2 years**	**Total**
Commercial loans					
Business or commercial activities	2,458	768	654	-	$ 3,880
Financial entities	1,380	-	-	-	1,380
Consumer loans	1	-	1	2	4
Mortgage loans					
Medium-sizes and residential	-	-	1	2	3
	3,839	768	656	4	$ 5,267

(Millions of Mexican Pesos)

Below is an analysis of Stage 3 loan portfolio movements for the years ending as of December 31, 2023 and 2022:

		2023	2022
Balance at the inception of year [1)]	$	5,267	8,499
Minus:			
Variation in the opening balance due to exchange rate		342	31
Payments		160	105
B-6 eliminations, deed in lieu, waiver, discounts and write-offs		5,384	4,894
Capitalization		7	206
Cancellation due to restructures		3,953	3,676
Transfer to Stages 1 and 2 portfolio		55	4,296
Other		4,387	4,340
Plus			
Opening due to restructures		4,281	5,877
Transfer from Stage 1		85	394
Transfer from Stage 2		7,637	3,719
Other		4,387	4,326
Balance of Stage 3 Portfolio as of December 31	**$**	**7,369**	**5,267**

[1)] The Stage 3 portfolio as of January 1, 2022, had same balance than past due portfolio as of December 31, 2021.

As of December 31, 2023 and 2022 the Stage 3 credit risk loan portfolio balance is integrated by thirteen and seventeen companies, respectively, currently under court or out-of-court collection proceedings and eleven and seventeen former employees, respectively.

Restructured and renewed loans

	2023				
	Business or commercial activities	**Financial entities**	**Government entities**	**Consumer loans**	**Mortgage loans**
Balance accrued at the inception of the year					
Stage 1	$ 42,115	169	-	5	$ 28
Stage 2	55	-	-	-	6
Stage 3	1,976	-	-	-	-
Plus those originated during the 2023 year:					
i. Stages 2 and 3 Loans that were restructured or renewed	2,543	-	-	1	-
ii. Restrictions or renewals to Stage 3	78	-	-	-	-
iii. Maintained in Stage 1 and 2	15,252	-	1,650	-	-
iv. Consolidated loans transferred to Stage 3	-	-	-	-	-
v. Not under any criteria applicable, based on paragraph 112	2,536	-	-	-	-
Total restructures/renewals as of December 31, 2023	**$ 64,555**	**169**	**1,650**	**6**	**$ 34**

(Millions of Mexican Pesos)

	2022				
	Business or commercial activities	**Financial entities**	**Governmen t entities**	**Consumer loans**	**Mortgage loans**
Balance accrued at the inception of the year					
Stage 1	$ 52,300	1,291	-	6	$ 35
Stage 2	499	-	-	-	5
Stage 3	912	-	-	2	1
Plus those originated during the 2022 year:					
i. Stages 2 and 3 Loans that were restructured or renewed	4,368	-	-	-	-
ii. Restrictions or renewals to Stage 3	-	-	-	-	-
iii. Maintained in Stage 1 and 2	8,584	-	-	-	-
iv. Consolidated loans transferred to Stage 3	1,572	-	-	-	-
v. Not under any criteria applicable, based on paragraph 112	3,149	-	-	-	-
Total restructures/renewals as of December 31, 2022	**$ 71,384**	**1,291**	**-**	**8**	**$ 41**

i. Stages 2 and 3 credit risk loans that were restructured or renewed.
ii. Restructures or renewals transferred to stage 3 credit risk portfolio for having been restructured or renewed, in adherence to paragraph 99 of criterion B-6 "Loan portfolio", exhibit 33 of the Provisions.
iii. Restructured or renewed loans that were maintained in stage 1 and stage 2 credit risk portfolio, in accordance to paragraphs 100 to 108 of criterion B-6 "Loan portfolio", exhibit 33 of the Provisions.
iv. Consolidated loans that as a product of a restructure or renewal were transferred to stage 3 credit risk portfolio, in accordance to paragraph 110 of criterion B-6 "Loan portfolio", exhibit 33 of the Provisions.
v. Restructured loans not subject to criteria about transfer to stage 3 credit risk portfolio based on paragraph 112 of criterion B-6 "Loan portfolio", exhibit 33 of the Provisions.

On October 31, 2013 a Debt, Capitalization of Interest and Restructure Acknowledgement Agreement with a Foreign Financial Entity was formalized, agreeing to recover an amount of USD 146.3 millions, currently recorded in off-balance-sheet accounts. In terms with referred to agreement such amount would be recoverable within 15 years, by means of quarterly payments; on August 5, 2019 it fall into payment nonperformance, therefore, currently under debt recovery negotiation. As of December 31, 2023 and 2022, the principal balance amounts to USD 88 millions.

(Millions of Mexican Pesos)

Amount and nature of guarantees received

The amount of guarantees received as of December 31, 2023 and 2022, is shown below:

2023				
Type of Guarantee	**MXP**	**USD**	**EUR**	**Local currency**
Financial guarantees	10,818	153	-	$ 13,406
Non-financial guarantees and similar instruments:				
Real and movable property	54,388	5,291	-	144,157
Trust guarantee	47,962	3,736	7	111,486
Collection and trust rights	11,463	128	-	13,629
Other	-	133	-	2,248
Total				**$ 284,926**

2022			
Type of Guarantee	**MXP**	**USD**	**Local currency**
Financial guarantees	5,600	91	$ 7,370
Non-financial guarantees and similar instruments:			
Real and movable property	57,526	3,706	129,828
Trust guarantee	13,406	2,339	59,038
Collection and trust rights	4,885	190	8,591
Other	-	85	1,656
Total			**$ 206,483**

Additional guarantees and concessions granted under restructured loans-

As to Tier 1 portfolio that was restructured during 2023, 3 cases were reported with additional guarantees in the form of Joint Obligations by Legal Entities and Individuals, as well as Shares with an acknowledged value of $0 for hedging purposes, also First and Second order of priority Mortgages with an acknowledged value of $172, Real Property with an acknowledged value of $138 and a Reserve Fund with an acknowledged value of $2.

During 2022, 5 restructures with additional guarantees made up by Joint Obligations of Legal Entities and Assignment of Collection Rights with recognized value of $ 0 for hedging purposes were reported, and the Reserve Fund, same that as of the closing of 2022 was being funded. No concessions were granted.

(Millions of Mexican Pesos)

Interests and commissions-

		2023			2022		
Type of loan		**Interests**	**Commissions**	**Total**	**Interests**	**Commissions**	**Total**
Commercial loans	$	15,555	23	15,578	11,793	13	11,806
Loans to financial entities		3,290	-	3,290	2,108	-	2,108
Loans to government entities		864	2	866	577	1	578
Consumer loans		2	-	2	1	-	1
Mortgage loans		5	-	5	5	-	5
Total	**$**	**19,716**	**25**	**19,741**	**14,484**	**14**	**14,498**

Commission for the initial granting of the loan

Commissions for the initial granting of the loan pending deferral as of December 31, 2023 and 2022 amount to $85 y $63 respectively, same that are amortized against profit and loss for the year as an interest income, making-up the effective rate with an average term of 3.17 and 3.18 years as of December 31, 2023 and 2022, respectively and presented as part of loan portfolio amortized cost under the heading “Deferred items”.

Re-discounts-

The amount of re-discounts as of December 31, 2023 and 2022 is $37,185 and $31,396, respectively.

Credit commitments-

The amount of credit commitments recorded in off-balance-sheet accounts as of December 31, 2023 and 2022 is shown below:

2023				
Concept	**Local currency**	**Million USD**	**Thousand Euros**	**Local currency**
Revocable loan opening	43,426	3,815	162	$ 108,154
Irrevocable loan opening	1,079	839	-	15,321
Commercial loans with risk	2,200	461	50	10,019
				$ 133,494

(Millions of Mexican Pesos)

	2022			
Concept	**Local currency**	**Million USD**	**Thousand Euros**	**Local currency**
Revocable loan opening	24,879	3,205	288	$ 87,407
Irrevocable loan opening	1,488	515	-	11,536
Commercial loans with risk	2,199	376	50	9,533
				$ 108,476

(b) Allowance for loan losses-

As explained in Note 3(k), the Institution classifies its portfolio, establishing an estimate to hedge credit risks associated with its loan portfolio recovery.

Total ratable portfolio per type of loan as of December 31, 2023-

Rating		**Commercial**	**Government entities**	**Financial intermediaries**	**Guarantees, Third-Party Guarantees and Factoring**	**Mortgage loan portfolio**	**Consumer portfolio**	**Total**
A-1 Minimum	$	138,214	8,422	32,470	26,523	16	-	205,645
A-2 Minimum		24,325	-	3,115	201	2	-	27,643
B-1 Low		454	-	39	156	3	4	656
B-2 Low		2,739	-	149	-	17	11	2,916
B-3 Low		2,106	-	113	-	9	-	2,228
C-1 Median		-	-	-	6	2	1	9
C-2 Median		-	-	-	-	7	1	8
D High		-	-	-	18	5	1	24
E Irrecoverable		5,959	-	1,301	-	-	3	7,263
Subtotal		173,797	8,422	37,187	26,904	61	21	246,392
Past due interests		72	-	40	-	-	-	112
Total	**$**	**173,869**	**8,422**	**37,227**	**26,904**	**61**	**21**	**246,504**

Does not include excepted portfolio in the amount of $0.9.

(Millions of Mexican Pesos)

Required reserve per type of risk as of December 31, 2023-

Rating		Commercial	Government entities	Financial intermediaries	Guarantees, Third-Party Guarantees and Factoring	Mortgage loan portfolio	Consumer loans	Total
A-1 Minimum	$	660	42	94	123	-	-	919
A-2 Minimum		283	-	32	2	-	-	317
B-1 Low		8	-	1	3	-	-	12
B-2 Low		66	-	3	-	-	1	70
B-3 Low		74	-	3	-	-	-	77
C-1 Average		-	-	-	-	-	-	-
C-2 Average		-	-	-	-	1	-	1
D High		-	-	-	5	2	-	7
E Irrecoverable		3,904	-	937	-	-	2	4,843
Subtotal		4,995	42	1,070	133	3	3	6,246
Past due interests		72	-	40	-	-	-	112
Specific additional reserves		2,331	-	41	-	-	-	2,372
Generic additional reserves		-	-	-	-	-	-	1,000
Total	**$**	**7,398**	**42**	**1,151**	**133**	**3**	**3**	**9,730**

Total ratable portfolio per type of loan as of December 31, 2022-

Rating		Commercial	Government entities	Financial intermediaries	Guarantees, Third-Party Guarantees and Factoring	Mortgage loan portfolio	Consumer loans	Total
A-1 Minimum	$	86,933	9,415	28,485	23,828	23	-	148,684
A-2 Minimum		60,360	-	1,348	38	2	-	61,748
B-1 Low		9,121	-	-	187	2	3	9,313
B-2 Low		1,032	-	-	69	9	15	1,125
B-3 Low		822	-	193	18	25	-	1,058
C-1 Average		4,845	-	-	111	2	2	4,960
C-2 Average		3,361	-	-	-	9	-	3,370
D High		3,264	-	-	29	5	-	3,298
E Irrecoverable		9,013	-	1,339	-	-	5	10,357
Subtotal		178,751	9,415	31,365	24,280	77	25	243,913
Past due interests		82	-	40	-	-	-	122
Total	**$**	**178,833**	**9,415**	**31,405**	**24,280**	**77**	**25**	**244,035**

Does not include excepted portfolio in the amount of $3.

(Millions of Mexican Pesos)

Reserve required per risk group as of December 31, 2022-

Rating		Commercial	Government entities	Financial intermediaries	Guarantees, Avails and Factoring	Mortgage loan portfolio	Consumer loans	Total
A-1 Minimum	$	438	47	99	100	-	-	684
A-2 Minimum		627	-	13	-	-	-	640
B-1 Low		146	-	-	3	-	-	149
B-2 Low		22	-	-	2	-	1	25
B-3 Low		25	-	5	1	1	-	32
C-1 Average		331	-	-	6	-	-	337
C-2 Average		421	-	-	-	1	-	422
D High		927	-	-	10	1	-	938
E Irrecoverable		7,059	-	711	-	-	4	7,774
Subtotal		9,996	47	828	122	3	5	11,001
Past due interests		82	-	40	-	-	-	122
Additional reserves		-	-	-	-	-	-	400
Total	**$**	**10,078**	**47**	**868**	**122**	**3**	**5**	**11,523**

Below is an analysis as to allowance movements from January 1 to December 31, 2023 and 2022.

	2023	2022
Balances at the inception of year	11,523	10,918*
Increases / (releases)	4,096	5,636
Elimination of Stage 3 commercial credit assets	(5,384)	(4,898)
Write-offs	-	-
Cancellations	-	-
Exchange rate effect	(505)	(133)
Closing balances	**9,730**	**11,523**

*Includes retrospective adjustment due to accounting changes as of January 1, 2022.

Increases / (releases) per type and credit stage are shown below:

		2023							
Rating		Commercial	Government entities	Financial intermediaries	Guarantees, endorsements and factoring	Mortgage loan	Consumer loans	Other	Total
Stage 1	$	(4,165)	-	36	19	-	-	600	$(3,510)
Stage 2		3,850	-	25	-	-	-	-	3,875
Stage 3		3,484	-	248	-	-	(1)	-	3,731
Total	**$**	**3,169**	**-**	**309**	**19**	**-**	**(1)**	**600**	**$4,096**

	2022							
Rating	**Commercial**	**Government entities**	**Financial intermediaries**	**Guarantees, endorsements and factoring**	**Mortgage loan**	**Consumer loans**	**Other**	**Total**
Stage 1	$ 3,037	3	(14)	16	1	-	(100)	$2,943
Stage 2	241	-	5	-	(1)	-	-	245
Stage 3	1,737	-	710	-	-	1	-	2,448
Total	**$ 5,015**	**3**	**701**	**16**	**-**	**1**	**(100)**	**$5,636**

As of December 31, 2023 and 2022, the credit risk allowance established by Institution includes $4,024 and $5,424 entered in the profit and loss for the year, respectively. As of December 31, 2023 and 2022, $72 and $213, respectively, from a counter guarantee fund were received to establish the reserve. Also, on January 1, 2022 a net income in the amount of 1 corresponding to the opening recognition deriving from IFRS 9 implementation was recognized.

Allowance sourcing from Stage 3 credit risk loan portfolio interest's amounts to $112 and $122 for the years ending on December 31, 2023 and 2022, respectively.

For loan portfolio rating as of December 31, 2023 and 2022, the Institution applied the methodologies established under General Character Provisions Applicable to Financial Entities in force on each year.

