Monex, S. A. B. de C. V. and Subsidiaries

Consolidated financial statements

December 31, 2022

(With the Independent Auditor´s Report Thereon)

(Translation from Spanish Language Original)

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

Independent Auditors' Report

To the Board of Directors and Stockholders

Monex, S. A. B. de C. V.:

(Millions of Mexican pesos)

Opinion

We have audited the consolidated financial statements of Monex, S. A. B. de C. V. and Subsidiaries (Monex, S. A. B.), which comprise the consolidated statement of financial position as of December 31, 2022, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the year then ended on that date, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Monex, S. A. B. de C. V. and Subsidiaries have been prepared, in all material respects, in accordance with the Accounting Criteria for Financial Group Holding Companies in Mexico, established by the National Banking and Securities Commission (the Commission).

Basis for Opinion

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

Emphasis paragraph

As described in note 4 of the consolidated financial statements, during 2022 the accounting changes mentioned in notes 6, 7, 9 and 10 to the attached consolidated financial statements were made, which was done in accordance with the Resolution that modifies the general provisions applicable to the controlling companies of financial groups and sub-controlling companies that regulate the matters that correspond jointly to the National Supervisory Commissions, published in the Federal Gazette on December 4, 2020, which establishes that the Holding Companies recognize the cumulative effect of such accounting changes in profit or loss of the year, without restating the consolidated financial statements of years prior to January 1, 2022, and that the basic consolidated financial statements as of and for the year ended December 31, 2021, are not disclosed. Our opinion has not been modified in relation to this matter.

(Continued)

Key audit matters

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

Allowance for loan losses $675 in the consolidated statement of financial position	
See notes 3 and 10 to the consolidated financial statements	
The key audit matters	**How the key audit matter was addressed in our audit**
The allowance for loan losses for commercial loan portfolio involved significant judgments to assess the customers´ quality credit risk, considering the various factors established in the methodologies prescribed by the Commission for the qualification process of the loan portfolio, as well as the reliability on the documentation and updating of the information used as input for the determination of the allowance for loan losses for credit risks for the commercial loan portfolio. Therefore, we have determined the allowance for loan losses as a key audit matter in our audit.	The audit procedures applied by Management on the determination of the allowance for loan losses for credit risks and the effects on the income of the year, included, the assessment, through sample testing, both of the inputs used and the calculation process for the various loan portfolios based on the in-force methodologies for each type of loan portfolio established by the Commission. Additionally, with the participation of our specialists, as of December 31, 2022, we: I. inspected the approval of the policy and the model used by the Risk Committee (or by the body empowered for authorization), II. assessed the model used and the relevant inputs used for the calculation process.

(Continued)

Over-the-counter derivative financial instruments $5,468 (asset) and $3,870 (liability) and hedging operations $50 (asset)	
See note 9 to the consolidated financial statements	
The key audit matters	**How the key audit matter was addressed in our audit**
The fair value as of the consolidated financial position date of over- the-counter financial instruments is determined through the use of valuation techniques that involve Management´s judgments, mainly when the use of inputs from different sources or from not observable data in the market and complex valuation models. Additionally, the requirements that must be met to account for financial instruments as hedges, as well as to document and monitor to prove effectiveness, involve a certain degree of specialization by Management. Therefore, we have considered the determination of over the counter the derivative financial instruments´ valuation and hedging transactions as a key audit matter in our audit.	As part of our audit procedures, we obtained evidence of the approval, by the Risk Committee of Monex, S. A. B., of the valuation models for over-the-counter derivative financial instruments and hedging transactions used by Management. Likewise, through sample testing, we assessed the reasonableness of such models and the inputs used, with the participation of our specialists. Additionally, through sample testing, we assessed the adequate measurement and classification of the fair value of over-the-counter derivative financial instruments and for hedging transactions, adequate compliance with the criteria and documentation to be considered as such, as well as the effectiveness thereof.

Other information

Management is responsible for the other information. The other information comprises information included in the annual report for the year ended December 31, 2022 to be filed with the Commission and the Mexican Stock Exchange (the Annual Report) but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is estimated to be available to us after the date of this auditors' report.

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

(Continued)

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

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

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

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

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

Those charged with governance are responsible for overseeing Monex, S. A. B.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

(Continued)

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other questions

The consolidated financial statements of Monex, S. A. B. as of December 31, 2021 and for the year then ended, were audited by other auditors, who, on March 30, 2022, issued an unqualified opinion thereon.

KPMG Cárdenas Dosal, S. C.

Ricardo Lara Uribe

Mexico City, April 3, 2023.

Monex, S. A. B. de C. V. and subsidiaries

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

Consolidated statement of financial position

December 31, 2022

(Millions of Mexican Pesos)

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

Assets	
Cash and cash equivalents (note 6)	$ 29,771
Margin accounts (derivative financial instruments) (note 9)	1,157
Investment in financial instruments (note 7):	
Negotiable financial instruments	121,370
Financial instruments to collect or sell	451
Financial instruments to collect principal and interest	3,115
	124,936
Debtors in repurchase/resale agreements (note 8)	600
Derivative financial instruments (note 9):	
Trading	8,669
Hedging	50
	8,719
Loan portfolio with stage 1 credit risk (note 10):	
Commercial loans:	
Commercial activity	23,787
Financial entities	2,545
Government entities	2,910
	29,242
Mortgage loans:	
Improvement backed by the borrowers' mortgage sub-account	147
Total loan portfolio with stage 1 credit risk	29,389
Loan portfolio with stage 2 credit risk (note 10):	
Commercial loans:	
Commercial activity	295
Total loan portfolio with stage 2 credit risdk	295
Loan portfolio with stage 3 credit risk (note 10):	
Commercial loans:	
Commercial activity	390
Financial entities	46
	436
Mortgage loan	
Improvement backed by the borrowers' mortgage sub-account	37
Total loan portfolio with stage 3 credit risk	473
Past-due loan portfolio	30,157
(-) Less:	
Allowance for loan losses (note 10)	(1,175)
Loan portfolio, net	28,982
Other accounts receivable, net (note 11)	17,480
Foreclosed assets, net (note 13)	151
Prepayments and other assets, net (note 17)	737
Furniture and equipment, net (note 14)	72
Assets for rights of use of furniture and equipment, net (note 15)	517
Permanent investments	180
Deferred taxes, net (note 23)	1,005
Intangibles assets, net (note 18)	1,415
Assets for rights of use of intangible assets, net (note 16)	355
Goodwill (note 19)	1,142
Total assets	$ 217,219

Liabilities and Stockholders´ Equity	
Deposit funding (note 20):	
Demand deposits	$ 36,083
Time deposits:	
General public	10,528
Money market	3,534
Debt securities issued	1,374
Global deposit funding account without movement	3
	51,522
Stock certificates (note 21)	1,507
Banks and other borrowings (note 22):	
Short-term	4,671
Long-term	36
	4,707
Creditors on repurchase/resell agreements (note 8)	112,551
Sold/pledged collateral:	
Creditors on repurchase/resell agreements	562
Securities lending	15
	577
Derivative financial instruments (note 9):	
Trading	7,396
Valuation adjustments of financial liabilities' hedging	20
Lease obligations (notes 15 and 16)	905
Other accounts payable (note 12):	
Creditors on settlement of transactions	9,764
Creditors for collateral received in cash	4,724
Contributions payable	350
Sundry creditors and other accounts payable	5,995
	20,833
Income tax liability (note 23)	432
Employee benefits (note 24)	1,437
Deferred credits and advanced payments received	837
Total liabilities	202,724
Stockholders' equity (note 25):	
Paid-in capital:	
Capital stock	3,055
Additional paid-in-capital	763
	3,818
Earned capital:	
Capital reserves	496
Retained earnings	9,753
Other comprehensive income:	
Valuation of cash flow hedge instruments	13
Equity in other comprehensive income of other entities	403
	10,665
Controlling interest	14,483
Non-controlling interest	12
Total stockholders' equity	14,495
Commitments and contingent liabilities (note 33)	
Subsequent events (note 35)	
Total liabilities and stockholders' equity	$ 217,219

(Continued)

Monex, S. A. B. de C. V. and subsidiaries

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

Consolidated statement of financial position, continued

December 31, 2022

(Millions of Mexican Pesos)

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

Memorandum accounts (note 27)

Transactions on behalf of third parties

Customer current accounts:	
Customer banks accounts	$ 92
Custody transactions:	
Customer financial instruments (securities) received in custody	86,624
Customer financial instruments (securities) on abroad	16,719
	103,343
Management transactions:	
Customer debtors in repurchase/resale agreements	49,439
Customer sold/pledged collateral	7,501
	56,940
Derivative financial instrument purchase transaction:	
Futures and forwards (notional amount)	80,345
Options	61,040
Swaps	297,067
	438,452
Total management transactions	495,392
Financial instruments derivates sale transaction:	
Futures and forwards	74,407
Options	47,952
Swaps	14,379
	136,738
Total on behalf of third parties	$ 735,565

Transactions for own account

Contingent assets and liabilities	$ 129
Credit commitments	18,202
Assets in trust or mandate	245,755
Assets in custody or under management	16,653
Collateral received by the entity:	
Government debt	41,016
Bank debt	8,032
Other debts securities	3,355
	52,403
Collateral received and sold or delivered as guarantee by the entity:	
Government debt	41,012
Bank debt	8,032
Other debts securities	3,355
	52,399
Uncollected accrued interest derived from loan portfolio with stage 3 credit risk	172
Other memorandum accounts	257
Total for own accounts	$ 385,970

See accompanying notes to the consolidated financial statements.

Monex, S. A. B. de C. V. and subsidiaries

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

Consolidated statement of comprehensive Income

Year ended December 31, 2022

(Millions of Mexican Pesos)

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

Interest income (note 28)	$	12,588
Interest expense (note 28)		(10,976)
Financial margin		1,612
Allowance for loan losses (note 10)		(327)
Financial margin adjusted for allowance for loan losses		1,285
Commission and fee income (note 28)		1,166
Commission and fee expense		(373)
Financial intermediation income, net (note 28)		9,510
Other operating income, net		220
Administrative and promotional expenses		(7,907)
Income before income taxes		3,901
Income tax (note 23):		(992)
Net income	$	2,909
Other comprehensive income:		
Valuation of cash flow hedge instruments		5
Equity in other comprehensive income of other entities		(342)
Comprehensive income		2,572
Comprehensive income attributable to:		
Controlling interest		2,910
Non-controlling interest		(1)
Comprehensive income attributable to:		
Controlling interest		2,573
Non-controlling interest	$	(1)
Earnings per share	$	4.67

See accompanying notes to the consolidated financial statements.

Monex, S. A. B. de C. V. and subsidiaries

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

Consolidated statement of changes in stockholders' equity

Year ended December 31, 2022

(Millions of Mexican Pesos)

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

		Paid-in capital		Earned capital						
		Capital stock	Additional paid-in capital	Capital reserves	Retained earnings	Valuation of cash flow hedge instruments	Equity in other comprehensive income of other entities	Total Controlling interest	Total non-controlling interest	Total stockholders' equity
Balances as of December 31, 2021, as previously reported	$	2,055	763	499	8,316	8	745	12,386	47	12,433
Retrospective adjustments for error corrections		-	-	-	(123)	-	-	(123)	-	(123)
Balances as of December 31, 2021, adjusted		2,055	763	499	8,193	8	745	12,263	47	12,310
Movements inherent to the decisions of the stockholders:										
Contributions for capital stock increases (note 25)		1,000	-	(3)	-	-	-	997	-	997
Dividend paid (note 25)		-	-	-	(1,350)	-	-	(1,350)	-	(1,350)
Total		1,000	-	(3)	(1,350)	-	-	(353)	-	(353)
Comprehensive income:										
Net income		-	-	-	2,910	-	-	2,910	(1)	2,909
Other comprehensive income:										
valuation of cash flow hedge instruments		-	-	-	-	5	-	5	-	5
Equity in other comprehensive income of other entities		-	-	-	-	-	(342)	(342)	(34)	(376)
Total		-	-	-	2,910	5	(342)	2,573	(35)	2,538
Balances as of December 31, 2022	$	3,055	763	496	9,753	13	403	14,483	12	14,495

See accompanying notes to the consolidated financial statements.

Monex, S. A. B. de C. V. and subsidiaries

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

Consolidated statement of cash flow

Year ended December 31, 2022

(Millions of Mexican Pesos)

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

Cash flows from operating activities:	
Income before income taxes	$ 3,901
Items relating to investment activities:	
Depreciation of furniture and equipment	109
Amortization of intangible assets	728
Impairment of long-lived assets	1
Share in net income of other entities	(1)
Items relating to financial activities:	
Other interests	775
Total	5,513
Changes from operating activities:	
Change in margin accounts (derivative financial instruments)	(152)
Change in investment in financial instruments	(36,273)
Change in debtors on repurchase/resell agreements	3,620
Change in derivative financial instruments (assets)	1,071
Change in loan portfolio, net	(1,183)
Change in other accounts receivable, net	14,780
Change of foreclosed assets, net	(48)
Change in deposit funding	5,404
Change in banks and other borrowings	2,973
Change in creditors on repurchase/resell agreements	32,900
Change in sold/pledged collaterals	(3,058)
Change in derivative financial instruments (liabilities)	(285)
Change in hedging derivative financial instruments (items hedging related to operation activities)	8
Change in employee benefit	337
Change in accounts payable	(10,671)
Change in other provisions	(2,018)
Income taxes paid	(1,435)
Net cash provided by operating activities	11,483
Cash flows from investing activities:	
Proceeds from sale of furniture and equipment	22
Proceeds from acquisition of furniture and equipment	(40)
Acquisition of other entities	(90)
Proceed from acquisition of intangible assets	(454)
Proceed from sale of intangible assets	201
Net cash used in investing activities	(361)
Cash flows from financing activities:	
Payments on lease obligations	(178)
Dividends paid	(1,365)
Common stock reimbursement	997
Interest paid for lease obligations	(51)
Other payments for financing activities	(92)
Net cash provided by financing activities	(689)
Net increase in cash and cash equivalents	10,433
Effects from cash value changes	(1,850)
Cash and cash equivalents at beginning of year	21,188
Cash and cash equivalents at end of year	$ 29,771

See accompanying notes to the consolidated financial statements.

(Millions of Mexican pesos)

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

(1) Description of business and relevant events 2022

Monex, S. A. B. de C. V. ("Monex, S. A. B."), domiciled at Avenida Paseo de la Reforma 284, floor 15th, alcaldía Cuauhtémoc, Colonia Juárez, Mexico City, C.P. 06600, was incorporated in accordance with Mexican law, whose corporate purpose is to promote, establish, organize, acquire and manage any kind of commercial or civil companies in order to be the holder of investments.

The consolidated financial statements as of December 31, 2022 and for the year ended on that date include those of Monex, S. A. B. de C. V. and their subsidiaries. The description of the main activity of its subsidiaries and the rate of shareholding are described below:

	Stock ownership 2022	Main activity and location
Admimonex, S. A. de C. V.	99.99%	A direct subsidiary of Monex, S. A. B. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations or companies, whether commercial, service or any other nature, both domestic and foreign, as well as participate in management or liquidation. Mexico City.
MNI Holding, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. B. as of November 2019. Holding company of Monex Inc, Monex Technology Solutions Ltd and Monex Europe Ltd. Mexico City.
Monex Grupo Financiero, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. B. It was incorporated on May 23, 2003 and is authorized by the Treasury Department of Mexico (SHCP, per Spanish acronym) to operate as a financial group in the manner and terms established by the Regulate Financial Groups law. Due to legal provisions, the Financial Group is unlimitedly liable for the obligations and losses of each of the subsidiary companies. Mexico City.
Servicios Complementarios Monex, S. A. de C. V. (Servicios Complementarios)	99.99%	A direct subsidiary of Monex, S. A. B. whose purpose is to promote, build, organize, exploit, acquire and take part in the capital stock or assets of all kinds of corporations or general partnerships, associations or companies, whether commercial, service or of any other nature, both domestic and foreign, as well as participate in management or liquidation Mexico City
Arrendadora Monex, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. B. whose main activity is to acquire, sell, lease, rent, sublet, use, enjoy, own, license, market, import, export, trade and have the use under any form or legal title, of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories and other goods. Mexico City.

(Continued)

Change in ownership of subsidiary

Monex, S. A. B. de C. V. (Monex) reports that on February 25, 2022, it acquired the remaining portion of the shares of direct subsidiary Arrendadora Monex, S. A. de C. V., in which Monex held a majority interest since June 2018. Arrendadora Monex offers a pure leasing service of all kinds of personal property, equipment, motor vehicles, machinery, specialized equipment, accessories and other goods.

Cancellation of the registration of Monex, S. A. B. shares in the RNV

On August 23, 2022, Monex, S. A. B. de C. V. at the General Extraordinary Stockholder Meeting, the stockholders approved to request the National Banking and Securities Commission (the "Commission") to cancel the registration of the shares representing the capital stock of Monex, S. A. B. in the National Securities Registry (RNV, per Spanish acronym), request the Mexican Stock Exchange to cancel the listing of mentioned shares and, with prior authorization from the Commission, carry out a public offer to acquire up to all of the shares owned by shareholders who are not part of the group of individuals that have control of Monex, S. A. B. at the start date of the offer. (See Subsequent Events note 35).

(2) Authorization and basis of presentation-

Authorization

On April 3, 2023, Mauricio Naranjo González, Chief Executive Officer, Alfredo Gershberg Figot, Chief Financial Officer, José Luis Orozco Ruíz, Internal Audit Director, and José Arturo Álvarez Jiménez, Accountant and Tax Director, authorized the issuance of the accompanying consolidated financial statements and notes related thereto.

In accordance with the General Corporations Law (LGSM, per Spanish acronym), the Monex, S. A. B. by laws and the General Provisions applicable to the Holding Companies of Financial Groups (the Provisions), issued by the Commission, the shareholders and the Commission are empowered to modify the consolidated financial statements after issuance. The accompanying 2022 consolidated financial statements will be submitted for approval at the next Stockholders' Meeting.

Basis of presentation

a) Statement of compliance

The consolidated financial statements are prepared based on banking legislation and in accordance with the Accounting Criteria for Holding Companies of Financial Groups in Mexico (the Accounting Criteria) established in Appendix 1 of the Provisions, and the applicable operating rules, established by the Commission, which is in charge of the inspection and oversight of the holding companies of Financial Groups in Mexico and reviews the financial information.

(Continued)

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

The Accounting Criteria establish that in the absence of specific Accounting Criteria of the Commission for holding companies of financial groups and secondly for banking institutions, or in a broader context, of the FRS, the supplementary bases provided for by FRS A-8 "Supplementary" will be applied, and only in the event that the International Financial Reporting Standards (IFRS) referred to in FRS A-8 fails to provide a solution to the accounting recognition, opting for a supplementary standard that belongs to any other regulatory system will be possible, provided that all the requirements indicated in the aforementioned FRS are met, and the supplementation must be applied in the following order: generally accepted accounting principles in the United States of America (US GAAP) and any accounting standard that is part of a formal and recognized set of standards, as long as the requirements of criterion A-4 "Supplementary Application to Accounting Criteria" of the Commission are met.

b) Use of estimates and judgments

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

Judgments

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

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

Assumptions and estimation uncertainties

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

— Notes 3(g) and 7 – Carrying value of investments in financial instruments.
— Notes 3(k) and 10(h) – Determination of the allowance for loan losses; inputs used in the calculation process.
— Notes 3(i) and 9 – Valuation of derivative financial instruments (IFD, per Spanish acronym);

(Continued)

— Notes 3 and 20 – Tests for impairment of intangible assets and goodwill; key assumptions for the recoverable amount.

Measurement of fair values

Some of Monex, S. A. B.'s accounting policies and disclosures require the measurement of fair values of both financial and non-financial assets and liabilities.

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

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

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

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

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

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

Financial instruments that are valued using an internal Monex, S. A. B. measurement model are not considered as Level 1 under any circumstances.

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

(Continued)

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

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

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

c) Functional and reporting currency

The aforementioned consolidated financial statements are presented in Mexican pesos, reporting, recording and functional currency. Most of the subsidiaries use the Mexican peso as functional currency.
The financial statements of the foreign subsidiaries were translated from the recording and functional currency into Mexican pesos, the reporting currency, prior to consolidation.

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

d) Comprehensive income presentation

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

e) Trade-date recognition of financial assets and liabilities

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

(3) Summary of the main accounting policies-

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

(Continued)

(Millions of Mexican pesos)

(a) Principles of consolidation

The consolidated financial statements include the accounts of Monex, S. A. B. and those of the subsidiaries which it controls. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the financial statements of the subsidiaries as of December 31, 2022, which have been prepared, as appropriate, in accordance with the Accounting Criteria established by the Commission for those entities regulated thereby and in accordance with FRS, IFRS and US GAAP for other entities, as applicable. In those cases in which the subsidiaries and associates do not record operations in accordance with the Accounting Criteria established by the Commission, the most important standardizations were made in order to homogenize the financial information.

(b) Recognizing the effects of inflation

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

December 31,	UDI (in pesos)	Yearly	Cumulative inflation of three previous fiscal years
2022	7.646804	7.58%	19.50%
2021	7.108233	7.61%	14.16%
2020	6.605597	3.22%	11.30%

(c) Translation of foreign currency financial statements

The financial statements of foreign operations are translated into the reporting currency by initially determining if the functional currency and the currency for recording the foreign operations are different and then translating the functional currency to the reporting currency, using the historical exchange rate and/or the exchange rate at year end, and the inflation index of the country of origin when the foreign operation is located in an inflationary economy.

(d) Foreign currency operations

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

(Continued)

(e) Offsetting financial assets and financial liabilities

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

(f) Cash and cash equivalents

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

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

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

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

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

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

(g) Margin accounts

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

(Continued)

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

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

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

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

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

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

(h) Investments in financial instruments

i. Recognition and initial measurement

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

(Continued)

ii. Classification and subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

— It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— The contractual terms thereof give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. (Solely Payment of the Principal and Interest, or SPPI per English acronym).

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

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

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

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

Financial instruments: Business model assessment–

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

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

— How the performance of the portfolio is evaluated and reported to the Monex, S. A. B. management

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

— How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected

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

(Continued)

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

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

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

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

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

In making this assessment, Monex, S. A. B. considers:

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

— terms that could generate leverage

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

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

— prepayment and extension features

— terms that limit Monex, S. A. B.'s claim to cash flows from specific instruments (e.g. non-recourse features).

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

(Continued)

Financial Instruments: Subsequent measurement and gains and losses –

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

iii. Derecognition

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

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

iv. Impairment

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

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

Monex, S. A. B. oversees that the ECL for the impairment of securities issued by a counterparty is consistent with the impairment determined for credits granted to the same counterparty.

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

Value date transactions-

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

(i) Securities under repurchase/resale agreements

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

Acting as seller-

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

(Continued)

Acting as buyer-

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

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

(j) Derivative financial instruments and hedging transactions

Monex, S. A. B. classifies derivative financial instruments (DFI) based on intention into the two categories shown below:

— For trading purposes – Consists of the position assumed by Monex, S. A. B. with the intention of obtaining profits based on changes in fair value.

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

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

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

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

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

(Continued)

Derivatives for trading purposes-

— *Forwards and futures:*

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

— *Options:*

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

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

— *Swaps:*

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

Hedging operations

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

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

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

(Continued)

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

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

Embedded derivatives-

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

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

Credit derivative financial instruments-

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

There are two types of credit derivative financial instruments:

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

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

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

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

(Continued)

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

(k) Offsetting of clearing accounts

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

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

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

(l) Loan portfolio

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

The loan portfolio includes:

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

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

(Continued)

3. Financial leases receivable. Recognition based on the provisions of note 3(p).

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

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

<u>Loan portfolio classification</u>

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

Commercial loans include the credits mentioned below:

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

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

(Continued)

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

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

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

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

INFONAVIT

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

Lines of credit

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

Financial factoring operations, discount and assignment of credit rights

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

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

Assignments of credit rights are financing operations whereby ownership of credit rights is transferred to Monex, S. A. B., which is different from loan portfolio acquisitions.

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

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

<u>Loan portfolio business model</u>

The determination of the business model for the loan portfolio is based on the history of how Monex S. A. B. manages it. Monex, S. A. B. considers the following:

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

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

Monex, S. A. B. annually evaluates the characteristics of the business models to classify the loan portfolio based on the objective thereof, in accordance with the established policies.

Reclassifications of the valuation method

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

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

(Continued)

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

Renegotiations

Renegotiations are considered to be the restructuring and renewals of loan portfolio operations, which are described below:

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

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

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

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

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

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

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

(Continued)

In the case of total renewals, Monex, S. A. B. considers that there is a new loan, therefore the original loan is cancelled.

<u>Credit risk level of the loan portfolio</u>

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

Stage 1

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

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

- When the commercial loan portfolio is overdue 30 schedule days or less.

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

Stage 2

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

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

- When a commercial loan portfolio is more than 30 but less than 90 schedule days overdue.
- When the mortgage and housing loan portfolio is more than a month and up to three months overdue, including those classified as REA.

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

Stage 3

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

1. Those for which Monex, S. A. B. is aware that the borrower has been declared bankrupt.

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

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

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

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

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

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

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

The aforementioned exceptions shall not be mutually exclusive.

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, Monex, S. A. B. considers the following criteria to define when the loans are at Stage 3.

(Continued)

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

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

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

Effect of renegotiations on the level of credit risk.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Sustained credit payment.

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

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

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

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

In instances of INFONAVIT credits , Monex, S. A. B. is obliged to observe the terms said organization agreed with the borrower. Credit payment is considered to be sustained when the borrower has paid without delay the total amount due of principal and interest, at least one amortization for credits under the ROA structure and three amortizations for credits under the REA structure.

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

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

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

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

(Continued)

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

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

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

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

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

Revenue recognition

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

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

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

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

(Continued)

The commissions collected for credit card annuities are initially recognized as a deferred credit and are amortized over a 12-month period in profit or loss of the year under "Commissions and fees income".

(m) Deferred costs

Deferred cost include the net amount between transaction costs and credit-granting commissions.

(n) Allowance for loan losses

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

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

a) The debtor is delinquent for 90 schedule days or more with respect to any credit obligation with Monex, S. A. B., or said credit obligation meets the assumptions to be classified as stage 3 credit risk, described above (see note 3l).

b) It is considered probable that the debtor will not pay all of the credit obligations owed Monex, S. A. B.

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

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

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

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

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

(Continued)

Commercial loan portfolio

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

I. States and municipalities.

II. Projects with own source of payment,

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

IV. Financial entities.

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

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

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

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

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

(Continued)

(Millions of Mexican pesos)

Mortgage and housing portfolio

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

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

Degree of risk of the allowance for loan losses

The allowance for loan losses constituted by Monex, S. A. B. is classified according to the degree of risk, according to the following:

	Ranges of allowance rates			
Risk level	**Mortgage and housing**		**Commercial**	
	From	**To**	**From**	**To**
A-1	0%	0.50%	0%	0.90%
A-2	0.501%	0.75%	0.91	1.5%
B-1	0.751	1.0%	1.51	2.0%
B-2	1.001	1.5%	2.01	2.5%
B-3	1.501	2.0%	2.51	5.0%
C-1	2.001	5.0%	5.01	10.0%
C-2	5.001	10.0%	10.01	15.5%
D	10.001	40.0%	15.51	45.0%
E	40.001	100%	45.01	100%

Write-offs, eliminations and recoveries of loan portfolio

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

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

(Continued)

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

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

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

Reductions, remissions, rebates and discounts on the portfolio

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

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

Cancellation of surpluses in the allowance for loan losses:

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

(o) Other accounts receivable, net

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

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Allowance for irrecoverability or doubtful receivables-

Monex, S. A. B. creates an allowance for irrecoverability or doubtful accounts receivable as described below:

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

Origin of the account receivable	Criteria for recognition of the allowance for irrecoverability or doubtful receivables
Loans to officials and employees, collection rights and other miscellaneous accounts receivable agreed from origination to 90 schedule days.	Monex S.A.B. determines a degree of irrecoverability that consists of determining when and how expected impairment losses of Financial Instruments Receivable (FIR) should be recognized, which is when after the credit risk increased, it is concluded that a portion of FIR's future cash flows will not be recovered and proposes that the expected loss be recognized based on historical credit loss experience, current conditions, and reasonable and supportable forecasts of various quantifiable future events that could affect the amount of the future cash flows to be recovered from the FIRs, for which the allowances must be periodically adjusted based on the experience obtained.
Amortizations of operating leases not settled within 30 schedule days of expiration.	An allowance is created for the total amount.
Other accounts receivable other than the previous ones from unidentified debtors within 60 days or more of having been recorded.	An allowance is created for the total amount.
Other accounts receivable other than the previous ones from unidentified debtors within 60 days or more of having been recorded.	An allowance is created for the total amount.

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

(Continued)

(p) Collection rights

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

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

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

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

(q) Leases

<u>Acting as lessee</u>

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

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

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

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

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

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

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

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

Monex, S. A. B. presents right-of-use assets that do not meet the definition of investment property under "Assets for the right of use of properties", and the lease liabilities under "Lease liabilities", both in the statement of financial position.

Short-term leases and leases of low-value assets

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

(r) Foreclosed assets

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

(Continued)

(Millions of Mexican pesos)

Foreclosed assets are recognized as follows as follows:

a) at the lower of the gross carrying amount of the asset that gave rise to the foreclosure, that is, without deducting the allowance for losses that has been recognized up to that date, and the net realizable value of the assets received, when the intention of the entity is to sell said assets to recover the amount receivable; or
b) at the lower of the gross carrying amount of the asset that gave rise to the foreclosure and the fair value of the asset received when the entity's intention is to use the foreclosed asset for its activities.

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

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

Valuation of foreclosed assets

Foreclosed assets are valued according to the type of asset in question, recording the valuation in profit or loss of the year as "Other operating income".