As of December 31, 2023 and 2022, allowances represent 4.4% and 5.3%, respectively, of the entire portfolio covering 1.32 and 2.19 times the Stage 3 credit risk loan portfolio, respectively.

Under the criterion B-6 "Loan portfolio" of Exhibit 33 of General Provisions Applicable to Mexican Financial Entities, provides that the Institution may elect to eliminate from its assets, those past due loans 100% provisioned. In 2023 and 2022, the Institution applied the balance of 15 and 4 loans against the credit risk allowance, respectively, for an amount of $5,384 and $4,898, respectively. None of such loans corresponds to related parties.

Portfolio balances eliminated from assets in either thousands of Dollars, Euros, as well as local currency administered under off-balance-sheet accounts while collection procedures are on-going is shown below:

	2023			2022		
	Million USD	**Million Euros**	**Local currency**	**Million USD**	**Million Euros**	**Local currency**
Past due principal payable						
Companies	497	42	$10,930	468	42	$6,106
Former employees	-	-	14	-	-	14
Total principal	**497**	**42**	**$10,944**	**468**	**42**	**$6,120**
Past due interests payable						
Companies	5	1	$111	5	1	$77
Total interests	**5**	**1**	**$111**	**5**	**1**	**$77**

(Millions of Mexican Pesos)

For the years ending on December 31, 2023 and 2022, the amount of recovery from loan portfolio eliminated from assets was $194 and $257, respectively, recorded in the income statement's credit risk allowance.

Interest income recognized in loans upon capitalization-

Interest income recognized upon capitalization during 2023 and 2022 amounts to $301 and $210, respectively.

(10) Other accounts receivable, net-

As of December 31, 2023 and 2022, the heading other accounts receivable is integrated as shown below:

	2023	2022
Loans to Institution's personnel	$ 2,199	$ 2,144
Debtors due to currency purchase and sale transactions settlement	413	1,618
Debtors due to collateral granted in cash under derivative transactions (Note 8)	412	3,635
Taxes receivable	373	491
Guarantee program	85	90
Sundry debtors	44	47
Debtors due to commissions on current transactions	11	14
Value added Tax (VAT)	8	8
Debtors due to settlement of repurchase transactions	1	1
Reserve fund for received loans (Note 17)	-	63
	3,546	8,111
Non-recoverability estimate	(53)	(55)
	$ 3,493	**$ 8,056**

As of December 31, 2023 and 2022, these include accounts receivable in foreign currency valued in Local currency in the amount of $28 and $95, respectively.

Non-recoverability estimate movements are shown below:

	2023	2022
Balances at the inception of year	$ 55	$ 43
Increases	3	12
Releases	(5)	-
Applications	-	-
Exchange rate effect	-	-
Closing balances	**$ 53**	**$ 55**

(Millions of Mexican Pesos)

(11) Foreclosed assets, net-

Integration of these assets as of December 31, 2023 and 2022, is shown below:

2023						
Concept		**Local currency**	**Million USD**		**Valorized foreign currency**	**Total**
Movable property	$	99	-	$	-	99
Securities		-	48		818	818
Collection rights		-	36		612	612
Subtotal	$	99	84	$	1,430	1,529
Real property:						
Rural land	$	95	-	$	-	95
Urban land		151	-		-	151
Single-family		65	-		-	65
Condominium regime		10	-		-	10
Industrial plants		312	-		-	312
Commercial outlets		123	-		-	123
Other		74	-		-	74
Subtotal		830	-		-	830
Assets promised for sale:						
Real property		28	-		-	28
Subtotal		28	-		-	28
		957	84		1,430	2,387
Minus:						
Established estimates		957	84		1,430	2,387
Total	**$**	**-**	**-**	**$**	**-**	**-***

* Corresponds to the balance as of December 31, 2023, of assets promised for sale with a value of $28 and a reserve of $28.

(Millions of Mexican Pesos)

2022						
Concept		**Local currency**	**Million USD**		**Valorized foreign currency**	**Total**
Movable property	$	99	-	$	-	99
Securities		-	48		941	941
Collection rights		-	36		693	693
Subtotal	$	99	84	$	1,634	1,733
Real property:						
Rural land	$	95	-	$	-	95
Urban land		151	-		-	151
Single-family		65	-		-	65
Condominium regime		10	-		-	10
Industrial plants		312	-		-	312
Commercial outlets		123	-		-	123
Other		74	-		-	74
Subtotal		830	-		-	830
Assets promised for sale:						
Real property		59	-		-	59
Subtotal		59	-		-	59
		988	84		1,634	2,622
Minus:						
Established estimates		976	84		1,634	2,610
Total	**$**	**12**	**-**	**$**	**-**	**12***

* Corresponds to the balance as of December 31, 2022, of assets promised for sale with a value of $59 and a reserve of $47.

(Millions of Mexican Pesos)

Allowance for foreclosed assets-

The amount of estimate of awarded assets as of December 31, 2023 and 2022, is integrated as follows:

2023				
Concept	**Local currency**	**Million USD**	**Valorized foreign currency**	**Total**
Movable property	$ 99	-	$ -	$ 99
Securities	-	48	818	818
Collection rights	-	36	612	612
Real estate	830	-	-	830
Property promised for sale	28	-	-	28
Total reserve	$ 957	84	$ 1,430	$ 2,387

2022				
Concept	**Local currency**	**Million USD**	**Valorized foreign currency**	**Total**
Movable property	$ 99	-	$ -	$ 99
Securities	-	48	941	941
Collection rights	-	36	693	693
Real estate	830	-	-	830
Property promised for sale	47	-	-	47
Total reserve	$ 976	84	$ 1,634	$ 2,610

The charge to profit and loss under this concept is $10 and $29 as of December 31, 2023 and 2022, respectively.

(12) Property, furniture and equipment, net-

As of December 31, 2023 and 2022, the balances of property, furniture and equipment are integrated as shown below:

	Average useful life	**2023**	**2022**
Buildings	90 years	$ 593	585
Furniture and equipment	10 years	290	287
Computer equipment	3.3 years	12	37
Transportation equipment	4 years	2	2
Other (net)		1	-
		898	911
Minus: Accrued depreciation		(516)	(529)
Total investments subject to depreciation		382	382
Constructions under process		-	-
Land		96	96
Total investments not subject to depreciation		96	96
Total		**$ 478**	**478**

(Millions of Mexican Pesos)

In 2023 and 2022, consolidated depreciation expense amounted to $14 for both years.

As of December 31, 2023 and 2022, there is real property transferred to INDEP for subsequent sale in the amount of $102 for both years, 100% depreciated.

As of December 31, 2023 and 2022, there are intangible assets in the amount of $24 for both years, 100% amortized, represented by software licenses.

Reclassification of both concepts occurred in 2023, resulting in reformulation of the 2022 property, furniture and equipment (net) integration.

(13) Assets due to rights of use of property, furniture and equipment-

Institution, through its DIESA subsidiary, had undersigned leasing the agreements for use of a real property and transportation equipment as of December 31, 2022. Starting 2023, a new real property lease agreement was added. The termination of the real property agreements is July 2032 and May 2028 for the newest agreement; and the termination of the transportation agreement is May 2025. As of December 31, 2023 and 2022, the balances of assets due to rights of use of property, furniture and equipment and liabilities thereof, are integrated as shown below:

		2023	**2022**
Original value of rights of use of movable and real property	$	19	6
Accrued depreciation		2	-
Net value	**$**	**17**	**6**
Leasing liability	**$**	**17**	**6**

2023 and 2022 leasing expenses for these assets are integrated as follows:

		2023	**2022**
		Local currency thousands	**Local currency thousands**
Amortization of right to use movable assets and real property	$	2,264	164
Interest expense		1,284	122
Total	**$**	**3,548**	**286**

The interest rate used to calculate the current value of future transportation equipment rental payments was 16.60% and real property leasing was 9.68%, for both years. Lease liability payments for 2023 and 2024 amount to $2 and $0, respectively.

(Millions of Mexican Pesos)

(14) Permanent investments-

a. The main companies subject to application of the interest method, as well as stockholding share of Institution in such companies as of December 31, 2023 and 2022, are:

Company	Share (%) 2023	Share (%) 2022	Activity
Cesce México, S. A. de C. V. (CESCEMEX)	48.99	48.99	Insurance
Corporación Mexicana de Inversiones de Capital, S. A. de C. V. (CMIC)	5.03	5.09	Investment fund

b. The amounts used for recognition of interest method as of December 31, 2023 and 2022, are identified below:

Company		Capital stock	(Accrued losses) withheld profit	(Loss) Profit for the year	Total
2023					
CESCEMEX	$	104	(6)	13	111
CMIC		342	169	(49)	462
Other		-	-	-	182
Total	**$**				**755**

Company		Capital stock	(Accrued losses) withheld profit	(Loss) Profit for the year	Total
2022					
CESCEMEX	$	100	(15)	8	93
CMIC		379	157	(23)	513
Other		-	-	-	194
Total	**$**				**800**

The net effect of valuation of permanent investments as of December 31, 2023 and 2022 is $(42) and $(2), respectively. As of December 31, 2023 and 2022, the share in OCI of permanent investments that was registered under stockholders' equity is $0 and $(1). No investments were made during the 2023 and 2022 years.

(Millions of Mexican Pesos)

c. As of December 31, 2023 and 2022 assets, liabilities and main items in the income statement of main associated companies are as follows:

	2023			
	Total			
	Assets	Liabilities	Income	Expense
CESCEMEX	$ 413	187	131	130
CMIC	9,237	52	574	1,656

	2022			
	Total			
	Assets	Liabilities	Income	Expense
CESCEMEX	$ 436	246	188	172
CMIC	10,618	515	319	774

d. Investments in shares of associated companies without holding significant control or influence, are presented valued at their acquisition cost. The acquisition cost of all other permanent investments in stock amounts to $54 and $19 as of December 31, 2023 and 2022, respectively.

(15) Time deposits-

Term deposits in the money market as of December 31, 2023 and 2022 are integrated as follows:

	2023	2022
Notes with yield payable upon maturity	$ 73,625	57,958
Fixed term deposits in foreign currency	36,747	37,816
Central Bank Deposit Certificates (CEDEs)	15,009	-
Fixed term deposits in local currency	1,138	578
Deposits due to Special Loan for Savings	1,033	976
Valuation of swaps for hedging purposes, net	16	(12)
Total	**$ 127,568**	**97,316**

The characteristics of notes with yield payable upon maturity as of December 31, 2023 and 2022, are shown below:

2023			
Issue	Term	Average effective rate	Amortized cost
Note	1 to 29 days	11.25%	$ 23,618
Note	30 to 179 days	11.39%	48,140
Note	180 to 360 days	11.32%	1,867
Total			**$ 73,625**

2022				
Issue	**Term**	**Average effective rate**		**Amortized cost**
Note	1 to 29 days	10.49%	$	42,964
Note	30 to 179 days	9.77%		14,994
Note	180 to 360 days	-		-
Total			**$**	**57,958**

Characteristics of fixed term deposits in foreign currency as of December 31, 2023 and 2022, are shown below:

2023					
Term	**Rate**	**Currency of origin millions of USD**	**Opening amount**	**Accrued interests**	**Amortized cost**
1 to 29 days	From 5.00 to 5.98%	1,218	$ 20,671	102	$ 20,773
30 to 179 days	From 5.05 to 5.76%	926	15,711	58	15,769
180 to 360 days	From 4.73 to 5.94%	12	201	4	205
More than 360 days	-		-	-	-
			$ 36,583	**164**	**$ 36,747**

2022					
Term	**Rate**	**Currency of origin millions of USD**	**Opening amount**	**Accrued interests**	**Amortized cost**
1 to 29 days	From 3.22 to 4.29%	861	$ 16,793	8	$ 16,801
30 to 179 days	From 1.72 to 4.93%	1,009	19,677	35	19,712
180 to 360 days	From 3.63 to 5.41%	66	1,287	16	1,303
More than 360 days	-		-	-	-
			$ 37,757	**59**	**$ 37,816**

(Millions of Mexican Pesos)

The characteristics of deposit bank certificates as of December 31, 2023, are shown below:

Deposit	**Term**	**Rate**		**Opening amount**	**Accrued interests**	**Amortized cost 2023**
CEDE	54 days	11.53	$	15,000	9	$ 15,009

As of December 31, 2022, the Institution holds no deposit Bank certificates.

The characteristics of fixed term deposits in local currency as of December 31, 2023 y 2022, are shown below:

		2023				
Deposit	**Term**	**Average rate**		**Opening amount**	**Accrued interests**	**Amortized cost**
Deposit on-sight	4 days	From 11.00% to 11.15%	$	1,137	1	$ 1,138

		2022				
Deposit	**Term**	**Rate**		**Opening amount**	**Accrued interests**	**Amortized cost**
Deposit on-sight	3 days	From 10.25% to 10.45%	$	578	-	$ 578

As of December 31, 2023 and 2022, there are Term deposits in favor of related parties in the amount of $162 and $122, respectively, and $17 and $8 of interests were paid, respectively.