Monex, S. A. B. recognizes an impairment allowance due to the decline in value due to the passage of time in accordance with the provisions, and is recorded in profit or loss as "Other operating income".

Allowances for possession of property or real estate, foreclosed or received in dation in payment over time, are determined according to what is shown as follows:

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

(Continued)

(Millions of Mexican pesos)

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

Transfer of foreclosed assets for Monex, S. A. B.'s own use

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

(s) Furniture and equipment, net

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

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

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

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

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

(t) Permanent investments in shares-

Investments in subsidiary companies, in which Monex, S. A. B. owns between 50% and 99% of capital stock, are valued by the equity method based on the financial statements as of December 31, 2022, including the share in the deficit of the investment in subsidiary companies, since that Monex, S. A. B. has incurred in legal obligations assumed on behalf of the former.

Other permanent investments in which Monex, S. A. B. owns 50% of capital stock, are recorded at cost and through December 31, 2007, were restated by applying UDI factors.

(Continued)

(u) Income taxes (IT) and Employee Profit Sharing Plan (EPSP)

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

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

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

(v) Prepayments and other assets

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

(w) Intangible assets

Intangible assets with finite useful lives include mainly software, prepayments, operating deposits, and intangible assets generated from the Monex USA and Monex Europe acquisitions.

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

(x) Goodwill

Goodwill represents future economic benefits that are not individually identifiable or separately recognized; and is subject to impairment tests at the end of the reporting period.

(y) Deposit funding

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

(Continued)

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

Overdrafts in the checking accounts of Monex, S. A. B. customers, who do not have a line of credit for such purposes, are classified as overdue debts under "Accounts receivable" and Monex, S. A. B. simultaneously creates an irrecoverability allowance for such classification for the total amount of said overdraft, at the time such event occurs.

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

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

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

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

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

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

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

Traditional deposit interest is recognized in profit or loss as accrued under “Interest expense”.

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

(Continued)

(z) Bank and other borrowings

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

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

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

If Monex, S. A. B. receives a loan with a contractual interest rate that is substantially out of market, but a commission is paid in advance at the beginning of the loan when determining the effective interest rate based on the previous paragraphs, such commission must be taken into account.

(aa) Sundry creditors and other accounts payable

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

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

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

No provision is recognized if the aforementioned conditions are not met.

(Continued)

(bb) Employee Benefits

Short-term direct benefits

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

Long-term direct benefits

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

Termination benefits

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

Post-Employment Benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized in results as the related services are rendered by the employees. Contributions paid in advance are recognized as an asset to the extent that the advance payment results in a reduction in future payments or a cash refund.

Defined benefit plans

The net obligation of Monex, S. A. B. corresponding to the defined benefit plans for pension plans and seniority premium is calculated separately for each plan, estimating the future benefit amount employees have earned in the current and prior years, discounting said amount and deducting the fair value of plan assets from it.

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

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

(Continued)

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

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

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

(cc) Revenue recognition

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

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

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

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

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

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

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

(Continued)

Commissions earned from fiduciary operations are recognized in results as they are earned.

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

(dd) Business and credit concentration

Interest income from the markets area represents 95% of Monex, S. A. B.'s total interest income in 2022. Monex, S. A. B. products are marketed to a large number of customers, without no significant concentration on any specific customer.

Funding available to Monex, S. A. B. is through a funding line with Nacional Financiera (NAFIN) for $2,000, and a line of $1,700 with with FIRA (Fideicomiso Instituido en Relación a la Agricultura) used for guarantees. Approximately 5% of the funding in 2022 comes from these funders.

Monex, S. A. B. has 6 main suppliers, from whom approximately 81% of the total purchases were made during 2022.

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

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

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

(ff) Memorandum accounts

Assets or commitments that are not part of the consolidated statement of financial position of Monex, S. A. B. are recorded in memorandum accounts, since the rights thereto are not acquired, or said commitments are not recognized as liabilities of the entities until said contingencies materialize.

– *Contingent assets and liabilities:*

Formal claims. that may entail a liability received by Monex, S. A. B are recorded.

– *Credit commitments:*

The balance represents the amount in letters of credit granted by Monex, S. A. B. that are considered irrevocable commercial loans not drawn down by the borrowers and authorized credit lines not exercised.

Items recorded in this account are subject to scoring.

(Continued)

– *Assets in trust or mandate:*

Monex, S. A. B. records the operations of Assets or Trusts in memorandum accounts according to the following:

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

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

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

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

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

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

The mandate records the declared value of the assets subject to the mandate contracts entered into by Monex, S. A. B.

The recognition of income from trust management is recognized on an accrued basis.

Accrual of such income is suspended when the debt related thereto are in default for 90 or more schedule days. Accrual will resume when the outstanding debt is paid in full.

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

– *Assets in custody or under management:*

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

(Continued)

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

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

– *Collateral received by the entity:*

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

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

This balance represents the total collateral received and sold or given as a guarantee, when Monex, S. A. B. acts as a buyer or borrower.

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

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

– *Other memorandum accounts:*

As of December 31, 2022, other memorandum accounts amount of $257, which comprised mainly stage 3 loan portfolio.

– *Cash from customers and securities received in custody, guarantee and management:*

The cash and securities owned by clients that are held in custody, guarantee and management at Monex, S. A. B. are reflected in the respective memorandum accounts and valued at fair value based on the price provided by the price provider, thus representing the highest expected amount for which Monex, S. A. B. would be liable to the clients for any future contingency.

a. Cash is deposited in credit institutions in checking accounts other than those of Monex, S. A. B.

b. The securities in custody and management are deposited in S.D. Indeval.

Monex, S. A. B. records operations on behalf of clients on the date the operations are arranged, regardless of the settlement date.

– *Guarantees given:*

The balance represents the total commitment amounts as of a certain date. As the third party with whom the commitment is made settles the obligations that have been guaranteed, the entity must cancel such amounts from the records.

(gg) Contingencies

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

(Continued)

(Millions of Mexican pesos)

(hh) Earnings per share

This represents the result of dividing profit or loss for the year by the weighted average number of outstanding shares at the end of the period. For the year ended December 31, 2022, earnings per share is $4.67 pesos.

(4) Accounting changes

Accounting criteria issued by the Commission

Modification to the accounting criteria

Amendments to the General Provisions applicable to holding companies of financial groups, including those related to the determination of credit reserves and accounting.

On December 4, 2020, the Federal Gazette published the amending resolution to the General Provisions applicable to Holding Companies of Financial Groups, which show the changes presented below.

The accounting criteria are modified as follows:

	Series A. Criteria related to the general structure of accounting for credit institutions	
A-1 Basic outline of the set of accounting criteria applicable to credit institutions	A-1 Basic outline of the set of accounting criteria applicable to credit institutions	No changes.
A-2 Application of particular rules	A-2 Application of particular rules	The following FRS issued by the CINIF are added as applicable, establishing distinctive features in some of them: FRS B-5 "Financial information by segments". The impact is not material. FRS B-11 "Disposal of long-lived assets and discontinued operations" The impact is not material. FRS B-12 "Offsetting financial assets and financial liabilities" The impact is not material. FRS B-17 "Determination of fair value". Impact on the valuation of instruments that are not valued by a price provider. The impact is not material. FRS C-2 "Investment in financial instruments". Impact on presentation given the classification of investments in financial instruments according to the business model and the valuation based on said model. FRS C-9 "Provisions, contingencies and commitments". Impact is not material. FRS C-10 "Derivative financial instruments and hedging relationships". The impact is not material. FRS C-12 "Financial instruments with liability and equity characteristics" The impact is not material. FRS C-13 "Related parties". The impact is not material. FRS C-14 "Transfer and derecognition of financial assets". The impact is not material. FRS C-16 "Impairment of financial instruments receivable". It has an impact on the determination of impairment of financial instruments receivable, principal and interest, according to risk stages 1 to 3. FRS C-19 "Financial instruments payable". Application to deposits, interbank loans and other organizations is considered. FRS C-20 "Financial instruments to collect principal and interest". Impact on the valuation of the instruments that are considered under this business model and that previously applied a different valuation at amortized cost. FRS D-1 Income from contracts with customers. The impact is not material. FRS D-2 Costs for contracts with customers. The impact is not material.

(Continued)

		FRS D-5 Leases. Impact on leases where Monex, S. A. B. is the lessee since it recognizes the right-of-use asset for the leased assets and recognizes the liability. In profit or loss, the right-of-use asset is depreciated based on the useful life, while the liability generates interest at the effective interest rate of the lease or the market and is settled as paid.
A-3 Application of general rules	A-3 Application of general rules	No changes
A-4 Supplementary application to the accounting criteria	A-4 Supplementary application to the accounting criteria	No changes
	Series B. Criteria related to the items that make up the financial statements	
B-1 Availabilities	B-1 Cash and cash equivalents	The name of the item and the accounting criteria are changed. The definition of Investments available on demand is added, considering a maturity period of 48 hours from acquisition.
B-2 Investments in securities	B-2 Repealed	It is repealed, but the new accounting criteria A-2 establishes the application of FRS C-2 "Investment in financial instruments", FRS C-20 "Financial instruments to collect principal and interest" and FRS C-16 "Impairment of instruments Financial instruments receivable. The classification of financial instruments based on the intention of management is eliminated and a new classification of financial instruments is established according to the business model applied by Monex, S. A. B., which can be for trading purposes, to collect principal and interest, or to collect and sell.
B-3 Repurchase/ resale agreements	B-3 Repurchase/ resale agreements	The obligation to offset the collateral given in cash recorded as a liability against repo debtors is eliminated when the instruments have been given as collateral in another repo transaction.
B-4 Securities lending	B-4 Securities lending	The definition of amortized cost is modified.
B-5 Derivatives and hedging transactions	B-5 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-10 "Derivative financial instruments and hedging relationships"
B-6 Loan portfolio	B-6 Loan portfolio	The accounting criterion is substantially modified: It is established that the loan portfolio is evaluated according to the business model. Established as business models: to collect principal and interest, to collect and sell, for trading purposes. The classification of the current portfolio is eliminated and a classification by risk stage is established as stage 1, stage 2 and stage 3. The manner in which the credit-related commissions received and transaction costs are amortized is modified. The methodology for determining the effective interest rate for the valuation of the loan portfolio based on the applicable business model is incorporated.
B-7 Foreclosed assets	B-7 Foreclosed assets	The value of the initial recognition of the foreclosed assets is modified, which will depend on Monex, S. A. B.'s intended use for these assets. The impact is immaterial.
management	B-9 Custody and management of assets	Virtual assets are added as goods that are subject to custody and management. The impact is immaterial.
B-10 Trusts	B-10 Trusts	No changes
	Series C. Criteria applicable to specific items	
C-1 Recognition and derecognition of financial assets	C-1 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-14 "Transfer and derecognition of financial assets". The impact is immaterial.
C-2 Securitization operations	C-2 Securitization operations	No changes.
C-3 Related Parties	C-3 Repealed	It is repealed, but new accounting criteria A-2 establishes the application of FRS C-13 "Related parties". The impact is immaterial.
C-4 Information by segments	C-4 Repealed	It is repealed, but new accounting criterion A-2 establishes the application of FRS B-5 "Financial information by segments", establishing at least the operating segments that were already defined in previous accounting criterion C-4. The impact is immaterial.

(Continued)

(Millions of Mexican pesos)

Series D. Criteria related to the basic financial statements

D-1 Balance sheet	D-1 Statement of financial position	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-2 Income statement	D-2 Statement of Comprehensive Income	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-3 Statement of changes in stockholders' equity	D-3 Statement of changes in stockholders' equity	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.
D-4 Statement of cash flows	D-4 Statement of cash flows	Change of the name of the financial statement and the presentation, including the changes in the names of the items according to the new accounting criteria.

Effective FRS issued by the CINIF in the year 2022

On December 27, 2017, the Commission announced, through the Federal Gazette (DOF), in the Fourth Transitory article of the 105th amending resolution, the incorporation of the new FRS issued by the CINIF within accounting criterion A-2 "Application of Specific Standards" contained in Appendix 33 of the Provisions, which established January 1, 2019 as the application and effective date of the FRS mentioned for credit institutions. However, on November 4, 2019, the Commission announced, through the DOF, the reform to the aforementioned transitory article that established January 1, 2021 as application and effective date. However, through a subsequent amendment to said article published in the DOF on December 4, 2020 and the publication of December 30, 2021, January 1, 2022 was established as application and effective date of said FRS. The FRS that are incorporated into accounting criteria A-2 of the aforementioned amending resolution are the following:

- ***FRS B-17 "Fair value determination" –*** This FRS defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is mentioned that the fair value is a determination based on the market and not on a specific value of an asset or a liability for Monex, S. A. B. and that, when determining the fair value, the entity must use assumptions that market participants would use when set the price of an asset or a liability under current market conditions at a given date, including assumptions about risk. As a result, the entity's intention to hold an asset or settle, or otherwise satisfy a liability, is not relevant in determining fair value.
- ***FRS C-3 "Accounts receivable" - The main characteristics issued for this FRS are shown below:***
  - Renders Bulletin C-3 "Accounts Receivable" ineffective.
  - Specifies that contract-based accounts receivable represent a financial instrument, while some of the other accounts receivable generated by a legal or tax provision, may have certain characteristics of a financial instrument, such as earning interest, but they are not themselves financial instruments.
  - It establishes that the allowance for irrecoverability for commercial accounts receivable is recognized from the moment the income is accrued, based on the expected credit losses.

(Continued)

- It establishes that, from initial recognition, the time value of money must be considered, therefore, if the effect of the present value of the account receivable is important based on the term, it must be adjusted based on such present value. The effect of the present value is material when payment of the account receivable is agreed, totally or partially, for a term greater than one year, since this gives rise to a financing operation.

- ***FRS C-9 "Provisions, contingencies and commitments" –*** FRS C-9 renders Bulletin C-9 "Liabilities, provisions, assets and contingent liabilities and commitments" not effective, the scope is reduced by relocating the topic related to the accounting treatment of financial liabilities in FRS C-19 "Financial instruments payable" and the definition of liability is modified by eliminating the term "virtually unavoidable" and including the term "probable".

- ***FRS C-16 "Impairment of financial instruments receivable" –*** FRS C-16 indicates that, to determine the recognition of the expected loss, the historical experience of the entity with credit losses, the current conditions and the reasonable and sustainable forecasts of the different quantifiable future events that could affect the amount of future cash flows to be recovered from the FIR should be considered.

It also indicates that the expected loss should be recognized when, after the credit risk increased, it is concluded that a portion of the future cash flows of the FIR will not be recovered.

- **FRS C-19 "Financial instruments payable" - The main characteristics issued for this FRS are shown below:**

  - The possibility of valuing, certain financial liabilities at fair value after initial recognition is established, when certain conditions are met.

  - Value long-term liabilities at present value upon initial recognition.

  - When restructuring a liability, without substantially modifying the future cash flows to settle it, the costs and commissions incurred in this process will affect the amount of the liability and will be amortized at a modified effective interest rate, instead of directly affecting the net profit or loss.