(16) Debt Instruments issued-

As of December 31, 2023 and 2022, the balance under this heading is integrated as follows:

		2023	**2022**
Stock certificates		74,275	59,920
Banking bonds		17,103	19,659
Adjustment to book value of the hedged item		(2,154)	(4,631)
	$	**89,224**	**74,948**

(Millions of Mexican Pesos)

Characteristics of stock securities (CEBURES), are shown below:

2023								
Date of issue	**Date of maturity**	**Rate**	**Effective rate**	**Term days**	**CEBURES number**	**Face value**	**Interest**	**Total**
12/16/2014	12/03/2024	6.54	6.54	338	35,000,000	3,500	17	3,517
06/27/2017	06/18/2024	7.41	7.41	170	51,400,000	5,140	13	5,153
12/18/2020	12/10/2027	5.68	5.68	1440	70,000,000	7,000	18	7,018
05/17/2021	05/05/2031	7.34	7.34	2682	45,360,000	4,536	44	4,580
05/17/2021	03/19/2024	TIIE -0.27	11.24	79	27,490,000	2,749	5	2,754
05/17/2021	05/11/2026	TIIE -0.12	11.38	862	27,150,000	2,715	9	2,724
10/29/2021	10/25/2024	TIIE -0.19	11.31	299	30,000,000	3,000	12	3,012
10/29/2021	10/17/2031	7.83	7.83	2847	60,000,000	6,000	85	6,085
10/29/2021	10/23/2026	TIIE -0.12	11.38	1027	10,000,000	1,000	5	1,005
03/29/2022	03/16/2032	8.83	9.03	2998	81,140,000	8,114	187	8,301
03/29/2022	03/23/2027	11.38	11.43	1178	41,000,000	4,100	40	4,140
03/29/2022	03/25/2025	11.35	11.40	450	49,851,930	4,985	46	5,031
02/17/2023	02/13/2026	11.75	11.80	775	40,000,000	4,000	11	4,011
02/17/2023	02/08/2030	9.23	9.45	2231	60,000,000	6,000	211	6,211
10/20/2023	10/07/2033	10.16	10.42	3568	59,486,108	5,949	122	6,071
10/20/2023	10/16/2026	11.72	11.78	1020	48,357,894	4,836	24	4,860
								74,473
	Issue expenses							(45)
	Placement discount							(153)
	Amortized cost						**$**	**74,275**

2022								
Date of issue	**Date of maturity**	**Rate**	**Effective rate**	**Term days**	**CEBURES number**	**Face value**	**Interest**	**Total**
03/01/2013	02/17/2023	5.61	5.61	48	30,000,000	3,000	62	3,062
12/16/2014	12/03/2024	6.54	6.54	703	35,000,000	3,500	16	3,516
06/27/2017	06/18/2024	7.41	7.41	535	51,400,000	5,140	12	5,152
05/02/2018	05/23/2023	TIIE -0.01	10.47	143	7,400,000	740	6	746
12/18/2020	12/15/2023	TIIE -0.03	10.57	349	30,000,000	3,000	17	3,017
12/18/2020	12/10/2027	5.68	5.68	1805	70,000,000	7,000	17	7,017
05/17/2021	03/19/2024	TIIE -0.07	10.53	444	27,490,000	2,749	9	2,758
05/17/2021	05/11/2026	TIIE -0.03	10.66	1227	27,150,000	2,715	10	2,725
10/29/2021	10/23/2026	TIIE -0.05	10.65	1392	10,000,000	1,000	4	1,004
05/17/2021	05/05/2031	7.34	7.34	3047	45,360,000	4,536	44	4,580
10/29/2021	10/17/2031	7.83	7.83	3212	60,000,000	6,000	84	6,084
10/29/2021	10/25/2024	TIIE -0.07	10.59	664	30,000,000	3,000	13	3,013
03/29/2022	03/23/2027	10.67	10.71	1543	41,000,000	4,100	35	4,135
03/29/2022	03/16/2032	8.83	9.03	3363	81,140,000	8,114	185	8,299
03/29/2022	03/25/2025	10.64	10.69	815	49,851,930	4,985	42	5,027
								60,135
	Issue expenses							(38)
	Placement discount							(177)
	Amortized cost						**$**	**59,920**

(Millions of Mexican Pesos)

As of December 31, 2023 and 2022, the Institution has issued stock certificates, such issue is under a Macro-certificate currently deposited in the "S.D. Indeval Institucion para el Deposito de Valores, S.A. de C.V."

The face value of each stock certificate is $.0001, rights and form of redemption is the payment of interests and amortization of principal on the date of maturity. Also, the ratio kept by the authorized amount to the issued amount is 100%. The amortized discount amount in profit and loss during 2023 and 2022 is $24 and 18, respectively.

The characteristics of banking bonds are as follows:

2023						
				Valued local currency		
Currency	**Number of certificates**	**Rate**	**Currency of origin Million**	**Amount**	**Interest**	**Total**
Dollar	1 Macro-certificate	4.3722%	1,000	16,967	156	$17,123
Issue expenses						(11)
Discount due to certificate amortization						(9)
Amortized cost						**17,103**

2022						
				Valued local currency		
Currency	**Number of certificates**	**Rate**	**Currency of origin Million**	**Amount**	**Interest**	**Total**
Dollar	1 Macro-certificate	4.3722%	1,000	19,509	180	$19,689
Issue expenses						(16)
Discount due to certificate amortization						(14)
Amortized cost						**$19,659**

As of December 31, 2023 and 2022 the Institution has a Macro-certificate listed in the International Market, deposited with Depository Trust Company at a face value of 1,000 million dollars, rights and form of redemption is the payment of interests and amortization of principal on the date of maturity. Also, the ratio kept by the authorized amount to the issued amount is 100% and the effective rate is 4.3114%.

The total amount of the issue was transferred to a floating rate on the date of issue, under swap transactions, in the following terms:

USD 600 million at $Libor_{3m}$ + 233.45 bp.
USD 400 million at $Libor_{6m}$ + 221.00 bp.

The annual additional cost under the issue expense concept is approximately of 4.9 bp.

(Millions of Mexican Pesos)

Date of issue: 10/14/2015
Date of maturity 10/14/2025

The amount of amortized discount in the profit and loss for 2023 and 2022 is $5 each year.

(17) Due to banks and other institutions-

The inter-banking and other entity loans heading balances as of December 31, 2023 and 2022, are shown below:

		2023	2022
Immediately payable:			
Call money transactions	$	**5,959**	**5,904**
Short-term:			
Secured facilities		1,407	1,164
Commercial facilities		16,119	10,535
Executor entity		180	207
Development banking		342	611
Interest provision		293	349
		18,341	**12,866**
Long-term			
Secured facilities		8,142	16,940
Executor entity		10,009	8,419
		18,151	**25,359**
Total	**$**	**42,451**	**44,129**

As of December 31, 2023, loan concepts are integrated as shown below:

a. Immediately payable deposits (Call money)

2023

Counterparty	Currency	Rate	Currency of origin Million	Amortized cost	Average term (days)
Local banks	Dollar	From 5.13% to 5.15%	351	5,959	2

2022

Counterparty	Currency	Rate	Currency of origin Million	Amortized cost	Average term (days)
Local banks	Dollar	From 4.18% to 4.22%	303	$ 5,904	3

(Millions of Mexican Pesos)

b. Secured facilities

2023

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Million**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
Foreign banks	Dollar	From 1.32 to 6.79%	563	1,407	76	8,142	8	$9,549

2022

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Million**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
Foreign banks	Dollar	From 1.32 to 6.14%	928	1,164	95	16,940	6	$18,104

c. Commercial facilities

2023

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Million**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
Foreign banks	Dollar	From 5.58 to 6.12%	950	16,119	63	-	-	$16,119

2022

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Million**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
Foreign banks	Dollar	From 4.86 to 5.08%	540	10,535	72	-	-	$10,535

d. Executor entity

2023

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Million**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
International entities	Dollar	From 0.74 to 6.68%	601	180	91	10,009	17	$10,189

(Millions of Mexican Pesos)

2022

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Million**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
International entities	Dollar	From 1.26 to 1.93%	442	207	123	8,419	14	$ 8,626

e. Development banking

2023

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Millions**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
Local banks	Dollar	5.34%	20	342	17	-	-	$ 342

2022

				Short-term		Long-term		
Counterparty	**Currency**	**Effective rate**	**Currency of origin Millions**	**Amortized cost**	**Average term (days)**	**Amortized cost**	**Average term (years)**	**Total**
Local banks	Dollar	From 4.22 to 4.34%	31	611	15	-	-	$ 611

Such loans are contracted with domestic and foreign financial institutions without significant concentration as to any of them.

As of December 31, 2022 there was a reserve fund with a foreign institution amounting to USD 2.96 millions that would be applied for such Institution in the case of lack of payment or reimbursement in accordance to the established schedule. There are no reserve funds as of December 31, 2023, due to prepayment of loan with foreign Institution.

As of December 31, 2023, the entire balance of inter-banking and other entities committed facilities has been withdrawn. Any available balance in committed facilities of inter-banking and other entity loans as of December 31, 2022, amounts to $5,143.

(Millions of Mexican Pesos)

(18) Sundry creditors and other accounts payable-

As of December 31, 2023 and 2022, the sundry creditors and other accounts payable balance is integrated as follows:

		2023	2022
Liabilities deriving from the rendering of banking services	$	603	1,245
Provisions due to exposure to legal and operation risk		85	103
Accounts payable due to miscellaneous obligations		124	114
Other sundry creditors		356	259
Balance of liability for the purchase and sale of currency		-	63
Total	**$**	**1,168**	**1,784**

Below is an analysis of movements in legal and operation risk exposure provisions for the years ending on December 31, 2023 and 2022.

		2023	2022
Balance at the inception of year	$	103	197
Increases		19	39
Releases		(30)	(124)
Applications		(6)	(9)
Exchange rate effect		(1)	-
Closing balances	**$**	**85**	**103**

(19) Employee benefits-

a. Defined benefit pension plan

The Institution has a defined benefit pension plan in place covering all employees, in satisfaction with requirements established under general work conditions, consisting in granting them a pension calculated on the average salary base earned during the last year of work, integrating end-of-year bonus and vacation premium, applied to the percentage corresponding to age and years of service.

The plan also covers seniority premiums, consisting in a single payment of 12 days of salary per year worked based on the last salary (limited to twice the minimum banking salary in force on the date of termination) as well as payment of other benefits for retired personnel, among other: health care, prescription drugs, hospitals and sport centers.

The program known as “Special Savings Loan” (SSL) consists in a loan granted to both retired and active personnel to be only used as an investment (term deposit) with Institution itself, the Institution guaranteeing a minimum yield and the differential against the funding rate under the charge of Institution.

(Millions of Mexican Pesos)

The relative liability and the annual cost of benefits subsequent retirement are calculated by an independent actuary, in accordance with the plans' defined bases, CNBV Provisions and FRS D-3 Employee benefits.

For 2023 and 2022, the fund investment covers labor obligation reserves, without surplus in the defined benefit pension fund.

The interest rates have shown an upward trend during 2022 and 2023, therefore, an increase in the discount rate was applied during the actuarial valuation going from 8.23% as of December 31, 2021 to 9.15% as of December 31, 2022 ad to 9.34% as of December 31, 2023.

In 2023 and 2022, the contributions to the Defined Benefit Pension Fund were $586 and 636, respectively; and the SSL Fund were $139 and $80 in 2023 and 2022, respectively.

Such contributions include recycling of remeasuring due to accrued balance of plan losses pending recognition (broker focus) during the average remaining labor life.

In 2023 and 2022, $237 and $(298), respectively, were acknowledged as remeasured employee defined benefits in the Stockholders' Equity.

As of December 31, 2023, the balances are as shown below resulting from an actuarial valuation by an independent expert:

December 31, 2023

Net cost for the period		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Cost for service	$	40	2	56	25	123
Net interests		46	1	60	24	131
Recycling of remeasuring		167	3	211	90	471
	$	**253**	**6**	**327**	**139**	**725**

(Millions of Mexican Pesos)

Financial Position

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Obligation due to defined benefits (ODB)		(10,090)	(30)	(7,854)	(3,790)	(21,764)
Fair value of plan assets		9,328	20	7,686	3,525	20,559
Net (liability) asset due to defined benefits LNDB/(ANDB)		**(762)**	**(10)**	**(168)**	**(265)**	**(1,205)**
Accrued actuarial losses pending recognition in OCI (stockholders' equity)		-	-	-	-	-
(Earnings)/Losses recognized in OCI (stockholders' equity) pending recycling in the profit and loss for the year		762	10	168	265	1,205
Accrued actual losses pending recognition in OCI and in the income statement	**$**	**762**	**10**	**168**	**265**	**1,205**
Reserve balance as of the inception of year	$	-	-	-	-	-
Net cost for the period		253	6	327	139	725
Contributions to fund		(253)	(6)	(327)	(139)	(725)
Reserve balance at the closing of the year		**-**	**-**	**-**	**-**	**-**

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Net liabilities (assets) due to defined benefits at the inception of the period	$	625	14	817	336	1,792
Net cost for the period		253	6	327	139	725
Contributions made		(253)	(6)	(327)	(139)	(725)
Payments charged to reserve		-	-	-	-	-
Recycling of remeasuring pending recognition in OCI		(37)	-	(23)	(9)	(69)
Recycling of remeasuring recognized in OCI		(130)	(3)	(188)	(81)	(402)
Remeasurements of net liabilities (assets) due to defined benefits recognized in OCI		304	(1)	(438)	19	(116)
Net (liability) asset due to defined benefits LNDB/(ANDB)		**762**	**10**	**168**	**265**	**1,205**

(Millions of Mexican Pesos)

Based on the Resolution amending General Character Provisions applicable to Financial Entities published on December 31, 2015, the Institution elected to initiate recognition of remeasuring of plan's actuarial loss accrued balance up to 2015 starting on 2021, recognizing 20% of balances as from initial application and an additional 20% each subsequent year, to be recognized at the closing of each period.

The Institution promptly informed CNBV its election to apply the option referred to under Transitory Article Three of General Character Provisions applicable to Financial Entities.

As of December 31, 2023, remeasuring of liabilities (assets) due to Defined Benefits, Net, determined in actuarial valuation, are detailed below.

Conciliation of earnings and losses under the plan as of December 31, 2023

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Remeasurements pending recognition in OCI actuarial (earnings)/losses in obligations at the inception of the year	$	104	-	30	22	156
Recycling		(28)	-	(8)	(6)	(42)
20% recognition		(76)	-	(22)	(16)	(114)
Actuarial (earnings)/losses in obligations at the closing of the year		-	-	-	-	-
Plan assets' return (earnings)/losses at the inception of year		35	1	58	10	104
Recycling		(9)	-	(15)	(3)	(27)
20% recognition		(26)	(1)	(43)	(7)	(77)
Plan assets' return (earnings)/losses at the closing of year		-	-	-	-	-
Total remeasurements pending recognition in OCI	$	-	-	-	-	-

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Remeasurements recognized in OCI						
Actuarial (earnings)/losses in obligations at the inception of the year	$	(55)	11	304	65	325
Recycling		15	(2)	(79)	(18)	(84)
20% recognition		76	-	23	16	115
Actuarial (earnings)/losses in obligations for the year		395	(1)	(353)	36	77
Actuarial (earnings)/losses in obligations at the closing of the year		431	8	(105)	99	433
Plan assets' return (earnings)/losses at the inception of year		541	2	425	239	1,207
Recycling		(145)	(1)	(109)	(63)	(318)
20% recognition		26	1	42	7	76
Plan assets' return (earnings)/losses for the year		(91)	-	(85)	(17)	(193)
Plan assets' return (earnings)/losses at the closing of year		331	2	273	166	772
Remeasurements recognized in other comprehensive income		762	10	168	265	1.205
Total remeasurements						
Actuarial (earnings)/losses in obligations at the closing of the year		431	8	(105)	99	433
Plan assets' return (earnings)/losses at the closing of year		331	2	273	166	772
Total remeasurements	**$**	**762**	**10**	**168**	**265**	**1,205**

As of December 31, 2023, the Institution's accrued actual losses pending recognition in other comprehensive income (OCI) in the amount of $0.2 from 2024 to 2025, in adherence to elected option to defer such recognition in terms with the Resolution amending General Character Provisions applicable to Credit Institutions, published in the Official Gazette on December 31, 2015.

(Millions of Mexican Pesos)

As of December 31, 2023, actuarial valuation results estimate a net cost for the period of $531 for the year of 2024.

	Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans
Average remaining labor life (ARLL)	3.58 years	4.54 years 20.72 years	3.58 years 24.33 years	3.58 years
Actuarial hypotheses:				
Estimated discount rate	9.34%	9.34%	9.34%	9.34%
Officer salary increase rate	3.75%	3.75%	3.75%	3.75%
Employee salary increase rate	4.25%	4.25%	4.25%	4.25%
Health care increase rate	N/A	N/A	8.00%	N/A
Estimated yield rate	9.34%	9.34%	9.34%	9.34%

As of December 31, 2022, balances are as shown below:

Net cost for the period		**Retirement pension**	**Seniority premium**	**Other post-employment benefits**	**SSL and financial cost of loans**	**Total**
Cost for service	$	47	2	57	27	133
Net interests		60	1	52	11	124
Recycling of remeasurements		224	3	190	42	459
	$	**331**	**6**	**299**	**80**	**716**

(Millions of Mexican Pesos)

Financial Position

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Obligation due to defined benefits (ODB)		(9,573)	(32)	(7,754)	(3,715)	(21,074)
Fair value of plan assets		8,948	18	6,937	3,379	19,282
Net (liability) asset due to defined benefits LNDB/(ANDB)		**(625)**	**(14)**	**(817)**	**(336)**	**(1,792)**
Accrued actuarial losses pending recognition in OCI (stockholders' equity)		139	1	88	32	260
(Earnings)/Losses recognized in OCI (stockholders' equity) pending recycling in the profit and loss for the year		486	13	729	304	1,532
Accrued actual losses pending recognition in OCI and in the income statement	**$**	**625**	**14**	**817**	**336**	**1,792**
Reserve balance as of the inception of year	$	-	-	(3)	-	(3)
Net cost for the period		331	7	298	80	716
Contributions to fund		(331)	(7)	(298)	(80)	(716)
Past service pending recognition in OCI		-	-	3	-	3
Reserve balance at the closing of the year		**-**	**-**	**-**	**-**	**-**

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Net liabilities (assets) due to defined benefits at the inception of the period	$	902	18	778	168	1,866
Net cost for the period		331	7	298	80	716
Contributions made		(331)	(7)	(298)	(80)	(716)
Payments charged to reserve		-	-	-	-	-
Recycling of remeasuring pending recognition in OCI		(84)	-	(54)	(19)	(157)
Recycling of remeasurements recognized in OCI		(140)	(3)	(137)	(22)	(302)
Remeasurements of net liabilities (assets) due to defined benefits recognized in OCI		(53)	(1)	230	209	385
Net (liability) asset due to defined benefits LNDB/(ANDB)		**625**	**14**	**817**	**336**	**1,792**

(Millions of Mexican Pesos)

As of December 31, 2022, remeasuring of liabilities (assets) due to Defined Benefits, Net, determined in actuarial valuation, are detailed below.

Conciliation of earnings and losses under the plan as of December 31, 2022

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Remeasurements pending recognition in OCI actuarial (earnings)/losses in obligations at the inception of the year	$	252	1	80	54	387
Recycling		(63)	-	(20)	(14)	(97)
Past service pending recognition in OCI		-	-	(3)	-	(3)
20% recognition		(85)	(1)	(27)	(18)	(131)
Actuarial (earnings)/losses in obligations at the closing of the year		104	-	30	22	156
Plan assets’ return (earnings)/losses at the inception of year		85	1	138	24	248
Recycling		(21)	-	(33)	(6)	(60)
20% recognition		(29)	-	(47)	(8)	(84)
Plan assets’ return (earnings)/losses at the closing of year		35	1	58	10	104
Total remeasurements pending recognition in OCI	$	139	1	88	32	260

		Retirement pension	Seniority premium	Other post-employment benefits	SSL and financial cost of loans	Total
Remeasurements recognized in OCI						
Actuarial (earnings)/losses in obligations at the inception of the year	$	473	16	519	(30)	978
Recycling		(118)	(3)	(128)	8	(241)
20% recognition		86	-	27	18	131
Actuarial (earnings)/losses in obligations for the year		(496)	(2)	(114)	69	(543)
Actuarial (earnings)/losses in obligations at the closing of the year		(55)	11	304	65	325

(Millions of Mexican Pesos)

Plan assets' return (earnings)/losses at the inception of year		91	1	43	121	256
Recycling		(22)	-	(9)	(30)	(61)
20% recognition		29	-	47	8	84
Plan assets' return (earnings)/losses for the year		443	1	344	140	928
Plan assets' return (earnings)/losses at the closing of year		541	2	425	239	1,207
Remeasurements recognized in other comprehensive income		486	13	729	304	1.532
Total remeasurements						
Actuarial (earnings)/losses in obligations at the closing of the year		49	11	334	87	481
Plan assets' return (earnings)/losses at the closing of year		576	3	483	249	1,311
Total remeasurements	**$**	**625**	**14**	**817**	**336**	**1,792**

As of December 31, 2022, the Institution's accrued actual losses pending recognition in other comprehensive income (OCI) in the amount of $260 from 2023 to 2025, in adherence to elected option to defer such recognition in terms with the Resolution amending General Character Provisions applicable to Financial Entities, published in the Official Gazette on December 31, 2015.

As of December 31, 2022, actuarial valuation results estimate a net cost for the period of $725 for the year of 2023.

	Retirement pension	**Seniority premium**	**Other post-employment benefits**	**SSL and financial cost of loans**
Average remaining labor life (ARLL)	3.74 years	4.71 years 20.95 years	3.76 years 25.12 years	3.74 years
Actuarial hypotheses:				
Estimated discount rate	9.15%	9.15%	9.15%	9.15%
Officer salary increase rate	3.75%	3.75%	3.75%	3.75%
Employee salary increase rate	4.25%	4.25%	4.25%	4.25%
Health care increase rate	N/A	N/A	8.00%	N/A
Estimated yield rate	9.15%	9.15%	9.15%	9.15%

(Millions of Mexican Pesos)

b. Defined benefit plan assets

Risk indicators are presented at meetings of Defined Benefit Pension Fund and SSL Fund Trusts Technical Committees, the highest decision-making authority in a Trust, responsible for authorizing the investment regime and oversee performance with Trust risk management policy.

The risk indicators and Siefores control levels and taken as reference, in accordance to authorization granted by the Technical Committees.

The risks as to which plan assets are exposed, are the following:

Credit risk. - The credit risk represents a potential loss a financial instrument issuer may cause to the counterparty, due to failing to perform with its obligations, mainly originated from accounts receivable and investments in debt instruments.

Liquidity Risk. – Liquidity risk is the risk of a Trust suffering hardship to perform with its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Trust's focus for liquidity administration guarantees to the broadest extent possible, that it will always have sufficient liquidity to perform with its obligations, both under ordinary, as well as hardship conditions, without incurring in unacceptable losses or risking the Trust's prestige.

Market Risk. – The market risk is the risk that market price changes, such as, changes in exchange rates, interest rates or stock prices, affect Trust's income or the value of financial instruments maintained thereby. The purpose of market risk administration is the management and control of exposures to such risk within reasonable parameters while optimizing profitability.

Defined Benefit Pension Fund Assets are integrated, for the year ending on December 31, 2023 and 2022, as follows:

		2023	**2022**
Cash and cash equivalents	$	2,117	1,410
Government certificates		7,907	8,087
Listed bank certificates		2,993	2,259
Listed corporate debt certificates		1,877	1,813
Listed stock		945	868
Domestic variable income		685	643
International variable income		510	823
	$	**17,034**	**15,903**

Credit Risk: Potential loss resulting from counterparty nonperformance, has trended downward during the second semester of 2023, the index was placed at 0.07%. As of December 31, 2022, the potential loss resulting from counterparty nonperformance represents 0.10% versus all financial instruments.

(Millions of Mexican Pesos)

	2023			2022		
Type of instrument	**Position**	**Credit risk***	**% CR**	**Position**	**Credit risk***	**% CR**
Variable Income	2,140	0.00	0.00%	2,335	0.00	0.00%
Fixed Rate	4,469	5.24	0.12%	4,335	7.33	0.17%
Actual Rate	5,910	5.04	0.09%	5,979	6.28	0.11%
Reviewable Rate	4,514	2.18	0.05%	3,254	1.55	0.05%
Total	**17,034**	**12.46**	**0.07%**	**15,903**	**15.16**	**0.10%**

* Not applicable to securities issued by the Federal Government (Cetes), debt vehicles (Bondes, Udibonos, etc.) and repurchase transaction counterparties.

Liquidity Risk: It is evident that liquidity risk is under control, as it represents 0.78% of all financial instruments as of the closing of December 2022.

	2023			2022		
Type of instrument	**Position (a)**	**Liquidity Risk (LR) (b)**	**% LR (b/a)**	**Position (a)**	**Liquidity Risk (LR) (b)**	**% LR (b/a)**
Variable Income	2,140	6.7	0.31%	2,335	7.6	0.32%
Fixed Rate	4,469	29.6	0.66%	4,335	31.3	0.72%
Actual Rate	5,910	95.0	1.61%	5,979	83.1	1.39%
Reviewable Rate	4,514	1.2	0.03%	3,254	2.0	0.06%
Total	**17,034**	132.6	**0.78%**	**15,903**	**124.0**	**0.78%**

Market Risk: The Value at Risk (VaR) consumption represents 0.26% and 0.29%, with regard to all financial instruments maintained as of December 31, 2023 and 2022, respectively, a percentage within the authorized threshold of 1.40%.

	2023				2022			
Type of instrument	**Position**	**VaR**	**VaR*%**	**Threshold**	**Position**	**VaR**	**VaR*%**	**Threshold**
Variable Income	2,140	21.7	1.01%	0.70%	2,335	31.5	1.35%	0.70%
Fixed Rate	4,469	9.2	0.21%	0.70%	4,335	3.0	0.07%	0.70%
Actual Rate	5,910	14.3	0.24%	0.70%	5,979	11.1	0.19%	0.70%
Reviewable Rate	4,514	(0.2)	0.00%	0.70%	3,254	0.0	0.00%	0.70%
Total	**17,034**	**45.00**	**0.26%**	**0.70%**	**15,903**	**45.6**	**0.29%**	**0.70%**

* VaR consumption in a day with a trust level of 95%
**Basic Pension group threshold (lowest of 3)

SSL Fund Assets are integrated, for the years ending on December 31, 2022, as follows:

(Millions of Mexican Pesos)

		2023	2022
Cash and cash equivalents	$	651	456
Government certificates		2,669	2,678
Listed corporate debt certificates		205	245
	$	**3,525**	**3,379**

Credit risk: The potential loss caused due to counterparty nonperformance recorded 0.01% and 02% at the closing of December 2023 and 2022, respectively.

	2023			2022		
Type of instrument	**Position**	**Credit risk***	**% CR**	**Position**	**Credit risk***	**% CR**
Fixed Rate	1,253	0.18	0.01%	1,256	0.22	0.02%
Actual Rate	1,094	0.00	0.00%	1,101	0.00	0.00%
Reviewable Rate	1,178	0.16	0.01%	1,022	0.34	0.03%
Total	**3,525**	**0.34**	**0.01%**	**3,379**	**0.56**	**0.02%**

* Not applicable to securities issued by the Federal Government (Cetes), debt vehicles (Bondes, Udibonos, etc.) and counterparties in repurchase transactions.

Liquidity Risk: Controlled by virtue of representing 0.70% and 0.77% of portfolio position as of the closing of December 2023 and 2022, respectively.

	2023			2022		
Type of instrument	**Position (a)**	**Liquidity Risk (LR) (b)**	**% LR (b/a)**	**Position (a)**	**Liquidity Risk (LR) (b)**	**% LR (b/a)**
Fixed Rate	1,253	7.23	0.58%	1,256	7.11	0.57%
Actual Rate	1,094	17.40	1.59%	1,101	18.48	1.68%
Reviewable Rate	1,178	0.19	0.02%	1,022	0.45	0.04%
Total	**3,525**	24.82	**0.70%**	**3,379**	**26.04**	**0.77%**

Market Risk: VaR* consumption in general and per type of instrument, is within the authorized threshold.

	2023				2022			
Type of instrument	**Position**	**VaR**	**VaR*%**	**Threshold¨****	**Position**	**VaR**	**VaR*%**	**Threshold¨****
Fixed Rate	1,253	4.7	0.4%	0.70%	1,256	4.9	0.4%	0.70%
Actual Rate	1,094	7.6	0.7%	0.70%	1,101	6.4	0.6%	0.70%
Reviewable Rate	1,178	0.0	0.0%	0.70%	1,022	0.0	0.0%	0.70%
Total	**3,525**	**12.3**	**0.3%**	**0.70%**	**3,379**	**11.3**	**0.3%**	**0.70%**

*VaR for a day with a trust level of 95%
**Basic Pension Group Threshold (lowest of 3)

(Millions of Mexican Pesos)

c. Defined contribution pension plan

As from January 1, 2007 the Institution modified general working conditions based on trends and best practices regarding administration and operation of retirement and pension plans, to incorporate new employees, and those electing to migrate from the Defined Benefit System to the Defined Contribution. Such plan allows greater control regarding plan's costs and liabilities, maintaining appropriate cost-benefit ratio both for Institution and workers and establishes clear contribution or withdrawal rules.

This plan integrates Institution contributions to individual accounts, each in name of an employee, divided in two subaccounts known as "A" and "B", respectively. It is also integrated by voluntary employee contributions to subaccount "B" and by yield resulting from both subaccounts jointly, identified as the employee individual account. The amount of contributions made amount to $35 and $31 for 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Defined Contribution Trust amount to $273 and $248, respectively.

(20) Income tax (ISR) and employee profit sharing (PTU)-

The Income Tax Law in force as from January 1, 2014, establishes a 30% rate.

In the profit and loss for the period (expenses) income:		**2023**	**2022**
Income Tax on tax base	$	(7)	(6)
Deferred Income Tax		586	513
Total Income Tax in the income statement	**$**	**579**	**507**

Conciliation of effective rate of profit tax against tax rate assessed

$579 and $507 of tax benefit, net, attributable to loss before profit tax of $3,940 and $3,499 in 2023 and 2022, respectively, different to what would result from applying a 30% Income Tax rate to such loss, as the result of items listed below:

		2023	**2022**
Expected expense (30% of loss before profit tax)	$	(1,181)	(1,049)
Increase (reduction) resulting from:			
Tax Effect of inflation, net		(393)	(628)
Non-deductible expenses		8	3
Contributions to Fidapex		187	91
Non-deductible benefits to employees		93	101
Exchange rate fluctuation of credit risk allowance.		1,150	1,585
Changes in asset valuation reserve due to deferred taxes		(200)	96
Other, net		(243)	(706)
(Benefit) expense due to profit taxes	$	(579)	(507)

(Millions of Mexican Pesos)

Assets and liabilities due to deferred taxes are determined by applying tax rates expected to be applied during the period the asset is realized or the liability is cancelled, the Income Tax law in force provides a 30% rate and no modification for subsequent years is foreseen, therefore, in order to determine deferred taxes, a 30% rate is applied.