  - It incorporates the provisions of IFRIC 19 "Extinction of Financial Liabilities with Equity Instruments", a topic that was not included in the existing regulations.

  - The effect of extinguishing a financial liability must be presented as a financial profit or loss in the consolidated statement of comprehensive income.

  - It introduces the concepts of amortized cost to value financial liabilities and the effective interest method, based on the effective interest rate.

(Continued)

- ***FRS C-20 "Financial instruments to collect principal and interest"- The main characteristics issued for this FRS are shown below:***

- The way of classifying financial instruments in assets is modified, since the concept of intention to acquire and hold them to determine classification is discarded, instead the concept of management business model is adopted.

- In this classification, financial instruments whose objective is to collect the contractual cash flows and obtain a profit for the contractual interest that they generate, having a loan characteristic, are grouped.

- They include both financial instruments generated by sales of goods or services, financial leases or loans, as well as those acquired in the market.

- ***FRS D-1 "Revenue from contracts with customers"- The main characteristics issued for this FRS are shown below:***

  - The transfer of control, basis for the timing of revenue recognition.
  - The identification of the obligations to be fulfilled in a contract.
  - The allocation of the transaction price among the obligations to be fulfilled based on the independent sales prices.
  - The introduction of conditional account receivable.
  - Recognition of collection rights.
  - Income valuation.

- ***FRS D-2 "Costs for contracts with customers"-*** The main change in this standard is the separation of the regulations relating to the recognition of income from contracts with clients from the regulations corresponding to the recognition of costs for contracts with clients.

- ***FRS D-5 "Leases"-*** FRS D-5 renders Bulletin D-5 "Leases" not effective and the main aspects covered by this FRS are the following:

- A single lease recognition model is introduced by the lessee and requires the lessee to recognize the assets and liabilities of all leases with a term of more than 12 months unless the underlying asset is of low value.

- The classification of leases as operating or financial (capital) for a lessee is eliminated, and the lessee recognizes a lease liability at present value that represents an obligation to make the lease payments and an asset for the right of use for the same amount, which represents the right to use the underlying leased asset.

- The operating straight-line lease expense is replaced with an expense for depreciation or amortization of the right-of-use assets (in operating expenses) and an interest expense on lease liabilities (in the comprehensive financing result).

(Continued)

- The recognition of gain or loss when a seller-lessee transfers an asset to another entity and leases that asset back, is modified.
- The presentation of cash flows related to previous operating leases is modified. Cash outflows from operating activities are reduced, with an increase in cash outflows from financing activities.
- The recognition of leases by the lessee changes significantly, however, the accounting recognition by the lessor is unchanged from the previous Bulletin D-5.

Financial reporting standards issued by the CINIF

New FRS 2022-

Improvements to FRS 2022-

In December 2021, the CINIF issued a document named "Improvements to FRS 2022", which contains specific modifications to some existing FRS. The main improvements that generate accounting changes with retrospective effects are the following:

FRS D-3 "Employee Benefits"- FRS D-3 establishes the bases for recognizing uncertain tax treatments in current and deferred EPSP, as well as disclosure requirements in this regard. This improvement is effective for the period starting January 1, 2022, although early application for the year 2021 is allowed. Accounting changes that arise must be recognized retrospectively or partially retrospectively. The changes derived from this adoption in the financial statements as of December 31, 2021 and in the statement of financial position as of January 1, 2022 did not generate any significant accounting effect.

FRS D-4 “Income Taxes”- FRS D-4 establishes the bases for recognizing uncertain tax treatments in current and deferred income taxes, , as well as the disclosure requirements in this regard. Likewise, it includes rules for the recognition of income taxes generated by dividends paid. These improvements are effective for periods starting Januar 1, 2022, although early application for the year 2021 is allowed. Accounting changes that arise must be recognized retrospectively or partially retrospectively. The changes derived from this adoption in the financial statements as of December 31, 2021 and in the statement of financial position as of January 1, 2022 did not generate any significant accounting effect.

ii. Initial application of the cumulative effect of accounting changes

Derived from the initial adoption of the Accounting Criteria that came into effect on January 1, 2022 referred to in the previous paragraph, the effects recognized (net of deferred taxes) in the consolidated statement of comprehensive income of Monex, S. A. B., are shown below:

(Continued)

Consolidated statement of financial position		**Initial balance as of January 1, 2022**	**Adjustment for adoption of new criteria**	**Adjusted balance as of January 1, 2022**
Assets				
Derivative financial instruments – Credit Value Adjustment	$	-	(9)	(9)
Expected Credit Loss – Loan Portfolio		486	28	514
Total assets	$	**486**	**19**	**505**

(5) Foreign currency position-

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

The foreign currency position of the most important subsidiaries as of December 31, 2022, expressed in millions of dollars and the valuation in pesos is analyzed as follows:

Bank

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

(Millions of Mexican pesos)

Position valued in pesos		**Long**	**Short**	**Net**
USD	$	160,704	160,902	(198)
EUR		11,438	11,265	173
JPY		77	77	-
CNY		5	1	4
AUD		3	2	1
CAD		96	94	2
CHF		65	62	3
GBP		4,420	4,424	(4)
GTQ		1	-	1
KRW		10	5	5
SEK		38	42	(4)
	$	**176,857**	**176,874**	**(17)**

Brokerage Firm

Dollar position	**Initial position**	**Long**	**Short**	**Final position**
USD	3	148	148	3
Position valued in pesos				
USD	50	$2,894	2,894	50
EUR	-	14	14	(2)
	50	**$2,908**	**2,908**	**48**

The exchange rate in relation to the dollar, as of December 31, 2022, was $19.5089 pesos per dollar and as of April 3, 2023, the date of approval of the consolidated financial statements, it was $18.0539 pesos per dollar.

(6) Cash and cash equivalents-

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

Cash on hand	$	34
Deposits in domestic banks		9,126
Deposits in foreign banks		11,223
Foreign currency sales		(9,511)
Restricted cash and cash equivalents:		
Foreign currency purchase		9,511
Monetary regulation deposits in the Central Bank		4,257
Cash and cash equivalents by auction		5,093
Immediate payment documents		10
Collateral in USD in repo transactions		28
	$	**29,771**

(Millions of Mexican pesos)

The restriction on the purchase of foreign currency consists of the fact that such foreign currency has not yet been received by Monex, S. A. B. and, therefore, it cannot make use of them as of the date of the consolidated statement of financial position.

The currency restriction will be on the agreed settlement date of such transactions, which, as of December 31, 2022, is between 1 and 4 days.

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

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

		Pesos	Valuated currencies	Total
Central Bank	$	554	1,673	2,227
Domestics Banks		5,436	1,462	6,898
Foreign Banks		2	11,221	11,223
	$	**5,992**	**14,356**	**20,348**

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

Pursuant to the monetary policy established by the Central Bank for the purpose of regulating liquidity in the money market, Monex, S. A. B. is obliged to maintain monetary regulation deposits for indefinite terms, such deposits amount to $39, which accrue interest at the bank deposit average rate . Deposit interest is payable every 28 days applying the rate established in the regulation issued by the Central Bank.

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

<u>Balance in source currency</u>

Currency		Currencies to be received	Currencies to be given
USD	$	357	400
EUR		71	41
GBP		23	18
CAD		27	23
CHF		-	1
Other currencies		321	10
	$	**799**	**493**

(Continued)

(Millions of Mexican pesos)

Balance valued in pesos

Currency		Currencies to be received	Currencies to be given
USD	$	6,960	7,804
EUR		1,485	861
GBP		539	412
CAD		394	333
CHF		8	24
Other currencies		125	77
	$	**9,511**	**9,511**

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

Counterparty		**Currencies to be received**	**Currencies to be delivered**
CLS Bank	$	5,245	-
Barclays		1,605	1,402
Goldman Sachs International		1,094	1,951
Macquarie		382	-
UBS Ag		-	975
De Acero, S. A. P. I. de C. V.		-	527
Other counterparties		1,185	7,892
	$	**9,511**	**12,747**

(7) Investments in financial instruments-

a) Accounting value

The analysis of investments in financial instruments for each category and type of instrument as of December 31, 2022; based on the business models determined by Monex, S. A. B., including levels in the fair value hierarchy is shown in the next page.

(Millions of Mexican pesos)

		Domestic	Foreign
Negotiable financial instruments (NFI):			
Debt instruments:			
Government Securities-			
Treasury Bills (CETES)	$	23,151	-
Federal Government Development Bonds (BONDS)		17,232	-
Bonds M, M0 and M7		3,632	-
Federal Government Development Bonds in UDIS (UDIBONDS)		350	-
Savings Protection Bonds (BPAT's)		48,478	-
United Mexican States (UMS) Bonds		-	4,523
Debt bonds		-	774
Private securities-			
Stock Certificates (others)		15,738	490
Private bank securities-			
Bank stock certificates		5,785	90
Certificates of deposit (CEDES)		2,776	-
Capital market instruments:			
Publicly traded shares		272	-
Investments in investment companies		131	-
Value date operations:			
Government Securities-			
Bonds M, M0 and M7		(2,080)	-
Investments in investment companies		11	-
Securities lending restricted			
Treasury Bills (CETES)		17	-
Total negotiable financial instruments	$	**115,493**	**5,877**

		Domestic	Foreign
Fair value:			
Level 1	$	115,493	5,877

Debt securities classified as NFI have interest rates ranging between 3.83% and 13.1% and maturities fluctuate between 2 months and more than 5 years.

As of December 31, 2022, NFI include restricted securities, mainly in repurchase agreements, for $112,422.

		Domestic
Financial instruments to collect or sell (FICS):		
Debt instruments:		
Private securities-		
Stock Certificates (others)	$	451

(Continued)

(Millions of Mexican pesos)

Total financial instruments to collect or sell	$	**451**
Fair value:		
Level 1	$	451
Total	$	**451**

Debt securities classified as FICS have interest rates that reach up to 11.73% and maturities fluctuate on average between 1 and 5 years.

As of December 31, 2022, the FICS include restricted securities.

		Domestic
Financial instruments to collect principal and interest (FICPI):		
Debt instruments:		
Government Securities-		
Federal Government Development Bonds in UDIS (UDIBONDS)	$	393
United Mexican States Bonds (UMS)		666
Private securities-		
Stock Certificates (others)		2,056
Total Financial instruments to collect principal and interest	$	**3,115**

Debt securities classified as FICPI have interest rates ranging between 2.17% and 7.34% and maturities fluctuate on average from 1 year to more than 5 years.

The FICPI are denominated mainly in Mexican pesos, they include restricted securities of $778 of collateral in repurchase agreements.

b) Category reclassifications

During 2022, Monex, S. A. B. did not carry out any transfers between categories.

c) Effects recognized in profit or loss and OCI

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

Gain and loss for purchase/sale		
NFI	$	1,086
Income/loss valuation		
Recognized in results		
NFI	$	(206)

(Continued)

(Millions of Mexican pesos)

The interest income and expenses accrued by the investments in financial instruments recognized in profit or loss of fiscal year 2022 are presented below:

Interest income		
NFI	$	5,524
FICPI		129
	$	**5,653**

d) Impairment

The effects of impairment and impairment reversals recognized by Monex, S. A. B. in 2022 are presented below:

Impairment:		
FICPI	$	(2)

The effects of impairment recognized in 2022 were caused by migration to a lower rating level.

(8) Repurchase/resale agreements-

a) Debtors under repurchase agreements

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

Securities		Debtors under repurchase agreements	Collateral sold or pledged as guarantee
Debt securities			
Government debt			
Federal Government Development Bonds (BONDS)	$	600	600
Bonds M, M0 and M7		-	(3)
Savings Protection Bonds		-	(5)
United Mexican States Bonds (UMS)		-	13
Debt bonds		-	(1)
		600	604
Banking debt			
Bank Stock Certificates		-	(9)
Development Certificates (CEDES)		-	(4)
		-	(13)
Other debt securities			
Stock Certificates (others)		-	(29)
Equity securities			
Securities lending - NAFTRAC		-	15
	$	**600**	**577**

(Millions of Mexican pesos)

The average terms of repurchase agreements in which Monex, S. A. B. acted as repurchase that are current as of December 31, 2022 are from 5 days to 91 days.

Interest and yields in favor of repurchase agreements entered into by Monex, S. A. B. recognized under "Interest income" amounted to $3,733 for the year ended December 31, 2022.

b) Creditors under repurchase/resale agreements

As of December 31, 2022, creditors under resale agreements include the following:

Securities		
Debt securities		
Treasury Bills (CETES)	$	23,027
Federal Government Development Bonds (BONDS)		16,528
Bonds M, M0 and M7		3,591
Federal Government Development Bonds in UDIS (UDIBONDS)		349
Savings Protection Bonds (BPAT's)		47,942
United Mexican States Bonds (UMS)		3,973
Debt bonds		678
		96,088
Banking debt		
Bank Stock Certificates		5,372
Development Certificates (CEDES)		2,709
		8,081
Other debt Securities		
Stock Certificates (others)		8,382
	$	**112,551**

The average terms of the repurchase agreements in which Monex, S. A. B. acted as reseller that are current as of December 31, 2022 range from 4 days to 91 days.

The interest and returns payable in repurchase agreements entered into by Monex, S. A. B. recognized under "Interest expense" amounted to $9,558 for the year ended December 31, 2022.

(Continued)

(Millions of Mexican pesos)

c) Collateral in Creditors under repurchase/resale agreement

The integration of the collaterals received for repurchase agreements, as well as the collaterals received and sold or given in guarantee as of December 31, 2022, is analyzed as follows:

Security		Collateral received
Debt security		
Government debt		
Federal Government Development Bonds (BONDS)	$	600
Bonds M, M0 and M7		(3)
Savings Protection Bonds (BPAT's)		(5)
United Mexican States Bonds (UMS)		13
Debt bonds		(1)
		604
Banking debt		
Bank Stock Certificates		(9)
Development Certificates (CEDES)		(4)
		(13)
Other debt Securities		
Stock Certificates (others)		(29)
	$	(29)
Equity securities		
Securities lending – NAFTRAC	$	15
	$	**577**

(9) Derivative financial instruments-

a) Derivatives for trading purposes

The breakdown of financial operations derived from FDI for trading purposes in force as of December 31, 2022 is presented in the following page.