The effect of profit tax on temporary differences originating significant shares of deferred profit tax assets and liabilities as of December 31, 2023 and 2022, are detailed below:

		2023	2022
Deferred assets			
Credit risk allowance	$	7,560	6,587
Commissions collected in advance		246	226
Estimate awarded assets and other		20	22
Tax losses pending amortization		755	330
		8,581	7,165
Deferred Liabilities			
Legal and deferred employee profit sharing	$	(741)	(666)
Investment in securities and derivatives[1/]		(240)	(14)
Commissions paid in advance		(3)	(4)
Advances		-	-
Property, furniture and equipment		(64)	(70)
		(1,048)	(754)
Non-recoverable deferred tax asset estimate		(2,804)	(2,267)
Deferred asset, net	**$**	**4,729**	**4,144**

[1/]Includes $(244) and $(125) in 2023 and 2022, respectively, of Deferred Income Tax originated from uncollected/paid accrued interests related to Derivative Financial Instruments that, along with commissions paid in advance in the amount of $(3) and $(4) in 2023 and 2022, derived from temporary differences related with financial margin.

The deferred Income Tax balance of $(2) in 2023 and 2022, originated from the valuation of Financial Instruments to Collect or Sell is presented under the OCI item in the stockholders' equity.

Non-recoverable deferred tax asset estimate

The non-recoverable deferred tax asset estimate as of January 1, 2023 and 2022 amounts to $2,267 and $1,152, respectively. The net change of the Estimate non-recoverable deferred tax asset as of December 31, 2023 and 2022 was $537 and 1,115, respectively, and is mainly related to estimated credit risk when no recovery is expected.

(Millions of Mexican Pesos)

Individual accounting-tax conciliation for Institution and its subsidiary, DIESA, as of December 31, 2022, is shown below:

		2023		**2022**	
		Institution	Subsidiary DIESA	Institution	Subsidiary DIESA
Profit and loss before profit tax	$	(3,964)	24	(3,524)	25
Increase (reduction) resulting from:					
Tax effect of inflation, net		(1,307)	(4)	(2,088)	(7)
Non-deductible expenses		25	4	7	3
Contributions to Fidapex		625	-	306	-
Non-deductible benefits to employees		311	-	337	-
Credit risk allowance, net of write-offs		3,835	-	5,283	-
Valuation of investment in securities and derivatives		(669)	-	321	-
Advanced charges, net		71	-	60	-
Legal and deferred Employee Profit Sharing		(215)	-	(192)	-
Other, net		(104)	-	(524)	-
Tax base	$	(1,392)	24	(14)	21
Income Tax Rate		30%	30%	30%	30%
Assessed tax		-	7	-	6

For the year ending on December 31, 2023 and 2022, a tax loss in the amount of $1,392 and $14, respectively, was determined for the Institution, which may be reduced against the tax profit of the ten following years until exhaustion and will be updated in accordance to the provisions of the Income Tax Law.

Tax losses

Below are tax losses pending amortization as of December 31, 2023:

Year	**Amount**	**Amount till Maturity**
2019	493	2029
2020	140	2030
2021	462	2031
2022	29*	2032
2023	1,392	2033

*The amount of loss represents that reported in the year’s annual return filed in March 2023.

(Millions of Mexican Pesos)

Deferred legal Employee Profit Sharing

The (benefit) expense due to legal and deferred Employee Profit Sharing is integrated as follows:

In the profit and loss for the period:		**2023**	**2022**
Employee Profit Sharing on the legal basis	$	-	-
Deferred Employee Profit Sharing		(215)	(188)
	$	**(215)**	**(188)**

Employee Profit Sharing effects of temporary differences originating significant portions of Deferred Employee Profit Sharing assets and liabilities as of December 31, 2023 and 2022, are detailed below:

		2023	**2022**
Deferred assets			
Credit risk allowance	$	2,520	2,196
Commissions charged in advance		82	75
Estimation of awarded assets and other		7	7
Other		6	1
		2,615	2,279
Deferred liabilities			
Investment in securities and derivatives[1/]	$	(80)	(1)
Commissions paid in advance		(1)	(1)
Property, furniture and equipment		-	-
Advances		-	-
		(81)	(2)
Non-recoverable estimate for Deferred Employee Profit Sharing assets		(759)	(716)
Deferred assets, net	**$**	**1,775**	**1,561**

[1/]Including $(81) and $(41) in 2023 and 2022, respectively, of Deferred Employee Profit Sharing from Derivative financial instruments' interests accrued pending collection/paid that, jointly with commissions paid in advance in the amount of $(1) in each year, derived from temporary differences in relation to the financial margin.

The $(1) in 2023 and 2022, deferred Employee Profit Sharing balance from the valuation of Financial Instruments to Collect or Sell is presented under the OCI item in the stockholders' equity.

Estimate for non-recoverable deferred Employee Profit Sharing asset

The estimate for non-recoverable deferred Employee Profit Sharing asset as of January 1, 2023 and 2022 was $716 and $304, respectively. The net change in non-recoverable deferred PTU asset allowance as of December 31, 2023 and 2022, was $716 and $412, respectively, and mainly relates to credit risk estimates as to which no recovery is expected.

(Millions of Mexican Pesos)

(21) Subordinated debt issue-

On August 2016, the Institution issued subordinated obligations in international capital markets. These hybrid instruments counted for the supplementary portion of the Institution's capital, allowing increase of its net capital index. Also, due to being a US dollar denominated capital, the issue facilitated a natural hedging for the capital index, against movements of the peso/dollar exchange rate.

On August 11, 2021 the advanced settlement of this US $ 700 millions subordinated bond with a 3.80% rate, and maturing on August 11, 2026 on 100% of the principal amount plus accrued and unpaid interests of US $ 13 millions was achieved. The advanced payment option by issuer ("Call option") was contemplated within the terms of the transaction, with the penalty on 100% of the principal.

Also, on the same date, there was a new issue of subordinated and sustainable obligations in the international market in the amount of USD 500 millions, with a 10-year term also calculating the Institution's supplementary portion in the principal.

The characteristics of the subordinated obligation issued on December 31, 2023 and 2022, are shown below:

2023							
					Valued in local currency		
Number of certificates	**Face value**	**Rate**	**Currency**	**Origin currency Millions**	**Amount**	**Interest**	**Total**
500,000	1,000 Dollars	2.72%	Dollars	500	8,483	89	8,572
Issue expenses							(23)
Effect from valuation of hedged position							(45)
					$		**8,504**

2022							
					Valued in local currency		
Number of certificates	**Face value**	**Rate**	**Currency**	**Origin currency Millions**	**Amount**	**Interest**	**Total**
500,000	1,000 Dollars	2.72%	Dollars	500	9,754	103	9,857
Issue expenses							(32)
					$		**9,825**

Amount placed:	USD 500 millions
Coupon Rate:	2.72% every 6-months, fixed
Yield:	2.72%

(Millions of Mexican Pesos)

Price:	100.00
Term:	10 years
Advanced payment option (“Call”):	As from the 5th anniversary (08/11/2026)
Form:	144A and S Regulation
Date of issue:	August 11, 2021
Date of maturity:	August 11, 2031
Principal payment:	Amortization upon maturity or upon “call”
Demand:	2.2 times the amount issued
Effective rate	2.68

The movements for 2023 and 2022 years were $(242) and $(276) for payments, $242 and $274 for accrued interests and $(1,345) and $(493) for the exchange rate slide (a retrospective adjustment due to accounting changes as of January 1, 2022 in the amount of $(41) was made).

(22) Stockholders’ equity-

a. The stockholders’ equity as of December 31, 2023 and 2022, is integrated as follows:

			2023		
	CCC number*		Par value	Restatement effects	Total
Subscribed:					
A Series	279,079,525	$	27,908	627	$ 28,535
B Series	143,768,240		14,377	323	14,700
Subtotal	422,847,765		42,285	950	42,235
Contributions for future capital increases formalized by its governance body			7,902	-	7,902
Share premium			71	10	81
Capital reserves			166	688	854
Cumulative results			(12,750)	(1,172)	(13,922)
Profit and loss due to valuation of Financial Instruments to Collect or Sell			5	-	5
Remesuarements of defined benefits to employees			(1,205)	-	(1,205)
Results from holding of non-monetary assets			-	(25)	(25)
Sharing in other entities’ OCI			53	-	53
Total holding interest	**422,847,765**	**$**	**36,527**	**451**	**$ 36,978**
Total non-holding interest		**$**	**-**	**-**	**$ -**
Total stockholders’ equity		**$**	**36,527**	**451**	**$ 36,978**

*Capital Contribution Certificates

(Millions of Mexican Pesos)

	2022				
	CCC number*		**Par value**	**Restatement effects**	**Total**
Subscribed:					
A Series	279,079,525	$	27,908	627	28,535
B Series	143,768,240		14,377	323	14,700
Subtotal	422,847,765		42,285	950	43,235
Contributions for future capital increases formalized by its governance body			2,176	-	2,176
Share premium			71	10	81
Capital reserves			166	688	854
Cumulative results			(9,350)	(1,169)	(10,519)
Profit and loss due to valuation of Financial Instruments to Collect or Sell			5	-	5
Remeasurements of defined benefits to employees			(1,532)	-	(1,532)
Results from the holding of non-monetary assets			-	(25)	(25)
Sharing in other entities' OCI			53	-	53
Total holding interest	**422,847,765**	**$**	**33,874**	**454**	**$ 34,328**
Total non-holding interest		**$**	**-**	**-**	**$ -**
Total stockholders' equity		**$**	**33,874**	**454**	**$ 34,328**

*Capital Contribution Certificates

b. The capital stock is represented by certificates known as Capital Contribution Certificates (CCCs); these are registered with no coupons and distributed in the following series:

"A" Series always represents 66% of the Institution's capital stock and may only be subscribed by the Federal Government; a single, non-transmissible certificate has been issued which may, under no event, change its nature or the rights granted to the Federal Government as holder thereof.

"B" Series represents 34% of the capital stock and may be represented by a certificate or several certificates of same value. These may be subscribed by the Federal Government, by State and municipal Governments or by Mexican individuals or legal entities of the social and private sectors, preferably those related to foreign trade. No individual or legal entity may hold certificates representing more than 5% of the Institution's paid capital. No foreign individuals or legal entities nor Mexican legal entities whose bylaws with no direct or indirect foreigners' exclusion clause may hold an interest in its capital stock.

On March 27, 2020 a resolution amending article 7, paragraph one of the Institution's Organic Regulations was published in the Official Gazette, reading as follows: the authorized capital stock amounts to $45,000 represented by 297,000,000 and 153,000,000, "A" and "B" Series, respectively, of CCCs at a face value of 100 pesos each.

(Millions of Mexican Pesos)

The Institution's Board of Directors adopted at an ordinary meeting held on December 16, 2021, a resolution to propose the SHCP a modification to the subscribed and paid capital stock amount by $42,285, represented by 279,079,525 and 143,768,240, "A" and "B" Series, respectively, of CCCs at a face value 100 pesos each, in order to formalize a contribution by the Federal Government dated November 30, 2021 in the amount of $3,060. On July 2022, this contribution was formalized with the issue of 20,196,000 and 10,404,000, "A" and "B" Series, respectively, of CCCs.

On March 1, 2023, the Board of Directors resolved to propose SHCP a Capital Stock increase to remain at $60,000 and an amendment to the Organic Regulations to allow such increase, and subsequently formalize the issue of CAPs by virtue of contribution received in 2022. As of December 31, 2023, Organic Regulations is pending amendment.

As of December 31, 2023 and 2022, the capital stock is represented as follows: the Federal Government (99.9921%), Banco de Mexico (0.0046%), Nacional Financiera, S. N. C. (0.0018%) and Banco Nacional de Obras y Servicios, S. N. C. (0.0015%).

c. Stockholders' equity distribution or reduction, following subtraction of the restated contributed capital stock and updated tax profits, will be subject to Income Tax at a 30% rate under the charge of Institution. As of December 31, 2023, tax accounts related with stockholders' equity such as the Capital Contribution Account (CUCA for its acronym in Spanish) and the Net Tax Profit Account (CUFIN for its acronym in Spanish), are:

	2023	**2022**
CUCA	$109,355	$96,584
CUFIN	$ 11,461	$13,065

DIESA subsidiary's CUCA amounts to $935 and $894 and a negative CUFIN of $380 and $378 as of December 31, 2023 and 2022, respectively.

d. On December 22, 2023, the Board of Directors resolved that the Institution's management should request the Federal Executive, through SHCP, a capital contribution of up to $7,158 to support performance of its mandate as Development Banking Institution and permanently strengthen the Institution's capital base, maintaining a prudent capitalization index allowing its continue performance with substantive programs. The contribution was received on December 29, 2023 in the amount of $5,726, representing an issue of 37,791,600 and 19,468,400 A and B Series CAPs, respectively.

On December 1, 2022, the Board of Directors resolved that the Institution's management requested to the Federal Executive, through the SHCP, a capital contribution of up to $4,578 in order to support the attainment of its mandate as a Development Banking Institution and permanently strengthen the Institution's capital base, maintaining a prudential capitalization index that would allow Institution continued performance with substantial programs. The contribution was received on December 19, 2022 in the amount of $2,176, representing an issue of 14,361,600 and 7,398,400, A and B Series, respectively, of CCCs.

Both contributions are entered under the heading "Contributions for future capital increases formalized by its Governance Body", pending amendment of Organic Regulations and the issue of pertinent CAPs.

(Millions of Mexican Pesos)

e. In terms with the Credit Institutions Law, Development Banks must maintain a net minimum capital of 8.0% as to its assets subject to risk. Additionally, they are to maintain a capital supplement equivalent to 2.5% of such assets.

The (unaudited) capitalization index as of December 31, 2023 and 2022 is made up as follows:

		2023	2022
Basic	$	33,481	31,361
Supplementary		8,483	9,755
Net capital		41,964	41,116
Assets subject to risk of:			
Credit		198,688	190,024
Market		20,388	22,646
Operation		15,115	14,430
		234,191	227,100
Capitalization index $_{Basic}$ (%)		14.30	13.81
Capitalization index $_{Net}$ (%)		17.92	18.10

As of December 31, 2023 and 2022, the Institution satisfied this requirement by having a 17.92 and 18.10%, respectively, capitalization index, which was calculated based on rules to determine capitalization requirements that were published by SHCP in the Official Gazette of the Federation on December 28, 2005, and respective amendments.