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Instrument	Transaction		Fair value Asset	Fair value Liability	Net balance Debtor	Net balance Creditor
Futures	Purchase	$	4,458	4,571	5	117
Futures	Sale		570	580	-	11
Options	Purchase		1,614	-	1,475	-
Options	Sale		-	746	-	607
Forwards	Purchase		75,718	75,332	814	550
Forwards	Sale		73,883	73,236	1,110	343
SWAP	Purchase		54,554	-	5,280	-
SWAP	Sale		-	55,042	-	5,768
Impairment			-	-	(15)	-
		$	**210,797**	**209,507**	**8,669**	**7,396**

The FDI by hierarchy level as of December 31, 2022 are shown below:

Fair value:		Asset	Liability
Level 1	$	3,216	3,526
Level 2		5,468	3,870
Total	$	**8,684**	**7,396**

Notional amounts

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

Instrument	Transaction	Market		Notional amount		Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Futures									
Foreign exchange									
USD	Purchase	Recognized	$	3,566	$	3,630	246	-	-
USD	Sale	Recognized		-		457	-	-	7
EUR	Purchase	Recognized		73		74	-	2	-
MXN	Purchase	Recognized		253		249	3,820	3	118
MXN	Sale	Recognized		470		-	464	-	-
						4,410	4,530	5	125
Rates									
TIEF	Purchase	Recognized	$	504	$	504	504	-	-
TIEF	Sale	Recognized		13		13	14	-	-
						517	518	-	-
Values									
Securities	Sale	Recognized	$	101	$	101	104	-	3
					$	**5,028**	**5,152**	**5**	**128**

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Instrument	Transaction	Market	Notional amount	Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Forwards foreign exchange							
USD	Purchase	OTC	$ 94,143	$ 69,452	37,134	351	42
USD	Sale	OTC	108,084	4,419	67,188	722	87
EUR	Purchase	OTC	46,179	4,267	75	344	75
EUR	Sale	OTC	32,234	150	4,125	176	38
MXN	Purchase	OTC	492	-	31,269	(3)	419
MXN	Sale	OTC	482	62,251	-	1	161
GBP	Purchase	OTC	16,383	1,951	865	90	17
GBP	Sale	OTC	18,703	980	1,851	151	37
CAD	Purchase	OTC	947	7	5,940	7	2
CAD	Sale	OTC	2,009	5,963	4	27	7
CHF	Purchase	OTC	1,244	24	8	24	1
CHF	Sale	OTC	123	9	-	1	-
JPY	Purchase	OTC	1,984	-	2	1	2
JPY	Sale	OTC	617	17	-	17	-
SEK	Purchase	OTC	45	17	-	-	-
SEK	Sale	OTC	80	-	17	6	-
INR	Purchase	OTC	-	-	7	-	-
INR	Sale	OTC	-	7	-	-	-
AUD	Purchase	OTC	3	-	-	-	-
AUD	Sale	OTC	3	-	-	-	-
CNY	Purchase	OTC	14	-	-	-	-
CNY	Sale	OTC	70	-	-	-	-
CZK	Purchase	OTC	123	-	-	-	-
CZK	Sale	OTC	305	-	-	-	-
HUF	Purchase	OTC	4	-	-	-	-
HUF	Sale	OTC	23	1	1	1	1
NOK	Sale	OTC	14	1	-	1	-
PLN	Purchase	OTC	59	-	-	-	-
PLN	Sale	OTC	91	-	-	-	-
SGD	Purchase	OTC	233	-	-	-	-
SGD	Sale	OTC	331	-	-	-	-
CZR	Purchase	OTC	85	-	4	-	4
CZR	Sale	OTC	86	5	-	5	-
NZD	Purchase	OTC	300	-	-	-	-
NZD	Sale	OTC	303	-	-	-	-
				149,521	148,490	1,922	893
Values							
Securities	Purchase	OTC	1	1	1	-	-
Securities	Sale	OTC	15	79	77	2	-
				80	78	2	-
				$ 149,601	**148,568**	**1,924**	**893**

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Instrument	Transaction	Market	Notional amount	Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Options							
Foreign exchange							
USD	Purchase	OTC	$ 10,914	$ 167	-	4	-
USD	Sale	OTC	15,807	-	141	-	4
EUR	Purchase	OTC	378	7	-	-	-
EUR	Sale	OTC	378	-	7	-	-
MXN	Purchase	OTC	-	-	-	95	-
MXN	Sale	OTC	-	-	-	-	69
				174	148	99	73
Rates							
TIIE	Purchase	OTC	$ 37,108	987	-	1,074	-
TIIE	Sale	OTC	30,121	-	505	-	478
LIBOR	Purchase	OTC	487	20	-	74	-
LIBOR	Sale	OTC	680	-	42	-	33
SOFR	Purchase	OTC	12,152	433	-	228	-
SOFR	Sale	OTC	820	-	46	-	18
				1,440	593	1,376	529
Values							
Securities	Sale	Recognized	$ 144	-	5	-	5
				-	5	-	5
Index							
IPC	Sale	Recognized	$ 1	-	-	-	-
				$ 1,614	**746**	**1,475**	**607**

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Instrument	Transaction	Market	Notional amount	Fair value Asset	Fair value Liability	Net balance Debit*	Net balance Credit
Swaps							
Foreign exchange							
USD	Purchase	OTC	$6,990	$ 6,950	-	283	-
USD	Sale	OTC	7,197	-	7,324	-	303
EUR	Purchase	OTC	1,500	1,531	-	7	-
EUR	Sale	OTC	1,499	-	1,527	-	6
MXN	Purchase	OTC	5,820	5,724	-	142	-
MXN	Sale	OTC	5,547	-	5,295	-	149
UDI	Purchase	OTC	-	-	-	-	-
UDI	Sale	OTC	136	-	139	-	54
				14,205	14,285	432	512
Rates							
TIIE	Purchase	Recognized	207,229	31,213	-	3,141	-
TIIE	Sale	Recognized	-	-	31,288	-	3,215
SOFR	Purchase	Recognized	15,219	1,283	-	70	-
SOFR	Sale	Recognized	-	-	1,391	-	178
TIIE	Purchase	OTC	35,919	4,647	-	170	-
TIIE	Sale	OTC	-	-	4,972	-	547
LIBOR	Purchase	OTC	23,640	2,825	-	1,465	-
LIBOR	Sale	OTC	-	-	2,691	-	1,262
SOFR	Purchase	OTC	2,250	381	-	2	-
SOFR	Sale	OTC	-	-	415	-	54
				40,349	40,757	4,848	5,256
				54,554	55,042	5,280	5,768
				$ 210,797	**209,509**	**8,684**	**7,396**

* The account balance is shown without the $(15) impairment effect .

b) Derivatives for hedging purposes-

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

Instrument	Operation	Fair value Asset	Fair value Liability	Net balance Debit	Net balance Credit
Fair value hedge					
Swaps	Purchase	$ 170	120	50	-

(Continued)

(Millions of pesos)

Fair value hedge

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

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

c) Impairment

The effects of impairment and impairment reversals recognized by Monex, S. A. B. in the year 2022 are presented below:

Derivative financial instruments for trading purposes	$	(15)

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

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

(Millions of pesos)

d) Collateral in derivative operations

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

As of December 31, 2022, the margin accounts include guarantees given in cash for financial operations carried out in recognized and unrecognized markets for $4,724.

The breakdown of collateral given and received by Monex, S. A. B. as of December 31, 2022 is presented below:

Market		Collateral given	Collateral received
Recognized	$	1,157	-
OTC		776	4,724
	$	**1,933**	**4,724**

Monex, S. A. B. does not have the right to sell or give as guarantee the collateral received in debt instruments and equity instruments for the derivative financial operations carried out.

(10) Loan portfolio-

Credit policies and procedures

Monex, S. A. B. has the following types of loans:

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

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

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

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

Monex, S. A. B. classifies the credits into the following stages of credit risk for the commercial portfolio from initial recognition, depending on a significant increase in credit risk shown, according to the following:

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

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

a. The amount of the past due loan is less than 5 percent of the total amount of all the loans that the borrower has from Monex, S. A. B. at the time of rating.
b. For obligations that are not recognized by the client and for which, on the date of the risk level rating, there is a claim or clarification procedure with Monex, S. A. B.
c. Monex, S. A. B. carries out a qualitative and quantitative evaluation that allows determining that the delinquency regarding the credit derives from operational issues, and that they do not represent a significant increase in the credit risk of the borrower, for which the credit should not be more than 60 days past due.
d. Monex, S. A. B. will consider at least the following elements in the qualitative and quantitative evaluation:

i. Actual or expected significant changes in the external rating of the borrower or credit, granted by a Rating Institution recognized by the Commission, when said rating exists.
ii. Existing or anticipated adverse changes in the borrower's business, economic or financial conditions that impact the ability to meet debt obligations.
iii. An actual or expected significant change in the borrower's operating profit or loss.
iv. Significant increases in the credit risk of other financial instruments of the same borrower.

v. Significant changes in financial support from a parent entity or other affiliate or an expected or actual significant change in the quality of credit enhancement that is expected to reduce the borrower's economic incentive to make scheduled contractual payments.

vi. Expected or actual significant adverse changes in the borrower's regulatory, economic, or technology environment that result in a significant change in the ability to meet debt obligations.

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

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

Additionally, Monex, S. A. B. determines if a credit should migrate from stage 1 to stage 2, or from stage 1 to stage 3, or from stage 2 to stage 3, depending on the qualification of each loan.

Furthermore, Monex, S. A. B. classifies the credits into the following stages of credit risk for the mortgage portfolio from initial recognition, depending on the significant increase in credit risk shown, in accordance with the following:

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

2) Commercial and Mortgage Portfolio Rating.

On a quarterly basis, Monex, S. A. B. will classify, constitute and record in the books, the allowance for loan losses for each of the loans of the Commercial Loan portfolio, using for this purpose the balance of the debt corresponding to the last day of the months of March, June, September and December, adjusting to the methodology and information requirements established in this section mentioned in the next page.

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

Allowance for loan losses Stage 1 o 3i = $PIi \times SPi \times EIi$

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

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

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

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

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

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

The amount of allowance for loan losses in stage 2 will be the result of applying the following formula:

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

A. Probability of default

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

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

For purposes of the above:

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

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

(Millions of Mexican pesos)

Where:

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

Qualitative Loan Scorei = It is the score obtained for the ith borrower when evaluating the established risk factors.

α = It is the relative weight of the Quantitative Credit Score.

B. Severity of Loss

The Severity of Loss (LGD) of commercial loans that lack coverage of real, personal or credit derivative guarantees will be as shown as follows:

Months after Stage 3 credit rating (loans over 90 days past due)	For the loans classified as states and municipalities; trusts; financial entities and legal entities and individuals with business activity with income greater than or equal to 14 million UDIs, the LGDi will be:	For the loans classified with income less than 14 million UDIs, the LGDi will be:	For Subordinate loans, as well as syndicated loans that for purposes of priority in payment are subordinated with respect to others creditors, the LGDi will be:
≤0	45%	55%	75%
(0.3)	45%	55%	75%
(3.6)	55%	62%	79%
(6.9)	62%	69%	83%
(9.12)	66%	72%	84%
(12.15)	72%	77%	87%
(15.18)	75%	79%	88%
(18.21)	78%	82%	90%
(21.24)	81%	84%	91%
(24.27)	88%	90%	94%
(27.30)	91%	93%	96%
(30.33)	94%	95%	97%
(33.36)	96%	97%	98%
>36	100%	100%	100%

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

C. Exposure at default

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

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

EAD i = Yes

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

Stage 1 credit risk loan portfolio

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

Stage 2 credit risk loan portfolio

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

Stage 3 credit risk loan portfolio

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

Transfer to stage 3 credit risk loan portfolio

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

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

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

(Continued)

(Millions of Mexican pesos)

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

Loans	Schedule days overdue
One payment interest and principal	30 or more days principal and interest
One maturity payment and periodical payments of interest	90 or more days interest, or 30 or more days in principal
Parcial periodical payment of principal and interest	90 or more days in principal or interest

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

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

Loans	Schedule days overdue
One payment interest and principal	30 or more days principal and interest
One maturity payment and periodical payments of interest	90 or more days interest, or 30 or more days in principal
Parcial periodical payment of principal and interest	90 or more days in principal or interest

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

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

(Continued)

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

a) the credit resources are used for the purpose for which they were granted
b) the borrower starts a new employment relationship under which he has a new employer, or
c) the entity has received the partial payment of the corresponding amortization. The exception contained in this subparagraph will be applicable provided that they are credits under the ROA structure, and each of the payments made during said period represents at least 5% of the agreed amortization.

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

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

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

One month	30 days
Three months	90 days

Likewise, only in the case of consumer credit in which the payment conditions established in the credit agreement stipulate payments with a periodicity of less than one schedule month, for purposes of the aforementioned terms, the entities must consider the following:

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

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

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

(Continued)

In the case of loan portfolio acquisitions, to determine the days past due and the corresponding transfer to a stage 3 credit risk loan portfolio as indicated in the paragraphs of the *"Transfer to stage 3 credit risk loan portfolio"* section, the defaults by the borrower from origination must be taken into account.

Stage 3 or stage 2 credit risk loans will be returned to a stage credit risk 1 loan portfolio , in which the outstanding balances (principal and interest, among others) are paid in full or if restructured or renewed, comply with the sustained payment of the loan.

4) Renegotiations

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

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

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

Loan Portfolio Renegotiations

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

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

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

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

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

Renegotiations

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

Sustained Payment

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

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

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

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

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

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

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

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

In the case of loans with a single payment of principal at maturity, regardless of whether the payment of interest is periodic or at maturity, it is considered that there is a sustained payment of the loan when any of the following events occurs.

(Continued)

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

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

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

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

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

Loan portfolio business model

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

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

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

(Millions of Mexican pesos)

a) Breakdown and analysis of the loan portfolio

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

		Pesos	Valued foreign currency	Total
Commercial loan portfolio				
Stage 1				
Commercial activity	$	14,359	9,428	23,787
Financial entities		1,105	1,440	2,545
Government entities		1,002	1,908	2,910
		16,466	12,776	29,242
Stage 2				
Commercial activity		91	204	295
Stage 3				
Commercial activity		211	179	390
Financial entities		6	40	46
		217	219	436
Total commercial loan portfolio				
Commercial activity		14,661	9,811	24,472
Financial entities		1,111	1,480	2,591
Government entities		1,002	1,908	2,910
	$	**16,774**	**13,199**	**29,973**
Mortgage loan portfolio				
Improvements	$	184	-	184

Regime	Stage	Total
REA	Stage 3	3
ROA	Stage 1	147
ROA	Stage 3	34
	Total ROA	181
	Total REA/ROA	**184**

(Continued)

(Millions of Mexican pesos)

Monex, S. A. B., grants loans guaranteed by the Ex-Im Bank from the USA in accordance with the following:

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

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

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

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

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

Among the guarantees admissible by Monex, S. A. B., are those granted by government entities and that correspond to incentives or programs to promote different sectors or economic actors.

The balance associated with the FIRA Program amounts to $10.

As of December 31, 2022, the amount of loans to related parties amounted to $1,259 respectively. The detail of such amounts is disclosed in the related parties note.