The Basic ICAP had a 49 bp increase versus that of December 2022, due to an increase of basic capital in the amount of $2,119 as a result of capital formation and a 7.7% growth rate, deriving from an appropriate management of profitability rating policy, restatement of business model in accordance with current economic environment and lesser generation of reserves versus previous years.

The Basic ICAP had a 34 bp reduction with regards to December 2021, due to a decrease in the basic capital caused by disbursements made during the year, and also, a reduction in assets subject to total risks deriving from pre-payments and settlements of portfolio balances.

The capitalization index is monthly reported to CRAC and quarterly to the Board of Directors, explaining main variations occurring in the items integrating it.

(23) Segment information-

Information as of and for the year ending on December 31, 2023, deriving from operation of main segments in which the Institution's activity is divided, is detailed below:

(Millions of Mexican Pesos)

a) Assets and liabilities-

		Assets		Liabilities and Stockholders' Equity		Income		Disbursements	
Business segment		**Amount**	**Interest %**	**Amount**	**Interest %**	**Amount**	**Interest %**	**Amount**	**Interest %**
Tier 1 Loan	$	174,365	36.2	3,988	0.9	6,415	65.6	(2,427)	18.4
Tier 2 Loan		35,846	7.4	(285)	(0.1)	845	8.6	(1,130)	8.6
Financial Markets and Treasury		260,896	54.0	430,744	89.2	2,177	22.2	(55)	0.4
Corporate		11,631	2.4	48,291	10.0	353	3.6	(9,581)	72.6
Total	**$**	**482,738**	**100.0**	**482,738**	**100.0**	**9,790**	**100.0**	**(13,193)**	**100.0**

b) Profit and loss per segment-

		Tier 1	Tier 2	Financial Markets and Treasury	Corporate	Total
Income:						
Financial income	$	6,415	845	2,177	353	9,790
Disbursements:						
Operation expense		(474)	(847)	(248)	(1,209)	(2,778)
Credit Reserves		(2,546)	(283)	-	(1,225)	(4,054)
Income Tax, Employee Profit Sharing and Deferred		593	-	193	11	797
Government Charges*		-	-		(7,158)	(7,158)
Total	**$**	**3,988**	**(285)**	**2,122**	**(9,228)**	**(3,403)**

* As provided under Note 26, the Federal Executive through the SHCP in exercise of authority granted thereto by article 10 of the 2020 Federal Income Law, by means of Official Instruments numbered 368.-C.-033/2023 dated December 11, 2023, ordered the payment of government charges to Institution in the amount of $7,158, charged against Profit before taxes accrued by the Institution, paid back to the Federal Treasury on December 15, 2023.

The tier 1 lending operation corresponds to loans directly placed with companies; the tier 2 lending operation corresponds to channeling of funds through banking financial intermediaries and other non-banking financial intermediaries and financial and funding markets corresponds to obtaining of funds required to perform with the Annual Financial Plan authorized by the SHCP, to hedge Institution's liquidity needs and the assignment of transfer costs to operation segments requiring funds in order to complete their transactions.

The total amount of cash flows from operation activities, investment and financing for 2023 and 2022 amounts to $6,653 and $16,710 for Tier 1, $(5,949) and $(2,200) for Tier 2, $26,747 and $(18,882) at for Markets and Treasury and $1,806 and $2,662 for Corporate, respectively.

(Millions of Mexican Pesos)

c) Loan portfolios and gathering of funds-

The balance of credit placement units as of December 31, 2023 amounted to $256,510, $8,423 (3.3%) of which correspond to public sector operations and $248,087 (96.7%) to private sector operations, $187,140 of which are tier 1 and guarantees.

Resources allocated to the granting of loans are mainly obtained from loans from international financial entities and the issue of paper in local currency, which are incorporated into a resource basket to obtain an interest allowing to offer competitive placement rates in tier 1 and tier 2 lending activities.

As of December 31, 2023 the fund gathering balance for the issue of notes to be settled upon maturity and stock certificates in local currency, represented 78.2% of the domestic indebtedness; as to foreign indebtedness, loans through commercial facilities constituted 41.9% and securities outstanding abroad represented 41.5%.

Information as of and for the year ending on December 31, 2022, deriving from the operation of each main segment in which the Institution's activity is divided, is detailed below:

d) Assets and liabilities-

		Assets		Liabilities and Stockholders' Equity		Income		Disbursements	
Business segment		**Amount**	**Interest %**	**Amount**	**Interest %**	**Amount**	**Interest %**	**Amount**	**Interest %**
Tier 1 Loan	$	177,284	39.3	782	0.3	5,888	66.8	(5,106)	43.2
Tier 2 Loan		30,136	6.7	(232)	(0.1)	662	7.5	(894)	7.6
Financial Markets and Treasury		227,969	50.6	401,765	89.1	1,724	19.6	(68)	0.6
Corporate		15,311	3.4	48,385	10.7	538	6.1	(5,738)	48.6
Total	**$**	**450,700**	**100.0**	**450,700**	**100.0**	**8,812**	**100.0**	**(11,806)**	**100.0**

e) Profit and loss per segment-

		Tier 1	**Tier 2**	**Financial Markets and Treasury**	**Corporate**	**Total**
Income:						
Financial income	$	5,888	662	1,724	538	8,812
Disbursements:						
Operation expense		(499)	(212)	(214)	(1,224)	(2,149)
Credit Reserves		(5,127)	(696)	-	48	(5,775)
Income Tax, Employee Profit Sharing and Deferred		520	14	146	16	696
Government Charges*		-	-	-	(4,578)	(4,578)
Total	**$**	**782**	**(232)**	**1,656**	**(5,200)**	**(2,994)**

* As provided under Note 26, the Federal Executive through the SHCP in exercise of authority granted thereto by article 10 of the 2020 Federal Income Law, by means of Official Instruments numbered 368.-120/2022 and 368.-169/2022 dated September 23, 2022 and November 25, 2022, respectively, ordered the payment of government charges to Institution in the amount of $860 and $3,718, charged against Profit before taxes accrued by the Institution, paid back to the Federal Treasury on September 29, 2022 and November 30, 2022.

The tier 1 lending operation corresponds to loans directly placed with companies; the tier 2 lending operation corresponds to channeling of funds through banking financial intermediaries and other non-banking financial intermediaries and financial and funding markets corresponds to obtaining of funds required to perform with the Annual Financial Plan authorized by the SHCP, to hedge Institution's liquidity needs and the assignment of transfer costs to operation segments requiring funds in order to complete their transactions.

The total amount of cash flows from operation activities, investment and financing amounts to $16,710 for Tier 1, $(2,200) for Tier 2, $(18,882) at for Markets and Treasury and $2,662 for Corporate.

f) Loan portfolios and gathering of funds-

The balance of credit placement units as of December 31, 2022 amounted to $252,034, $9,418 (3.7%) of which correspond to public sector operations and $242,616 (96.3%) to private sector operations, $189,630 of which are tier 1 and guarantees.

Resources allocated to the granting of loans are mainly obtained from loans from international financial entities and the issue of paper in local currency, which are incorporated into a resource basket to obtain an interest allowing to offer competitive placement rates in tier 1 and tier 2 lending activities.

As of December 31, 2022 the fund gathering balance for the issue of notes to be settled upon maturity and stock certificates in domestic local, represented 71.7% of the domestic indebtedness; as to foreign indebtedness, loans through commercial facilities constituted 43.1% and securities outstanding abroad represented 43.9%.

(24) Financial Margin and Commissions and Fees Income-

a) Financial Margin

The financial margin for the years ending on December 31, 2023 and 2022, is analyzed as shown below:

(Millions of Mexican Pesos)

Interests income and expense for 2023 and 2022 are integrated as follows:

		2023		
		Local currency	**Foreign currency (valued as local currency)**	**Total**
Financial income:				
Loan portfolio income (Note 9)	$	10,408	9,333	19,741
Interests and yield receivable from investment in financial instruments (Note 6)		22,537	-	22,537
Interests from repurchase transactions (Note 7)		575	4	579
Interests for cash and cash equivalents		364	1,131	1,495
Income for collaterals in transactions with derivatives		122	-	122
		34,006	10,468	44,474
Minus financial disbursements:				
Disbursements due to repurchase transactions (Note 7)		19,116	-	19,116
Expenses from hedging transactions		280	-	280
Interests due to term deposits		5,701	2,124	7,825
Interests due to inter-banking and other entity loans		45	1,665	1,710
Interests, transaction costs and discounts payable due to the issue of financial instruments qualified as liabilities		6,270	1,018	7,288
Other concepts		1	15	16
		31,413	4,822	36,235
Financial Margin	**$**	**2,593**	**5,646**	**8,239**

(Millions of Mexican Pesos)

		2022		
		Local currency	**Foreign currency (valued as local currency)**	**Total**
Financial income:				
Loan portfolio income (Note 9)	$	8,138	6,360	14,498
Interests and yield receivable from investment in financial instruments (Note 6)		16,358	-	16,358
Interests from repurchase transactions (Note 7)		208	1	209
Interests for cash and cash equivalents		23	515	538
Income for collaterals in transactions with derivatives		448	-	448
Other concepts		-	25	25
		25,175	6,901	32,076
Minus financial disbursements:				
Disbursements due to repurchase transactions (Note 7)		13,090	-	13,090
Expenses from hedging transactions		23	-	23
Interests due to term deposits		3,907	731	4,638
Interests due to inter-banking and other entity loans		11	1,184	1,195
Interests, transaction costs and discounts payable due to the issue of financial instruments qualified as liabilities		4,203	1,155	5,358
Other concepts		-	-	-
		21,234	3,070	24,304
Financial Margin	**$**	**3,941**	**3,831**	**7,772**

b) Commissions and fees income

		2023	**2022**
Credit transactions	$	429	413
Guarantee program		351	273
Letters of credit		43	52
Trusts		37	45
Other commissions and fees income		10	12
	$	**870**	**795**

(Millions of Mexican Pesos)

(25) Financial intermediate income-

The Intermediation profit and loss for the year ending on December 31, 2023 and 2022, is integrated as shown below:

		2023	2022
Profit and loss due to valuation of negotiable financial instruments	$	324	(430)
Profit and loss due to valuation of derivative financial instruments		(34)	30
Expected credit loss estimate from investment in financial instruments and derivatives		2	-
Profit and loss due to purchase and sale of negotiable financial instruments		(99)	(61)
Result for purchase and sale of financial instruments to collect or sell		(9)	-
Profit and loss due to early termination of derivative financial instruments		59	75
Profit and loss due to the purchase and sale of currencies		79	97
Total	**$**	**322**	**(289)**

(26) Other operating expenses, net-

The item other expenses, net, for the years ending on December 31, 2023 and 2022, is analyzed as shown below:

		2023	2022
Recoveries	$	61	62
Risk administration estimate (Operation and Legal)		-	84
Interests charged for personnel loans		97	92
Profits from sale of awarded assets		2	-
Cancellation of awarded asset provision		10	34
Estimate due to reduction in value of awarded assets (Note 11)		(10)	(29)
Payment of government charges to the Federal Government [1/]		(7,158)	(4,578)
Other concepts		(31)	(7)
Total	**$**	**(7,029)**	**(4,342)**

[1/] In 2023, the Federal Executive through the SHCP, in exercise of powers granted thereto by article 10 of the 2023 Federal Income Law, by means of Official Instrument number 368.-C.-033/2023 dated December 11, 2023, ordered payment of government charges to Institution in the amount of $7,158, charged against Profit before tax generated by Institution, same that was paid back to the Federal Treasury on December 15, 2023.

[1/] In 2022, the Federal Executive through the SHCP in exercise of authority granted thereto by article 10 of the 2022 Federal Income Law, by means of Official Instruments numbered 368.-120/2022 and 368.-169/2022 dated September 23, 2022 and November 25, 2022, respectively, instructed the payment of government charges to Institution in the amount of $860 and $3,718, charged against Profit before taxes generated by Institution, same that were paid back to the Federal Treasury on September 29, 2022 and November 30, 2022.

(Millions of Mexican Pesos)

(27) Contingent assets and liabilities-

Contingent liabilities include guarantees granted to financial intermediaries; contingencies deriving from commercial, labor, civil and administrative proceedings under the charge of Institution in terms to Note 31 "Comprehensive risk administration" are recorded in accordance to the procedural position they have; and invoices discounted in hedged financial factoring operations.

Assets represent recovery from casualties (guarantees paid), contributions pending realization to the Fund of Funds (risk capital), and bonds and checks received as guarantee by service providers.

The estimate of guarantees is constituted based on methodologies described under Note 3(k) and its balance is included in Note 9 b).

Balances as of December 31, 2023 and 2022, are shown below:

		2023	2022
Contingent liabilities:			
Liability due to guarantees granted	$	14,913	13,291
Legal Risk Administration		130	127
International factoring (Invoices)		1,972	1,455
Contingent assets		-	76
	$	**17,015**	**14,949**

(28) Goods in trust or under mandate-

As of December 31, 2023 and 2022, the Institution maintains the following types of trusts with the trust division:

		2023	2022
Guarantee trusts	$	30,401	30,402
Administration trusts		112,773	93,896
Ownership transfer trusts			
		143,174	124,298
Mandates		907	11
Total	**$**	**144,081**	**124,309**

The amount of income due to trust and mandate administration for the years ending on December 31, 2023 and 2022, amounts to $37 and $191 thousand and $45 and $8 thousand, respectively.

(Millions of Mexican Pesos)

Administration Trusts balances include those corresponding to Pension Funds of the Institution itself, the balance of which are, as of December 31, 2023 and 2022, as shown below:

		2023	2022
Defined Benefit	$	17,033	15,903
Defined Contribution		273	248
Special Savings Loan and Financial Cost of loans		3,525	3,379
	$	**20,831**	**19,530**

(29) Assets in trust or under administration-

As of December 31, 2023, custody and administration operations are integrated as follows:

	2023					
				Valued currency		
	Dollars	**Euros**	**Francs**	**Pound sterling**	**Pesos**	**Total**
Securities under administration in repurchases	-	-	-	-	4,300	$ 4,300
Securities under direct administration	-	-	-	-	4,942	4,942
Other instruments under administration*	680,328	3,517	436	60	431,855	1,116,196
Other securities under administration	3	-	-	-	-	3
Special savings loan	-	-	-	-	1,033	1,033
	680,331	**3,517**	**436**	**60**	**442,130**	**$ 1,126,474**

* Represents the entry of value documents supporting the Institution's loan portfolio.