Undrawn lines of credit

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

Additional information on mortgage loans

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

Reason		**INFONAVIT**
Monex, S. A. B. received the partial payment of the amortization	$	2

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

Risk level			
Stage 1	$	147	80%
Stage 3		37	20%
	$	**184**	**100%**

(Millions of Mexican pesos)

Loan portfolio concentration

The breakdown of the loan portfolio by economic activity and the concentration rate as of December 31, 2022, is presented below:

Economic activity		Amount	Concentration
Commercial loans			
Real estate	$	4,942	16.88%
Services		3,034	9.53%
Financial		2,386	8.15%
Government		2,648	9.05%
Trade		2,857	8.93%
Manufacture		2,107	6.68%
Automotive		1,694	5.79%
Others		1,788	5.32%
Hotels / Restaurants (Tourism)		1,464	5.00%
Energy		1,210	4.13%
Transport and Telecommunications		1,155	3.95%
Food		1,098	3.68%
Specialized construction		923	3.15%
Housing construction		752	2.57%
Pharmaceutical		420	1.44%
Agricultural		359	1.23%
Individuals		283	0.97%
Chemical industry		261	0.89%
Manufacturing - manufacturing items for construction		199	0.68%
Manufacturing - manufacturing plastic items		166	0.57%
Mining and Metals		160	0.55%
Manufacturing - manufacturing electrical and electronic items		38	0.13%
PEMEX Suppliers		29	0.10%
		29,973	99.37%
Mortgage loans			
Improvement		184	0.63%
	$	**30,157**	**100%**

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

The breakdown of the state portfolio as of December 31, 2022, is presented below:

Federal entity		
Aguascalientes	$	325
Baja California Norte		783
Baja California Sur		81
Campeche		52
Chiapas		167
Chihuahua		219
Ciudad de México		14,993
Coahuila		392
Colima		1
Durango		29
Estado de México		1,090
Guanajuato		1,048
Guerrero		3
Hidalgo		341
Jalisco		1,637
Michoacán		152
Morelos		23
Nayarit		2
Nuevo León		4,811
Oaxaca		5
Puebla		887
Querétaro		426
Quintana Roo		301
San Luis Potosi		176
Sinaloa		583
Sonora		636
Tabasco		67
Tamaulipas		193
Tlaxcala		21
Veracruz		148
Yucatan		77
Zacatecas		26
Foreign		462
	$	**30,157**

Portfolio subject to support programs

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

Program		
Monex Support Program	$	595

(Continued)

(Millions of Mexican pesos)

Income, costs and expenses on loan portfolio

Income from interest and commissions recorded in the financial margin for the year ended December 31, 2022, segmented by type of credit, includes the following.

		Interest	Commissions	Total
Commercial loan portfolio				
Commercial activity	$	1,774	109	1,883
Financial entities		157	4	161
Government entities		153	3	156
		2,084	116	2,200
Mortgage loans portfolio				
Improvements		75	-	75
	$	**2,159**	**116**	**2,275**

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

		Commissions	Costs and expenses	Term
Commercial loans				
Commercial activity	$	59	31	3 years
Financial entities		3	-	1 year
	$	**62**	**31**	

Transaction costs and expenses include those incurred in favor of commission agents for the placement of said loans, as well as the payroll of the personnel involved in the loan process, as well as those related to credit evaluation systems. The costs and expenses for the granting loans accrued in the year ended December 31, 2022 amounted to $31.

Loan portfolio recoveries previously written off or eliminated, recognized in profit or loss, amounted to $2.

(Millions of Mexican pesos)

Breakdown and analysis of the stage 3 credit risk portfolio

The stage 3 credit risk portfolio as of December 31, 2022 is shown as follows:

		1 to 180 days	181 to 365 days	366 days to 2 years	More than 2 years	Total
December 31, 2022						
Commercial activity	$	118	167	15	90	390
Financial entities		40	6	-	-	46
		158	173	15	90	436
Mortgage loans portfolio						
Improvement		29	3	3	2	37
	$	**187**	**176**	**18**	**92**	**473**

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

Balance at the beginning of the year	$	300
Restructuring		99
Renewals		2
Dations		(1)
Write offs		(109)
Transfers from the stage 1 risk portfolio		41
Transfers to the stage 1 risk portfolio		(1)
Transfers from stage 2 risk portfolio		298
Transfers to the stage 2 risk portfolio		(1)
Settlements and/or payments		(149)
Exchange differential		(6)
Balance at the end of the year	$	**473**

Restructures and renewals

The restructured and renewed loans as of December 31, 2022 include the following.

(Millions of Mexican pesos)

December 31, 2022

Balance at the end of 2022 of restructured loans from previous years	$	1,692
Balance at the end of 2022 of loans renewed from previous years		1,761
Total balance of restructured and renewed loans from previous years		3,453
Closing balance of loans restructured in the year:		1,027
Balance of loans renewed in the year:		1,788
Total balance of restructured and renewed loans for the year 2022		2,815
Total cumulative restructured and renewed loans	$	**6,268**

Risk diversification

As of December 31, 2022, Monex, S. A. B. maintains the following credit risk operations, in compliance with the general rules for risk diversification in carrying out asset and liability operations of the Provisions, as follows:

– Monex, S. A. B. has granted 2 loans to debtors or groups of people with common risk, amounting to $1,194 and representing 12% of the basic capital of the previous quarter.
– The sum of the amounts of the loans granted to the three largest debtors amounts to $2,351 and represents 24% of the basic capital of the previous quarter of Monex, S. A. B.

In accordance with the Provisions, the limits regarding the diversification of the credit operations of an Institution are determined according to the compliance by said Institution with the capitalization requirements, considering the exceptions established therein. These are shown on the next page.

When granting financing to the same person or group of people with Common Risk, they must be subject to the highest Financing limit that results of applying what is shown below:

Capitalization level	Highest Financing limit calculated on the basic capital of Monex S. A. B.
More than 8% and up to 9%	12%
More than 9% and up to 10%	15%
More than 10% and up to 12%	25%
More than 12% and up to 15%	30%
more than 15%	40%

– The sum of the financing granted to the 3 largest debtors may not exceed 100% of the basic capital of Monex, S. A. B.

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

(Continued)

(Millions of Mexican pesos)

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

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

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

The additional guarantees received for the renewal and restructuring of loans in fiscal year 2022 processed in the Credit recovery area amounted to $23, which consist of real estate, machinery and guarantee trusts. The concessions granted by Monex, S. A. B. consisted mainly of the establishment of a grace period at the beginning of the loan, as well as the extension of the borrower's term.

From restructuring overdue loans, Monex, S. A. B. recognized the capitalization of interest in the amount of $64 in year 2022, and an allowance for 100% was created until the borrowers showed sustained payment.

Allowance for loan losses

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

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

From the commercial loan portfolio rating	$	666
Stage 1		376
Stage 2		30
Stage 3		260
For risk coverage on mortgage loan portfolio:		
Stage 3		9
Additional allowances		500
	$	**1,175**

(Continued)

(Millions of Mexican pesos)

As a result of applying the rating methodologies, the probability of default (PI, per Spanish acronym) and severity of loss (SP, per Spanish acronym), obtained as a weighted average (unaudited), and the exposure to default (EI, per Spanish acronym) of each category as of December 31, 2022, are as shown below:

Category	PI	SP		EI
Commercial loan portfolio	7%	57%	$	29,973
Mortgage loan portfolio	22%	13%		184

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

The breakdown of the evaluated portfolio and the allowance loan losses for credit risks derived from the rating, classified by degree of risk as of December 31, 2022, is presented below:

December 31, 2022

		Commercial loans		Financial entities		Government entities		Mortgages		Total	
Risk level		Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
A-1	$	16,528	90	1,537	6	2,910	15	147	-	21,122	111
A-2		5,644	64	234	2	-	-	-	-	5,878	66
B-1		684	11	-	-	-	-	-	-	684	11
B-2		512	12	-	-	-	-	-	-	512	12
B-3		260	8	773	36	-	-	-	-	1,033	44
C-1		85	6	-	-	-	-	31	3	116	9
C-2		22	3	-	-	-	-	-	-	22	3
D		354	112	40	18	-	-	-	-	394	130
E		383	279	7	4	-	-	6	6	396	289
Additional allowance		-	-	-	-	-	-	-	-	-	500
	$	**24,472**	**585**	**2,591**	**66**	**2,910**	**15**	**184**	**9**	**30,157**	**1,175**

The portfolio excepted from rating amounted to $1,699 as of December 31, 2022, which corresponds to letters of credit.
During 2022, Monex, S. A. B. generated a charge to profit or loss of $289 for loan allowances. Loan allowances are calculated in accordance with the methodologies approved by the Commission, described in note 10.

Additional allowances

Additionally, at the end of December 2020 additional generic allowances for $500 were established with a folio assigned by the Commission, 2020/59810, to cover the risks of the loan portfolio, and they have remained unchanged until December 31, 2022.

(Millions of Mexican pesos)

Movements of the allowance for loan losses

An analysis of the movements of the allowance for loan losses of the year ended December 31, 2022 is presented below:

December 31, 2022

		Commercial activities	Financial entities	Government entities	Mortgages	Total
Stage 1						
Balance at the beginning of the year	$	271	42	11	3	327
Creation of allowances		36	2	4	(3)	39
		307	44	15	-	366
Stage 2						
Balance at the beginning of the year		55	-	-	-	55
Creation of allowances		29	-	-	-	29
Write-offs		(44)	-	-	-	(44)
		40	-	-	-	40
Stage 3						
Balance at the beginning of the year		117	-	-	5	122
Creation of allowances		224	22	-	4	250
Write-offs		(103)	-	-	-	(103)
		238	22	-	9	269
	$	**585**	**66**	**15**	**9**	**675**

The amount of cancellations made by Monex, S. A. B. for the year ended December 31, 2022 amounted to $125, which are associated with (loans that management considers non-recoverable and whose benefit exceeds the cost of recovery efforts).

The total amount of penalties for the year 2022 amounted to $120. In said year, no loans to related parties were written off.

(11) Other accounts receivable, net-

Other accounts receivable include the following:

Collateral given from derivative financial instruments	$	727
Debtors for settlement of exchange operations		12,313
Receivables from settlement of derivative market operations		20
Debtors for settlement of money market operations		2,709
Debtors by operation		1,701
Other debtors		168
Personal loans and other debts		42
Allowance for doubtful accounts		(200)
	$	**17,480**

(Millions of Mexican pesos)

Debtors for settlement of operations

Foreign currency	$	12,313
Investments in securities		2,709
Derivatives		20
	$	**15,042**

Debtors for collateral granted in cash

Credit operations	$	29

Allowance for doubtful accounts

Balance at the beginning of the year	$	(282)
Trust fees		1
Overdue debts from customers		81
Balance at the final of the year	$	**(200)**

(12) Other accounts payable-

As of December 31, 2022, other accounts payable include the following:

Suppliers	$	87
Creditors for operations		2,114
Contingent liability		131
Overdraft of availabilities		3,237
Creditors for collateral received in cash		4,724
Creditors for settlement of exchange operations		9,118
Creditors for settlement of money market transactions		630
Contributions payable		350
Creditors for settlement of derivative market transactions		16
Others		426
	$	**20,833**

(Continued)

(Millions of Mexican pesos)

(13) Foreclosed assets, net-

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

Foreclosed		Value	Allowance for loss of value	Net
Real estate	$	163	13	150
Equipment		1	-	1
	$	**164**	**13**	**151**

(14) Furniture and equipment net-

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

		Others/ Fixed assets of financial lessor under lease	Transport equipment	Furniture and office equipment	Computer equipment	Total
Acquisition cost						
December 31, 2021	$	11	4	154	172	341
Additions		-	-	16	20	36
Disposals		-	-	(4)	(14)	(18)
December 31, 2022	$	11	4	166	178	359
Depreciation						
December 31, 2021		(11)	(4)	(112)	(146)	(273)
Depreciation		-	-	(11)	(4)	(15)
Disposals		-	-	1	-	1
December 31, 2022	$	(11)	(4)	(122)	(150)	(287)
Carrying amount						
As of December 31, 2021	$	-	-	42	26	68
As of December 31, 2022	$	-	-	44	28	72

For the year 2022, Monex, S. A. B. presented additions for $36, as well as write-offs for $(18).

(15) Assets for rights of use of furniture and equipment, net

Monex, S. A. B. on a consolidated basis discloses the office and warehouse leases of subsidiaries. Leases generally run for a term of 10 years, with an option to renew the lease after that date. Lease payments increase each year to reflect the rental market.

Information on Monex, S. A. B. leases is presented below.

(Millions of Mexican pesos)

Assets under leases (right-of-use assets)

Right-of-use assets related to leased properties that meet the definition of investment property include the following:

		Buildings
Balance as of January 1, 2022	$	629
Depreciation of the year		(95)
Exchange rate fluctuations		(17)
Balance as of December 31, 2022	$	**517**

Amounts recognized in profit or loss:

Interest on lease liabilities	$	(29)

Total lease cash outflows during 2022 were $128.

The balance of the liability for property leases at present value as of December 31, 2022 is $541.

(16) Assets for rights of use of intangible assets, net-

Right-of-use assets related to intangible assets include the following:

		Hardware
Balance as of December 31, 2021	$	453
Depreciation of the year		(103)
Exchange rate fluctuations		5
Balance as of December 31, 2022	$	**355**

Amounts recognized in profit or loss:

Interest on lease liabilities	$	(22)

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

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

(Millions of Mexican pesos)

(17) Advance payments and other assets, net-

Deferred ESPS	$	175
Advance payments		243
Investment projects		659
Accumulated amortization		(500)
		577
Operating deposits		145
Others		15
Prepayments and other assets, net	$	**737**

(18) Intangible assets, net-

Modifications and improvements	$	405
Software, perpetual licensing, licenses		685
Other deferred charges		38
Other intangible assets		825
Amortization		(538)
Intangible Assets, net	$	**1,415**

(19) Goodwill-

As of December 31, 2022, goodwill includes the following:

Monex USA (formerly Tempus)	$	407
Monex Europe, LTD.		326
Arrendadora Monex		33
Exchange rate fluctuations		376
	$	**1,142**

(Continued)

(Millions of Mexican pesos)

(20) Deposit funding-

The following table presents the analysis and breakdown of the deposit funding:

		Domestic currency	Foreign currency	Total
Demand deposits				
With interests	$	10,870	23,358	34,228
No interest		420	1,435	1,855
		11,290	24,793	36,083
Time deposits				
General public				
Certificates of deposit (CEDES, per Spanish acronym)		5,681	4,847	10,528
Money market				
CEDES				
Maturity date		681	2,025	2,706
Coupons		828	-	828
		1,509	2,025	3,534
		7,190	6,872	14,062
Debt securities issued				
Bank bonds		224	1,150	1,374
Global deposit funding account without movement		-	3	3
	$	**18,704**	**32,818**	**51,522**

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

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

The weighted average terms of term deposits are presented below:

	Domestic currency	Foreign currency
Term deposits		
General public		
CEDES	23 days	17 days
Money market		
CEDES		
Maturity date	13 days	22 days
Coupons	84 days	-

Debt securities issued

The following page presents the detail of the debt securities issued by Monex, S. A. B. as of December 31, 2022.