(Millions of Mexican Pesos)

As of December 31, 2022, custody and administration operations are integrated as follows:

	Valued currency					
	Dollars	**Euros**	**Francs**	**Pound sterling**	**Pesos**	**Total**
Securities under administration in repurchases	-	-	-	-	5,177	$ 5,177
Securities under direct administration	-	-	-	-	5,173	5,173
Other instruments under administration*	722,929	3,904	456	65	343,338	1,070,692
Other securities under administration	2	-	-	-	-	2
Special savings loan	-	-	-	-	975	975
	722,931	**3,904**	**456**	**65**	**354,663**	**$1,082,019**

* Represents the entry of value documents supporting the Institution's loan portfolio.

(30) Comprehensive risk administration (unaudited)-

a. General policies

Institution's Comprehensive Risk Administration is audited in terms of Article 76 (annually) and 77 (Bi-annually) of CNBV Provisions by an independent firm as frequently as established in the standard itself. Its results are submitted to consideration of the Audit Committee, the Comprehensive Risk Administration Committee and the Board of Directors and are delivered to the CNBV.

2023 and 2022 profit and loss establishes the reasonable performance with current ordinances and with best market practices.

Policy and practice on Comprehensive Risk Administration (CRA) are mainly regulated by Chapter IV, Title Two of General Character Provisions Applicable to Financial Entities (Provisions), regarding CRA, published on December 2, 2005.

In adherence to CNBV Provisions, the Institution's CRA function is carried out by an area independent from business areas covering market, credit, liquidity, operation, technological, legal, strategic, business and prestige risks. The Institution has policy and procedures in place, oriented to identifying, analyzing and controlling such risks, same that are incorporated into the CRA Manual.

In order for assumed risks, to be maintained at levels not exceeding Institution's financial capacity, CRAC proposes thresholds authorized by the Board of Directors determined based on a capital management model. Such model is in function of the regulating capital, establishing thresholds at strategic level, taking into consideration a distributable capital that is assigned to the different Institution businesses: credit, market, operation and stockholding.

Also, tactical level thresholds are assigned to the different portfolios that made up each business. In case of market risk, capital thresholds are translated into Value at Risk (VaR) for the different treasury portfolios.

(Millions of Mexican Pesos)

CRAC in integrated by the Chief Executive Officer, three independent risk experts, a member of the Board of Directors and the Head of the Comprehensive Risk Administration Unit (UAIR for its acronym in Spanish); business areas also participate at Attached Directors Generals, Area Directors and the individual responsible for the Internal Control Body levels with voice, without vote, in order to avoid potential conflict of interests.

The CRAC holds meetings at least once a month. Such Committee follows up the different type of risks, issues recommendations and is in charge of approving methodologies, models, parameters and scenarios used in measuring risks, as well as to review policy proposed for control thereof

b. Policy to control loan portfolio concentration

The provisions issued by CNBV in its Chapter III in relation to "Risk diversification", define limits to credit risk concentration applicable to a person or group of people constituting common risks.

In accordance with article 57 of the Provisions, thresholds applicable to Institution during the fourth quarter of 2023 were determined taking into consideration a 14.95% of capitalization index and a basic capital amounting to $33,213 as of September 2023. During the fourth quarter of 2022 were determined considering a 14.20% capitalization index and $33,546.8 basic capital in September 2022.

Article 54 of the Provisions establishes a financing limit for private sector companies, in function of their capitalization level applying a preset factor to the Institution's basic capital. With a capitalization index exceeding 12% but lower than 15%, the factor applicable to the fourth quarter of 2023 and 2022 was 30% of the Institution's basic capital ($9,964 equivalent to USD $587 millions at an exchange rate of $16.9666 pesos/dollar as of closing of December 2023, and $10,064.1 equivalent to USD $515.9 millions at the exchange rate of $19.5089 pesos/dollar on December 31, 2022).

As of December 31, 2023 and 2022, financing granted to Private Sector companies individually or per economic group are below the 30% basic capital regulatory threshold and responsibilities under the charge of three highest debtors of the entrepreneurial sector as a whole, represent 43.2% and 42.6%, respectively, of the regulatory limit.

Financing to the three largest debtors of the entrepreneurial sector per economic group as a whole:

	December 2023	**December 2022**
Amount of responsibilities of the three largest debtors	14,345	$ 14,761
Number of times the applicable basic capital	0.43	0.42

Financing granted to Entities and Organisms of the State-owned Public Sector are below the 100% basic capital regulatory threshold as of December 31, 2023 and 2022.

Finally, in accordance with article 60 of the Provisions, it is disclosed that as of December 31, 2023 and 2022, there are responsibilities under the charge of 39 and 28 debtor economic groups, respectively, (107 and 101 counterparties, respectively), with financing, per group of common or individual risk exceeding an equivalent 10% of the Institution's basic capital.

(Millions of Mexican Pesos)

Financing to debtors exceeding 10% of the basic capital, taking into consideration the exchange rate in force on December 31, 2023 and 2022:

	December 2023	**December 2022**
Amount of responsibilities	201,031	$ 169,137
Number of times the applicable basic capital	6.0	5.4

The amount of responsibilities includes authorized facilities to:

i. Domestic financial institutions for discount operations with a signed contract. Additionally, includes authorized facilities under the "General Banking Methodology to establish a Global Credit Facility" of the Institution to complete fostering, market and derivative transactions with domestic and foreign financial institutions with a current position as of today.

ii. Common Risk Companies and Groups of the Entrepreneurial and Productive Entities of the State Sector

c. Market risk

Investments in securities. – On the financial statement reference account, the market risk sources from interest rates movements; regarding foreign currency instruments, it also depends on variations in the exchange rate. This risk is measured using the VaR methodology based on the historic method taking 251 pieces of information, a one-day risk horizon and a 97.5% trust level, implying that there merely is 2.5% possibility of such investments suffering a deficit in excess of the estimate for such period. These parameters were ratified in CRAC on November 08, 2023.

Policy and practice applied to control security investment market risk include capital thresholds and VaR, as well as generation of market value reports on positions and their value at risk under standard conditions, under sensitivity scenarios and extreme conditions. A report is drafted daily and delivered to the High Management, monthly to CRAC and quarterly to the Board of Directors.

As of December 31, 2023, 98.3% of stock position in the Money Desk in local currency was in reviewable rate instruments, while the remaining 1.7% represents a discount; in 2022 100% were reviewable rate instruments; from Government debt in 2023 and 2022 by 96.8% and 98.1%, respectively, while the 2.9% and 1.7%, respectively, represented debt from Public and Productive Entities of the State, and the remaining 0.3% and 0.2%, respectively, were Banking type. VaR of such desk was $12.2 and $13.5 in 2023 and 2022, respectively, figure representing 55.3% and 61.5%, respectively, of the $22 authorized threshold for both years. The annual average of stock at risk was placed at $14.6 and $12.6, respectively. Capital consumption of this portfolio was $683 and $615, respectively, representing 65% and 58% of the authorized threshold, respectively.

As of December 31, 2023 and 2022, the Investment portfolio in Local Currency is made up by financial instruments to collect principal and interests in actual rate government instruments and revisable government instruments. As of these dates, the position in financial instruments to collect principal and interests represented 2.0% and revisable government instruments represented 98.0%. As of the closing of the December 2023 and 2022, a $1.5 and $1.9, respectively, VaR was recorded for the total position representing 25.2% and 31.3%, respectively of the $6 authorized threshold for both years. The annual average of the value at risk was at $1.8 and $1.6, respectively. The capital consumption of this portfolio was $41 and $39, respectively, representing 41% and 39%, respectively of the authorized threshold.

As of December 31, 2023 and 2022 the portfolio of Investments in Foreign Currency presented a capital consumption of $0.39 and $0.4, respectively, representing 1% and 0.6%, respectively, of the authorized threshold.

Derivatives. – The financial statement reference account is subject to market risk, sourcing from variations in interest rates and exchange rate, as well as subject to counterparty credit risk.

As to authorized derivatives, the VaR of currency and interest rate forward contracts (forwards), option contracts and interest rate and currency swap contracts is measured. The VaR is estimated based on the historic method, taking into account 251 pieces of information, a one-day risk horizon and a 97.5% level of trust, implying the existence of merely 2.5% of possibility of such investments suffering a deficit in excess of the estimate for such period. These parameters were ratified at CRAC on November 08, 2023.

As to credit risk (counterparty), forwards, options and swaps are operated with highly credit quality domestic and international financial institutions, the credit risk of forwards and options with customers is covered by their credit facilities with Institution, and control mechanisms allowing monitoring of positions to maintain them within authorized levels. As of December 31, 2023 and 2022, the credit risk of derivative transactions is within authorized thresholds.

Policy and practice to control derivative risk adhere to Banxico Provisions. A capital threshold and VaR per business line is defined, and reports of the market value of positions and their VaR under standard conditions, under sensitivity scenarios and extreme conditions are drafted. Every day, a report is drafted and made available to the High Management, monthly to CRAC and quarterly to the Board of Directors.

As of December 31, 2023 and 2022, as to negotiation derivatives, there are closed positions of interest rate and currency options, as well as a swap portfolio. The VaR was placed at $0.4 and $1.0, respectively, equivalent to 2.2% and 5.1%, respectively, of the $20 authorized threshold for both years; the VaR's annual average of derivatives was placed at $0.6 and $1.2, respectively. The capital consumption of this portfolio was $0.00 representing 0.0% of the authorized threshold for both years.

As of December 31, 2023 and 2022, derivatives in hedging position refer to interest rate and currency swaps, which are used as hedge to mainly cover a portion of the loan portfolio, debt certificates, paper issued in local currency and dollar fund gathering. The VaR of swaps grew to $895.6 and $789.9, respectively, which is a referential figure, as these transactions are not linked to a VaR limit due to being hedging derivatives.

As of the closing of 2023 and 2022, a position of $98.1 and $19.5 million pesos in Currency was maintained, respectively. Given such position, the VaR remained at $1.2 and $0.3, respectively, with an 11.2% and 2.3%, respectively, consumption of the $11 authorized threshold for both years, while the annual VaR average was at $1.2 and $1.3, respectively. The capital consumption of this portfolio was $13 and $2.4, respectively, representing 19% and 6.7%, respectively, of the authorized threshold.

Credit risk

In relation to the financial statement reference account, the credit risk is measured by expected losses from the potential impairment of the loan portfolio, estimated as from calculation of rating migration frequencies (transition matrixes) both yearly and quarterly.

(Millions of Mexican Pesos)

Such matrixes are made up by possibilities of impairment or improvement of a loan portfolio, which are obtained as from historic information provided by Institution borrower companies.

Therefore, in order to evaluate the credit risk estimates on the possibility of nonperformance, recovery rates, transition matrixes, credit VaR, expected losses and unexpected losses are obtained.

A report on the operation and credit position of Institution contemplating, among other, an analysis on the taxonomy of the loan portfolio, relevant information regarding portfolio movements, the global position of credit risk and integration thereof per portfolio, past due portfolio, risk concentrations, portfolio diversifications and main risk indicators, as well as credit VaR estimates and expected and unexpected losses is submitted every month to CRAC and quarterly to the Board of Directors.

As of December 31, 2023 and 2022 the descriptive statistics of the private sector portfolio credit risk shows the following distribution per number of borrowers, as to their average level of risk.

Distribution of Private Sector Portfolio in December 2023

Number of counterparties	Balance	Estr. (%)	Accrued balance	Estr. (%)	Expected loss (EL)	EL / Balance (%)	Level of risk (average)
1 - 5	16,834	10	16,834	10	94	0.56%	R2
6 - 10	14,274	9	31,108	19	71	0.50%	R2
11 - 15	11,743	7	42,851	26	107	0.91%	R3
16 - 20	10,111	6	52,962	33	72	0.71%	R2
21 - 25	8,972	6	61,934	38	64	0.72%	R2
26 - 30	8,330	5	70,264	43	69	0.83%	R3
31 - 307	91,648	57	161,911	100	2,052	2.24%	R4
Total	**161,911**	**100**			**2,530**	**1.56%**	**R4**

Entrepreneurial Sector Portfolio

Distribution of Private Sector Portfolio in December 2022

Number of counterparties	Balance	Estr. (%)	Accrued balance	Estr. (%)	Expected loss (EL)	EL / Balance (%)	Level of risk (average)
1 - 5	$ 18,585	11	18,585	11	$ 1,343	7	R6
6 - 10	15,572	9	34,157	20	89	1	R2
11 - 15	12,192	7	46,349	28	122	1	R3
16 - 20	10,000	6	56,349	34	235	2	R4
21 - 25	9,377	6	65,726	39	107	1	R3
26 - 30	7,702	5	73,428	44	77	1	R3
31 - 308	93,250	56	166,678	100	3,065	3	R5
Total	**$ 166,678**	**100**			**$ 5,038**	**3**	**R4**

As of these dates, the annual VaR (without taking into consideration expected guarantee recovery) of the entrepreneurial sector portfolio was $6,918 and $8,236, respectively, a figure representing the extreme value of losses and earnings' distribution due to potential impairment of portfolio with a trust level of 99% and an annual time horizon.

As to the basic capital, as of December 31, 2023 and 2022, that is $33,481 and $31,361, respectively, the annual VaR represents 20.7% and 26.26%, respectively.

The expected loss estimate (Monte Carlo), due to impairment of the private sector portfolio was $2,059 and $2,397 in 2023 and 2022, respectively, using portfolio's levels of risk in accordance with Institution's risk indicator methodology.

Additionally, referred to report shows a structure of capital thresholds at strategic and tactic level, as well as marginal behavior of the rated portfolio, credit concentration per economic activity sector, per geographic area, per borrower companies and ranges of responsibilities.

As of December 2021, CRAC authorized the change of Capital Management model, without implying an increase in the Institution's risk appetite, the purpose of the change was to facilitating Capital management and the reading of reports, threshold was restated by $21,054.0 representing 83% of distributable capital ($26,414), such thresholds were ratified at a Board meeting held on December 22, 2023.

Liquidity risk

The cash flow risk of credit transactions and applicable financing is measured by risk factor: base rate and surcharge. The repricing and maturity gap structure is monthly reported to CRAC including a sensitivity analysis measuring the effect of adverse movements to interest rates on the financial margin; also, a degree of diversification of financing sources, is estimated.

In accordance to the repricing and maturity structure of productive assets and onerous liabilities in the statement of financial position in force as of December 2023 and 2022, in foreign currency in a year, the sensitivity due to a drop in the base rate of 50 base points produces an increase of 2.7 and 4.8 thousand dollars a day, respectively, equivalent to 0.6% and 1.0%, respectively of the daily financial margin, due to having a short position in repricing in the year, while in local currency using same variables, the reduction is 20.9 and 10.6 thousand dollars a day, respectively, equivalent to 2.2% and 1.8% of the daily margin, respectively.

Non-discretionary quantifiable risks

The purpose of non-discretionary risk administration is to identify, measure, oversee, limit, control and report operating, technological and legal risks associated to Institution's critical processes, allowing the distribution of concentration levels in such processes, the efficiency of their operation and the estimate of economic impact deriving therefrom.

In order to identify quantifiable risks and define their average exposure value per type of event and business line, below are shown the results for the period running from January 2008 through to December 2023 and January 2008 to December 2022.

(Millions of Mexican Pesos)

2023

Type of event	No. of Events	Frequency		Severity	
		Total %	Losses	Total %	Unitary
Execution, delivery and management of processes	173	89	$756	99	$ 4.4
Labor relations and security in a work position	4	2	5	1	1.3
External events	3	2	1	-	0.3
Incidences to the business and system fails	12	6	1	-	0.1
Clients, products and entrepreneurial practice	1	1	-	-	-
External fraud	1	1	-	-	-
Internal fraud	-	-	-	-	-
Total	**194**	**100.0**	**$763**	**100**	**$3.9**

2022

Type of event	No. of Events	Frequency		Severity	
		Total %	Losses	Total %	Unitary
Execution, delivery and management of processes	152	88	$748	99	$ 4.9
Labor relations and security in a work position	4	2	5	1	1.3
External events	3	2	1	-	0.3
Incidences to the business and system fails	11	6	1	-	0.1
Clients, products and entrepreneurial practice	1	1	-	-	-
External fraud	1	1	-	-	-
Internal fraud	-	-	-	-	-
Total	**172**	**100.0**	**$755**	**100**	**$4.4**

In accordance with the matrix per type of event, 89% of frequency and 99% of severity for 2023, and 88% of frequency and 99% of severity for 2022 is concentrated in execution, delivery and management of processes.

(Millions of Mexican Pesos)

2023

Business Line	No. of events	Frequency		Severity	
		Total %	Losses	Total %	Unitary
Commercial banking	87	45	$ 726	95	$ 8.3
Negotiation and sales	55	28	24	3	0.4
Payment and settlement	50	26	12	2	0.2
Retail banking	2	1	-	-	-
Asset administration	-	-	-	-	-
Corporate finance	-	-	-	-	-
Retail/brokerage transactions		-	-	-	-
Agency services	-	-	-	-	-
Total	**194**	**100.0**	**$ 763**	**100**	**$3.9**

2022

Business Line	Total %	Frequency		Severity	
		Total %	Losses	Total %	Unitary
Commercial banking	80	47	$ 726	96	$ 9.1
Negotiation and sales	48	28	21	3	0.4
Payment and settlement	42	24	8	1	0.2
Retail banking	2	1	-	-	-
Asset administration	-	-	-	-	-
Corporate finance	-	-	-	-	-
Retail/brokerage transactions		-	-	-	-
Agency services	-	-	-	-	-
Total	**172**	**100.0**	**$ 755**	**100**	**$4.4**

As to the matrix per line of business in 2023 and 2022, 45% and 47%, respectively, of frequency and 95% and 96% of severity, respectively, is concentrated in commercial banking; while 28% of frequency and 3% of severity, for both years, is concentrated in negotiation and sales.

The average value of exposure of accrued event as of December 31, 2023 is $3.9 and as of December 31, 2022 is $4.4.

Operation risk

Bancomext contemplates an organizational model allowing communication between three lines of defense in order to reasonably mitigate risks, by the implementation and operation of internal controls. Operation risk is analyzed under the qualitative, quantitative and regulatory performance approach:

Qualitative analysis. – Occurs through application of self-evaluations and workshops to operation owners of Institutional processes, rendering an operation risk technical report. The Institutional Operation Risk Exposure Profile is Low level of Risk in accordance with the Residual Risk Evaluation Model.

Quantitative analysis. – Losses are obtained from bookkeeping accounts defined for entering events per operation risk. The operation risk reserve authorized in 2023 and 2022 amounts to $21 and $30, respectively, that is, the tolerance level to control operation risk event exposure. As of the closing of December 2023 and 2022, accrued consumption was $8.3 and $8.9, respectively, the balance being, therefore, $12.7 and $21.1, respectively.

Regulating performance. - The Institution applies the business indicator method to estimate capital requirements per operation risk, in accordance with Financial Entities capitalization rules; the total requirement of capital per operation risk amounted to $1,209 and $1,154 as of the closing of December 2023 and 2022, respectively.

Technological risk

Technological risk is measured and controlled through following six critical indicators: 1) critical service availability level; 2) Institution network's access security; 3) Institution network virus detection, blocking and deadlocks; 4.a) detection and blocking of access to restricted websites; 4.b) detection and blocking of AntiSPAM e-mails; 4.c) detection and blocking of SpyWare, and 5) Plan of Recovery in the Event of Disaster (RED) testing.

As a supplement, risks and vulnerabilities of fourteen domains on technology and information security based on ISO 27001, 27002, 27005 and 31000 are evaluated by applying Technological and Information Security Risk Profile Methodology. In addition, Business Continuity Plans (BCP) of processes identified as critical in terms with the Business Continuity Plan Management System (BC-PMS) are applied. As of December 31, 2023, indicators show that in general terms, the goals defined per indicator were attained.

Legal risk

Policies are in place allowing identification, measuring and recording of provisions and/or contingencies due to potential losses, originated from unfavorable resolutions in a court proceeding related to litigations in which Institution is a plaintiff or defendant, in order to mitigate the impact to Institution's patrimony.

By applying the CRAC-authorized method on September 10, 2019, the reserves established for legal risks as of December 2023 and 2022 were $72 and $79, respectively, integrated as follows: $47 and $45 labor; $16 commercial for both years; $7 administrative for 2022; $5 costs and expenses for 2023 and 2022; $3 civil for both years; and the third-party account item by $2 and $3, respectively.

Also, in accordance to referred to policy, contingency deriving from commercial, labor, civil and administrative proceedings which in terms with the procedural status kept, the Management expects a result favorable to Institution are recorded in off-balance-sheet accounts.

Non-quantifiable risks

Those deriving from unforeseen casualties or external events that may not be associated to an occurrence possibility and that, in addition to economic losses suffered, they may be transferred to third party risk-taker entities.

The result of having applied the Prestige Risk Management (PRM) for the last year applied in 2023, is that Bancomext Prestige improved to a Strong prestige as of the 2022 year; therefore, Institution's position and prestige continues being recognized".

(31) Application of new reference interest rates

Financial market regulators, both in Mexico, as well as internationally are implementing improvements to regulation to replace or modify how reference interest rates used in financial markets are determined, replacing weighted average interest rates at which banks agreed to lend to the central bank or amongst them, by risk free interest rates.

Libor rate transition

On December 29, 2021, Banxico in its circular 13/2021, established the possibility of using reference rates including, among other, the SOFR (Secured Overnight Financing Rate) rate, as well as term rates deriving therefrom.

On February 10, 2022, the Internal Credit Committee authorized the Continuous Improvement to Credit Regulating Manual in order to add SOFR and Term SOFR rates for transactions in dollars at a variable rate. On March 9, 2022 the Comprehensive Risk Administration Committee authorized the update of the risk factor matrix that takes into consideration these new interest rates.

Considering that the Libor rate will cease to be published on June 30, 2023, and that the substitute rate is to be the SOFR (Secured Overnight Financing Rate, the institution will apply the use of SOFR and Term SOFR rate instead of the Libor rate:

- Daily capitalizable SOFR during the interest payment period, published by FED, with 24-hour application.
- Term SOFR, providing an indicative rate and is forward-looking to the SOFR rate, based in SOFR future prices in the derivative market, with a 48-hour application. 1-, 3-, 6- and 12-month terms are published by CME.

Main characteristics of the SOFR rate, are those described below:

- Based on daily transactions with government paper as collateral of market transactions.
- Created from backward-looking transactions: Overnight without future maturities.
- Risk free rate due to not incorporating credit nor liquidity risk components.

The business units impacted by adoption of new reference rates are the following:

(Millions of Mexican Pesos)

BUSINESS UNIT	TRANSACTIONS
Credit and guarantees	Loans in dollars (tier one and tier two) and guarantee transactions
Derivative financial instruments	Interest rate swaps and cross currency swaps
Fund Gathering and Treasury Transactions	Certificates issued, investments and deposits, in addition to funding facilities in dollars

Transition process progress

The Institution adopted steps required in order to satisfy the process transitioning SOFR and Term SOFR rates substituting the Libor rate. Transactions with maturity following June 2023 are restructured to a Term SOFR rate in order to maintain same financial conditions as originally agreed; new dollar transactions were agreed based on SOFR. Changes in reference rates did not represent extinction of transactions nor modifications in books, and maintain hedging efficiency.

Status as of December 31, 2023

As of December 31, 2023, entire migration of LIBOR-referenced transaction was satisfactorily completed in satisfaction with ordinances issued by Banco de México.

TIIE Rates Transition

In order to have an almost risk-free reference rate in line with international standards reflecting funding conditions in the inter-banking market, Banxico resolved to complete a transition process regarding current reference rates, establishing a transition from the TIIE rate at a term of more than one banking day to the Funding TIIE, prohibiting the use of 91 and 182-day term TIIE in any new agreements as from January 1, 2024 and the 28-day term in new agreements as from January 1, 2025.

As from such dates, new contracts will be using the Funding TIIE or the rate determined by each entity in adherence with the provisions, the term TIIE methodology will be substituted by a methodology based in market facts, in order to avoid contract adjustment by amendments and thus facilitate transition.

Status as of December 31, 2023

On August 2021, the SHCP issued communication No. 049 announcing the creation of BONDES F, Development Bonds referenced to Funding TIIE, in order to promote stability and sound development of financial system, and continue supporting adoption and use of such reference rate. Such certificates will substitute those known as BONDES D (referenced to Average Weighted Banking Funding Rate), for which SHCP will promote early settlement.

At the closing of 2023 BONDES F position is at 101.4 billion pesos, while BONDES D position is at 3.5 billion pesos (1.5 billion pesos due in 2024 and 2.0 billion pesos due on 2025). With this, the Institution has orderly translated to the funding TIIE rate in its debt certificate position.

On the other hand, during the last quarter of 2023 pesos transaction policy and guidelines were approved, given the TIIE transition process.

(Millions of Mexican Pesos)

The purpose of such policy is to allow Institution an orderly transition of the TIIE portfolio, in satisfaction with the provisions of Banxico issued regulation in a first stage (prohibition to use TIIE 91 and 182 for transaction agreed as from January 1, 2024), by using TIIE 28 rate in Mexican currency transactions requiring a variable rate.

During the first quarter of 2024, the second stage of the TIIE transition strategy will be defined (prohibition to use TIIE 28 in transaction agreed as from January 2025), in line with applicable ordinances, adopted market practice and institution interest. The expectation known today is to be able to use TERM TIIE (different term rate) in the banking market.

The Institution believes that reference rate changes do not represent extinction of transactions or accounting modifications and hedging efficiency will be maintained.

Business units having an impact due to adoption of new reference rates are:

BUSINESS UNIT	TRANSACTIONS
Credit, Factoring and Commercial Repurchase	Loans in pesos (first and second tier) and factoring and commercial repurchase transactions in the same currency
Derivative Financial Instruments	Interest rate swaps
Issues	Pesos inflow

Impacts in risk administration due to adoption of new reference rates

The Institution has been authorized Risk Administration, Control and Management models by its Comprehensive Risk Administration Committee (CRAC), to be directly applied to SOFR rates and will be subject to Funding TIIE rates, taking into consideration specific characteristics thereof; it should be pointed out that, being only a new reference rate, above identified models suffered no changes, notwithstanding, if needed, required calibration will be applied.

Risks are of operation nature, due to implementation of these new rates into Institution systems, however, Institution adopted required steps to comply with rates transition process, implementing strategies that have been deemed pertinent, in order to attain the purpose of achieving full migration.

Bancomext risk administration strategy has no suffered changes due to these reforms, maintaining a Capital structure will a focus to the granting of loans, in line with its mandate and a conservative market profile, practically maintaining all its transactions both active, as well as passive, at a revisable rate.

(32) New accounting pronouncements

On December 2023, the Mexican Board of Financial Reporting Standards (CINIF, per its Spanish acronym), issued a document entitled “2024 FRS Improvements”, containing specific modifications to a few already existing FRS.

Improvements are classified as:

- modifications to FRS which in terms with FRS B-1, Accounting changes and error corrections, result in accounting changes in valuation, presentation or disclosure in entities' financial statements; and
- modifications to FRS to include details thereto helping to establish a clearer and more understandable regulating scenario; such as details that result in no accounting changes in entities' financial statements.

Main improvements are referred as below:

a) Amendments to FRS

Standard	Name of standard	Entry into effect
FRS A-1	Conceptual framework of FRS	January 2024

b) Improvements to FRS 2024

- Improvements to FRS that result in accounting changes:

  FRS B-2 Statement of cash flows
  FRS B-6 Statement of financial position
  FRS B-17 Fair value calculation
  FRS C-2 Investment in financial instruments
  FRS C-6 Property, plant and equipment
  FRS C-10 Derivative financial instruments and hedging rations
  FRS C-16 Impairment of financial instruments receivable
  FRS C-20 Financial instruments to collect principal and interest
  FRS D-4 Profit tax
  FRS D-6 Capitalization of comprehensive financing profit and loss

- Improvements to FRS that result in no accounting changes

  FRS B-3 Comprehensive income statement
  FRS B-7 Business acquisition
  FRS B-8 Consolidated or combined financial statements
  FRS B-11 Long-life and discontinued operation asset disposal
  FRS C-2 Investment in financial instruments
  FRS C-9 Provisions, contingencies and commitments
  FRS C-10 Derivative financial instruments and hedging rations
  FRS C-5 Advances
  FRS C-6 Property, plant and equipment
  FRS C-8 Intangible assets
  FRS C-7 Investment in associates, joint ventures and other investments
  FRS C-19 Financial instruments payable and FRS D-8 Share-based payments

Banco Nacional de Comercio Exterior, S.N.C. Management is in the process of analysis to determine, if applicable, the effects of such improvements on its financial information.

SIGNATURE	SIGNATURE
Luis Antonio Ramírez Pineda Chief Executive Officer	María Fernanda Ruiz Padilla Head of Administration and Finance Unit
SIGNATURE	SIGNATURE
Julia Noemí Rodríguez Kú Accounting and Budget Director	Víctor Manuel Jiménez García Internal Audit Director