Monex, S. A. B. de CV and Subsidiaries

Notes to the consolidated financial statements

(Millions of pesos)

Issuance index	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
JBMONEXC23731	73,000	99.83	MXN	Nov 22, 22	Jan 23, 23	62	14%	0 days	0 days	$ 7	-	-
JBMONEXC23743	183,000	99.83	MXN	Nov 29, 22	Jan 30, 23	62	14%	0 days	0 days	$ 18	-	-
JBMONEXC23754	500,000	99.89	MXN	Dec 6, 22	Jan 10, 23	35	16%	0 days	0 days	$ 50	1	1
JBMONEXC23761	919,130	99.87	MXN	Dec 7, 22	Jan 23, 23	47	14%	0 days	0 days	$ 92	1	1
JBMONEXC23771	50,000	99.82	MXN	Dec 13, 22	Jan 4, 23	22	13%	0 days	0 days	$ 5	-	-
JBMONEXC23781	75,000	99.83	MXN	Dec 15, 22	Feb 15, 23	62	14%	0 days	0 days	$ 7	-	-
JBMONEXC23782	121,800	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days	$ 12	-	-
JBMONEXC23784	100,000	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days	$ 10	-	-
JBMONEXC23789	80,000	99.88	MXN	Dec 16, 22	Jan 6, 23	21	13%	0 days	0 days	$ 8	-	-
JBMONEXC23791	120,000	99.60	MXN	Dec 16, 22	Jan 13, 23	28	13%	0 days	0 days	$ 12	-	-
JBMONEXC8941D	26,372	99.75	USD	Nov 16, 22	Feb 15, 23	91	10.6%	0 days	0 days	$ 51	1	1
JBMONEXC8972D	7,970	99.79	USD	Nov 23, 22	Jan 24, 23	62	5.0%	0 days	0 days	$ 16	-	-
JBMONEXC8970D	27,080	99.94	USD	Nov 25, 22	Jan 6, 23	42	6.6%	0 days	0 days	$ 53	-	-
JBMONEXC8984D	20,412	99.75	USD	Nov 25, 22	Feb 23, 23	90	10.6%	0 days	0 days	$ 40	-	-
JBMONEXC8976D	25,640	99.92	USD	Nov 28, 22	Jan 9, 23	42	6.8%	0 days	0 days	$ 50	-	-
JBMONEXC8977D	25,560	99.92	USD	Nov 28, 22	Jan 9, 23	42	5.8%	0 days	0 days	$ 50	-	-
JBMONEXC8979D	29,090	99.92	USD	Nov 29, 22	Jan 10, 23	42	7.8%	0 days	0 days	$ 57	-	-
JBMONEXC8994D	25,590	99.95	USD	Nov 29, 22	Jan 10, 23	42	5.8%	0 days	0 days	$ 50	-	-
JBMONEXC9013D	25,970	99.99	USD	Dec 1, 22	Jan 12, 23	42	6.0%	0 days	0 days	$ 51	-	-
JBMONEXC9015D	29,360	99.93	USD	Dec 2, 22	Jan 13, 23	42	8.2%	0 days	0 days	$ 57	-	-
JBMONEXC9036D	4,000	99.92	USD	Dec 6, 22	Jan 10, 23	35	8.4%	0 days	0 days	$ 8	-	-
JBMONEXC9039D	4,220	99.96	USD	Dec 6, 22	Jan 4, 23	29	9.0%	0 days	0 days	$ 8	-	-
Subtotal to the next page										$ 712	3	3

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Issuance index	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment		Principal balance	Interest balance	Interest expense for the year
Subtotal from the previous page										$	712	3	3
JBMONEXC9045D	6,630	99.84	USD	Dec 6, 22	Jan 3, 23	28	8.0%	0 days	0 days	$	13	-	-
JBMONEXC9049D	23,083	99.75	USD	Dec 6, 22	Mar 6, 23	90	11.5%	0 days	0 days	$	45	-	-
JBMONEXC9061D	5,000	99.87	USD	Dec 7, 22	Jan 5, 23	29	10.2%	0 days	0 days	$	10	-	-
JBMONEXC9077D	29,202	99.92	USD	Dec 7, 22	Jan 5, 23	29	15.8%	0 days	0 days	$	57	1	1
JBMONEXC9081D	25,940	99.90	USD	Dec 9, 22	Jan 13, 23	35	9.0%	0 days	0 days	$	51	-	-
JBMONEXC9092D	5,347	99.92	USD	Dec 9, 22	Jan 6, 23	28	17.2%	0 days	0 days	$	10	-	-
JBMONEXC9098D	50,550	99.93	USD	Dec 13, 22	Jan 24, 23	42	11.3%	0 days	0 days	$	99	1	1
JBMONEXC9099D	15,220	99.88	USD	Dec 13, 22	Jan 4, 23	22	9.0%	0 days	0 days	$	30	-	-
JBMONEXC9105D	5,000	99.53	USD	Dec 14, 22	Jan 4, 23	21	8.7%	0 days	0 days	$	10	-	-
JBMONEXC9106D	4,420	99.83	USD	Dec 14, 22	Jan 18, 23	35	10.0%	0 days	0 days	$	9	-	-
JBMONEXC9103D	22,930	99.91	USD	Dec 15, 22	Jan 26, 23	42	11.7%	0 days	0 days	$	45	-	-
JBMONEXC9116D	5,000	99.70	USD	Dec 15, 22	Jan 5, 23	21	6.5%	0 days	0 days	$	10	-	-
JBMONEXC9111D	6,790	99.79	USD	Dec 15, 22	Jan 12, 23	28	8.0%	0 days	0 days	$	13	-	-
JBMONEXC9115D	7,100	99.69	USD	Dec 15, 22	Jan 5, 23	21	12.5%	0 days	0 days	$	14	-	-
JBMONEXC9112D	25,560	99.93	USD	Dec 16, 22	Jan 27, 23	42	6.1%	0 days	0 days	$	50	-	-
JBMONEXC9114D	25,710	99.94	USD	Dec 16, 22	Jan 27, 23	42	7.0%	0 days	0 days	$	50	-	-
JBMONEXC9120D	8,030	99.77	USD	Dec 16, 22	Jan 13, 23	28	6.0%	0 days	0 days	$	16	-	-
JBMONEXC9121D	5,180	99.69	USD	Dec 16, 22	Jan 13, 23	28	8.4%	0 days	0 days	$	10	-	-
JBMONEXC9123D	20,300	99.81	USD	Dec 16, 22	Jan 5, 23	20	10.0%	0 days	0 days	$	40	-	-
JBMONEXC9124D	12,840	99.85	USD	Dec 16, 22	Jan 6, 23	21	14.0%	0 days	0 days	$	25	-	-
JBMONEXC9126D	4,070	99.82	USD	Dec 16, 22	Jan 6, 23	21	14.0%	0 days	0 days	$	8	-	-
JBMONEXC9130D	5,530	99.88	USD	Dec 16, 22	Jan 6, 23	21	13.0%	0 days	0 days	$	11	-	-
JBMONEXC9131D	10,760	99.83	USD	Dec 16, 22	Jan 5, 23	20	12.8%	0 days	0 days	$	21	-	-
JBMONEXC9134D	5,020	99.86	USD	Dec 16, 22	Jan 5, 23	20	11.1%	0 days	0 days	$	10	-	-
										$	**1,369**	**5**	**5**

(Continued)

(Millions of Mexican pesos)

The financial instruments payable associated with the credit titles issued with stock indexes JBMONEX C22 1 framework act, were traded in the stock market under the trading program registered with the Commission, for a total amount of up to $60,000 of which to date $11,491 have been traded. The remainder that Monex, S. A. B. could issue under said program amounts to $48,509. Said titles have the following guarantees:

Product	Warranty Type		Guaranteed amount [1]
j mxp bonds	Unsecured	$	222
j usd bonds	Unsecured		59
CEDES mxp	Unsecured		1,503
CEDES usd	Unsecured		104

(1) See note 7

(21) Stock certificates

Stock index	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year	Issue ratio
MONEX 21	15,000,000	1,500	MXN	04-Jun-21	30-May-25	1,456	TIIE28 + 150 bp	To the expiration	28 days	$1,500	$7	$136	39.49%

(Continued)

Monex, S. A. B. de CV and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Financial restrictions

Derived from deposit operations, Monex, S. A. B. has financial restrictions regarding the following:

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

(22) Bank and other borrowings-

Bank loans received include the following:

		Pesos	Foreign currency	Total
Short term				
Central Bank	$	3,862	-	3,862
Commercial banking institutions		106	-	106
Government banking institutions		510	193	703
		4,478	193	4,671
Long term				
Commercial banking institutions		36	-	36
			-	
Total				
Central Bank		3,862	-	3,862
Commercial banking institutions		142	-	142
Government banking institutions		510	193	703
	$	**4,514**	**193**	**4,707**

			Pesos	Valued foreign currency	Total
	Short term				
(1)	Central Bank	$	3,862	-	3,862
	Commercial banking institutions:				
	INVEX, S. A.		5	-	5
	BANCOPEL, S. A.		13	-	13
	MULTIVA BANK, S. A.		10	-	10
	BANCO VE POR MÁS, S. A.		27	-	27
	BBVA BANCOMER, S. A.		51	-	51
	Government banking institutions				
(2)	NAFIN		510	193	703
		$	**4,478**	**193**	**4,671**

(Continued)

(Millions of Mexican pesos)

		Pesos	Valued foreign currency	Total
Long term				
Commercial banking institutions:				
INVEX, S. A.	$	2	-	2
BANCOPEL, S. A.		2	-	2
MULTIVA BANK, S. A.		21	-	21
BANCO VE POR MÁS, S. A.		11	-	11
	$	**36**	**-**	**36**

(1) Credit agreement with the Central Bank signed on September 10, 2009 at a rate of TIIE 10.7605 as of December 31, 2022.

(2) Credit agreement with NAFIN signed on September 14, 2009 at a rate as of December 31, 2022 in productive chains of 11.48% in pesos and 5.74% in dollars.

Interest expense on interbank loans and loans from other entities, during the year ended December 31, 2022, was $351.

(23) Income taxes and Employee's Statutory Profit Sharing (ESPS))-

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

a) Income taxes

The income tax expense (benefit) includes the following:

In profit or loss of the period:		
On tax basis	$	1,008
Deferred Income Tax		(16)
	$	**992**

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

(Millions of Mexican pesos)

Profit or loss before income taxes	$	3,901
Expense (benefit) expected		1,170
Increase (decrease) resulting from:	$	
Fiscal effect of inflation, net		(216)
Non-deductible expenses		7
Others, net		31
Income tax expense (benefit)	$	**992**

Deferred income tax

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2022, are listed below:

		Deferred income tax
Deferred income tax assets		
Valuation of investments in financial instruments	$	37
Valuation of derivative financial instruments payable		(137)
Allowance for irrecoverability or doubtful payment on collection rights		41
Allowance for irrecoverability or doubtful payment on other accounts receivable		220
EPSP payable		62
Deferred EPSP liability		(14)
Accruals for employee benefits		96
Accruals		552
Other deferred credits and advance payments received		56
Tax losses carryforward		135
		1,048
Valuation allowance		(4)
		1,044
Deferred income tax liabilities		
Valuation of investments in financial instruments		(1)
Valuation of investment in derivative financial instruments		(5)
Other deferred charges and prepayments		(33)
		(39)
Deferred income tax asset, net	$	**1,005**

(Continued)

(Millions of Mexican pesos)

As of December 31, 2022, carryforward tax losses expire as shown below:

Year		Updated amount as of December 31, 2022
2023	$	3
2024		1
2025		3
2026		53
2027		61
2028		112
2029		161
2030		99
2031		17
	$	**510**

b) EPSP

The EPSP expense (benefit) includes the following:

In profit or loss of the period:		
Current EPSP	$	(209)
Deferred EPSP		175
	$	**(34)**

Deferred ESPS

The temporary differences that give rise significant portions of deferred EPSP assets and liabilities as of December 31, 2022, are listed below:

		Deferred EPSP
Deferred EPSP assets		
Valuation of investments in financial instruments	$	(75)
Valuation of derivative financial instruments payable		(48)
Allowance for irrecoverability or doubtful payment on collection rights		14
Allowance for irrecoverability or doubtful payment on other accounts receivable		73
Accruals for employee benefits		32
Accruals		184
Other deferred credits and advance payments received		8
		188
Valuation allowance		(1)
		187
Deferred EPSP liabilities		
Other deferred charges and prepayments		(12)
Deferred EPSP asset, net	$	**175**

(Continued)

(Millions of Mexican pesos)

(24) Employee benefits-

a) Post-employment benefits

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

Cash flows-

Contributions and benefits paid from the funds were $11.

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

		Seniority premium 2022	Legal compensation 2022	Pension plan 2022
Current Service Cost	$	6	18	41
Net interest on DBNL		2	10	28
Prior Service Labor Cost provided in the year		-	2	-
Remeasurements of DBNL in OCI* DBNL remeasurements recognized in profit or loss of the period		2	20	(1)
Net cost for the period		10	50	68
Beginning balance of DBNL* in OCI remeasurements		17	117	(35)
Remeasurements generated		19	162	(189)
Reclassification of Remeasurements		(2)	(19)	1
Ending balance of DBNL* remeasurements in OCI		34	260	(223)
Ending balance of DBNL* remeasurements in OCI		17	143	(188)
Defined benefit cost	$	27	193	(120)
Beginning balance of DBNL*	$	31	138	320
Defined Benefit Cost (income)		27	193	(120)
Payments charged to DBNL*		(2)	(42)	-
Ending balance of DBNL*	$	**56**	**289**	**200**

* Defined Benefits Net Liability (DBNL)

(Millions of Mexican pesos)

The financing position of the Defined Benefit Obligation as of December 31, 2022 is listed below:

		Seniority premium	Legal compensation	Pension plan
		2022	**2022**	**2022**
Defined benefit obligations (DBO)	$	65	289	325
Plan assets		(9)	-	(125)
Financial Position of the Obligation	$	**56**	**289**	**200**

Discount rate	10.30%
Expected return on plan assets	10.30%
Rate of compensation increase	10.50%
Average remaining employee labor life	15 years

The account balance includes $549 from the pension plan, employee bonuses for $679 and EPSP for the year for $209.

(25) Stockholders´ equity-

The principal characteristics of Stockholders' equity are described below:

a) Structure of capital stock-

The capital stock as of December 31, 2022 includes 50,000 , common, registered Series "A"shares with no par value and 645,758,505 common, registered Series "B" shares with no par value that will represent variable capital .

On April 19, 2022, at the Meeting the stockholders agreed to increase the variable portion of capital stock, in the amount of $1,000, represented by 100,000,000 Series "B" shares.

b) Other comprehensive income (OCI)-

OCI includes:

Cash flow hedging valuation	$	18
Equity in OCI of other entities		403
Income tax and EPSP		(5)
Total	$	**416**

(Millions of Mexican pesos)

The movements registered in the components of the OCI during the year 2022 are presented below:

Cash flow hedging valuation

		OCI before income tax and ESPS	Tax Income and ESPS	OCI net	Controlling interest
Balances as of December 31, 2021	$	11	(3)	8	8
Effective portion of changes in fair value					
Exchange rate		7	(2)	5	5
Interest rate					
Recycled effect to Net income					
Balances as of December 31, 2022	$	**18**	**(5)**	**13**	**13**

Equity in OCI of other entities

		OCI	Controlling interest
Balances as of December 31, 2021	$	745	745
Equity in OCI of other entities		(342)	(342)
Balances as of December 31, 2022	$	**403**	**403**

c) Dividends-

On April 8 and April 19, 2022, at the General Stockholders' Meeting to the stockholders agreed to declare dividends from the "Accumulated Results" account in the amount of $300 and $1,050, respectively. Additionally, Servicios Complementarios Monex agreed to declare dividends of $15.

d) Restrictions on stockholders' equity-

Monex, S. A. B. and Subsidiaries, except the Bank, are subject to the legal provision that requires that at least 5% of the net profits of each year be separated and transferred to a capital reserve fund, until it is equivalent to 20% of paid-in share capital. In the case of the Bank, the legal provision establishes the constitution of a capital reserve of 10% of net profits up to 100% of the paid-up capital stock. Capital reserves amount to $496 as of December 31, 2022.

At no time may foreign legal entities that exercise authority functions participate in any way in the equity of Monex, S. A. B. Neither can financial entities in the country, including those that are part of Monex, S. A. B., except when they act as institutional investors under the terms of Article 19 of the Law to regulate Financial Groups.

(Continued)

(Millions of Mexican pesos)

If profits that did not generate the tax applicable to Monex, S. A. B. were shared, the tax will have to be paid when distributing the dividends. Therefore, Monex, S. A. B. must keep an account of the profits subject to each rate.
Equity reductions will incur tax on the excess of the distributed amount against the fiscal value, determined in accordance with the provisions of the Income Tax Law.

According to the Income Tax Law, in the case of payment of dividends by Mexican companies, there is an additional IT of 10% on the payment of dividends to individuals and nonresidents; in the case of nonresidents, treaties may be applied to avoid double taxation.

e) Capitalization (unaudited)

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

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

Pursuant to the Provisions, the Commission designates Commercial Banking Institutions of Local Systemic Importance, for which a Capital Conservation Supplement coupled with this status must be maintained, in accordance with the following:

Degree of Systemic Importance	Capital Conservation Supplement
I	0.60
II	0.90
II	1.20
IV	1.5
V	2.25

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

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

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Capitalization Index-

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

The information corresponding to the Bank's capitalization index as of December 31, 2022 is presented below:

Basic capital		
Common shares	$	3,241
Retained earnings		4,738
Other comprehensive income (and other reserves)		3,402
Basic capital before regulatory adjustments		11,381
Local regulatory adjustments:		
Deferred charges and prepayments		461
Deferred taxes, items in favor from temporary differences		916
Investments in other instruments		238
Capital Regulatory Adjustments		1,615
Basic capital 1		10,622
Total basic capital		10,622
Complementary capital		341
Admissible reserves that compute as Complementary		341
Net capital		10,963
Total Risk Weighted Assets	$	**27,290**
Capital ratios and supplements		
Capital Index 1		19.05%
Basic Capital Index		19.05%
Complementary Capital Index		0.61%
Net Capital Index		19.66%
Limits applicable to the inclusion of reserves in the complementary capital:		
Limit on the inclusion of provisions in the complementary capital under standardized methodology	$	341

(Continued)

(Millions of Mexican pesos)

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

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

(Millions of Mexican pesos)

III.3 Weighted Assets Subject to Operational Risk

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

V. Capital Management

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

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

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

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

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

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

(Continued)

(Millions of Mexican pesos)

(26) Comparative table of maturities of the main assets and liabilities-

The maturity terms of the main asset and liability items as of December 31, 2022 are shown below:

		Up to 6 months	From 6 months to 1 year	From 1 to 5 years	More than 5 years	Total
Assets:						
Cash and cash equivalents	$	29,771	-	-	-	29,771
Margin accounts		1,157	-	-	-	1,157
Investments in financial instruments		15,882	26,429	72,793	9,832	124,936
Repo debtors		600				600
Derivative financial instruments		1,693	864	4,516	1,646	8,719
Stage 1 credit risk loan portfolio		6,442	1,069	13,952	7,926	29,389
Stage 2 credit risk loan portfolio		1	-	93	201	295
Stage 3 credit risk loan portfolio		148	15	278	32	473
Other accounts receivable (net)		17,480	-	-	-	17,480
Total assets		73,174	28,377	91,632	19,637	212,820
Liabilities:						
Deposits funding		51,510	12	-	-	51,522
Stock certificates		-	-	1,507	-	1,507
Bank and other borrowings		4,619	-	88	-	4,707
Repo creditor		112,551	-	-	-	112,551
Collateral sold or pledged		577	-	-	-	577
Derivative financial instruments		1,249	484	4,186	1,477	7,396
Creditors for settlement of operations		9,764	-	-	-	9,764
Creditors for collateral received in cash		4,724	-	-	-	4,724
Contributions payable		350	-	-	-	350
Sundry creditors and other accounts payable		5,995	-	-	-	5,995
Total liabilities		191,339	496	5,781	1,477	199,093
Assets less liabilities	$	**(118,165)**	**27,881**	**85,851**	**18,160**	**13,727**

(27) Memorandum accounts-

a) Credit commitments

Lines for letters of credit not exercised	$	1,126
Lines of credit not exercised:		
Commercial loan portfolio		13,871
Other loan commitments		3,205
	$	**18,202**

(Continued)

(Millions of Mexican pesos)

b) Assets in trust or mandate

Trust activity as of December 31, 2022 recorded in memorandum accounts is analyzed below:

Trusts		
Guarantee, investment or administration	$	245,755

The income accrued for the year ended December 31, 2022, corresponding to the fiduciary activity, amounts to $200 and is recorded under "Commissions and fees income".

c) Assets in custody or under management

Assets in custody		
Securities	$	103,343
Assets under management		632,130
	$	**735,473**

Commissions accrued for the year ended December 31, 2022, corresponding to assets in custody and under management, amount to $44.

d) Collateral received by the entity

Collateral received by Monex, S. A. B. as of December 31, 2022 is analyzed below:

Government debt	$	41,016
Banking debt		8,032
Other debt securities		3,355
	$	**52,403**

e) Collateral received and sold or submitted as guarantee by the entity

The collateral received and sold or delivered as guarantee by the entity by Monex, S. A. B. as of December 31, 2022, is analyzed below:

Government debt	$	41,012
Banking debt		8,032
Other debt securities		3,355
	$	**52,399**

(Continued)

(Millions of Mexican pesos)

(28) Additional information on profit or loss and financial indicators-

a) Financial margin

		Pesos	Dollars valued to pesos	Total
Interest income				
Interest on cash and cash equivalents	$	803	-	803
Interest and returns in favor from margin accounts		6	-	6
Interest and returns in favor from investments in financial instruments		5,653	-	5,653
Interest and returns in favor from repurchase agreements		3,733	-	3,733
Commercial loan portfolio		2,171	31	2,202
Profit from valuation		191	-	191
		12,557	31	12,588
Interest expenses				
Deposit funding interest				
For demand deposits		793	-	793
For time deposits		120	-	120
Interest on bank and other borrowings		358	-	358
Interest and returns payablefrom repurchase agreements		9,558	-	9,558
Interest on leases		29	-	29
interest in Axtel Data Center		22	-	22
Loss on valuation		96	-	96
		10,976	-	10,976
	$	**1,581**	**31**	**1,612**

b) Commissions and fees received

As of December 31, 2022, the commissions income broken down by the main products are made up as follows:

Purchase and sale of securities	$	168
Custody or management of assets		241
Financial intermediation		260
Transactions with investment funds		201
Other commissions and fees received		296
Total commissions and fees received	$	**1,166**

(Millions of Mexican pesos)

c) Financial intermediation result

Result for valuation at fair value		
Result for valuation of securities and derivatives:		
Investments in financial instruments	$	(206)
Derivative financial instruments for trading purposes		554
Derivative financial instruments for hedging purposes		3
Impairment loss or effect of reversal of impairment of securities and derivatives:		
Securities held to maturity		(2)
Derivative financial instruments		(15)
Result from currency valuation		(52)
		282
Result from sale		
Result from purchase and sale of securities and derivatives:		
Negotiable financial instruments		1,087
Derivative financial instruments for trading purposes		2,617
Derivative financial instruments for hedging purposes		9
Result for foreign currency trading		5,515
		9,228
	$	**9,510**

d) Financial indicators

Delinquency rate	1.57%
Overdue loan portfolio hedging ratio	2.48
Operating efficiency (administrative and promotional expenses/average total assets)	3.88%
ROE (net income/average equity)	22.52%
ROA (net income/average total assets)	1.43%
Liquidity (liquid assets/liquid liabilities)	3.72
Financial margin for the year adjusted for credit risks/Average Earning Assets	3.98%

(Continued)

(Millions of Mexican pesos)

(29) Ratings-

	Monex, S. A. B. Fitch Ratings	Bank Fitch Ratings	Brokerage Firm Fitch Ratings
Local scale-			
Short term	F1+(mex)	F1+(mx)	F1+(mx)
Long term	AA-(mex)	AA-(mex)	AA-(mex)
Perspective	Stable	Stable	Stable
Publication date	September 21, 2022	September 21, 2022	September 21, 2022

	Bank Fitch Ratings Global
Foreign scale-	
Short term	B
Long term	BB+
Perspective	Stable
Publication date	September 21, 2022

	Monex, S. A. B. HR Ratings	Bank HR Ratings	Brokerage Firm HR Ratings
Local scale-			
Short term	HR1	HR1	HR1
Long term	HR AA-	HR AA	HR AA
Perspective	Stable	Stable	Stable
Publication date	November 4, 2022	November 4, 2022	November 04, 2022

(30) Information by segments-

a) Factors used in identifying operating segments

Monex, S. A. B. has established different lines of business identified as reportable segments. The divisions offer different products and are managed separately based on the internal information structure presented to the management of Monex, S. A. B.

The Board of Directors reviews the internal financial information of each division every quarter.

The most important reportable operating segments and the bases for segmentation are presented below:

Reportable segment	**Operations**
Credit operations	Corresponds to loans given directly to individuals and companies in the public and private sectors.
Treasury and investment banking operations	Corresponds to investment operations carried out by Monex, S. A. B. on its own, such as currency purchases, investments in securities, repos, securities, loans and derivatives.
Operations on behalf of third parties	Operations whereby Monex, S. A. B. participates as an intermediary in the stock market.
Tier one credit operations	Loans given directly to the public and private sectors, differentiating those granted with or without a subsidy.
Tier two Credit Operations	Channeling resources through bank and non-bank financial intermediaries, differentiating granted with or without a subsidy, both to the private and public sectors.
Federal government financial agent	It is the one through which resources obtained from international organizations are channeled directly to the Federal Government.
Treasury and investment banking operations	Operations whereby part can be taken in the risk capital of public and private companies aimed at consolidating the financial structure thereof, including investment operations carried out by Monex, S. A. B. on its own behalf, such as investments in securities, repos, securities loans and derivatives.
Technical assistance	Assistance whereby support is given to entrepreneurs through training programs, advice, technology assistance, information services and organization of conferences, among others.
Operations on behalf of third parties	Operations whereby Monex, S. A. B. participates as an intermediary in the stock market.

(Continued)

Monex, S. A. B. de CV and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

b) Information on reportable operating segments

December 31, 2022

		Foreign currencies	International	Derivatives	Stock products	Credit and deposit	Trust services	Others	Total
Interest income	$	-	15	1	8,391	2,594	-	1,587	12,588
Interest expenses		(24)	(68)	(432)	(9,420)	(238)		(794)	(10,976)
							-		
Financial margin		(24)	(53)	(431)	(1,029)	2,356	-	793	1,612
Allowance for loan losses for credit risks		-	-	-	-	(287)		(40)	(327)
Financial margin adjusted for credit risks		(24)	(53)	(431)	(1,029)	2,069	-	753	1,285
Commissions and fees		118	286	-	277	56	390	39	1,166
Commissions and fees paid		(19)	(105)	(15)	(51)	(68)	-	(115)	(373)
Financial intermediation income		4,660	2,577	1,406	889	-	-	(22)	9,510
Other operating income (expenses)		-	116	-	2	4	(31)	129	220
Administration and promotion expenses		(2,894)	(2,329)	(587)	(54)	(1,261)	(220)	(562)	(7,907)
		1,865	545	804	1,063	(1,269)	139	(531)	2,616
Operating income		1,841	492	373	34	800	139	222	3,901
Profit or loss before income taxes		1,841	492	373	34	800	139	222	3,901
Income taxes		(423)	(141)	(86)	(8)	(184)	(32)	(118)	(992)
Net income		1,418	351	287	26	616	107	104	2,909
Non-controlling interest		-	-	-	-	-	-	1	1
Controlling interest	$	**1,418**	**351**	**287**	**26**	**616**	**107**	**105**	**2,910**

(Continued)

(Millions of Mexican pesos)

c) Reconciliation of reportable information to profit or loss

The reconciliation of the income, profit or loss, assets and other items of the disclosed operating segments to the total amount presented in the financial statements for the years 2022 is presented below:

Financial margin		
Financial margin of reportable segments	$	819
Unallocated amount		793
	$	**1,612**
Financial margin adjusted for credit risks		
Financial margin adjusted for credit risks due to interest from reportable segments	$	532
Unallocated amount		753
	$	**1,285**
Operating profit or loss and profit or loss before income taxes		
Operating profit or loss from interests of reportable segments	$	3,679
Unallocated amount		222
	$	**3,901**

(31) Earnings per share-

Earnings per share as of December 31, 2022 are mentioned below:

Monex, S. A. B. annual net income	2,909
MONEX shares outstanding	623
Earnings per share	4.67

(32) Group entities-

The investment in subsidiaries corresponding to the non-controlling interest as of December 31, 2022, as well as the share in the comprehensive income for the year then ended is shown below:

	2022	
	Share	**Voting rights**
Admimonex S.A. de C.V.	99.99%	100.00%
Monex Financial Group S.A. de C.V.	99.99%	100.00%

(Continued)

(Millions of Mexican pesos)

December 31, 2022		Non-controlling interest in stockholders' equity	Non-controlling interest in comprehensive income
Admimonex, S. A. de C. V.	$	2	(3)
Monex Grupo Financiero, S.A. de C.V.		10	2
Total	$	**12**	**(1)**

(33) Commitments and contingent liabilities-

(a) Monex, S. A. B., on a consolidated basis, discloses the rents occupied by the administrative offices, branches and warehouses, as well as hardware, in accordance with lease contracts with defined terms. The depreciation and amortization expense for rentals is included in administrative expenses in the consolidated statement of comprehensive income. The amount of annual rents payable, derived from lease contracts with a defined term, is as follows:

2023	$	181
2024		180
2025		179
2026		123
2027 and thereafter		242
	$	**905**

(b) Monex, S. A. B. has not entered into service provision contracts with related companies.

(c) In the normal course of operations, some subsidiaries have commitments to each other for service contracts. These contracts are for an indefinite period.

(d) There is a contingent liability derived from employee benefits, which is mentioned in note 3(bb).

(e) Monex, S. A. B. is involved in several lawsuits and claims, derived from the normal course of operations, which are not expected to have a significant effect on the financial position and future profit or loss.

(f) In accordance with current tax legislation, the authorities have the power to review up to the five fiscal years prior to the last income tax return filed.

(Continued)

(g) In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and fiscal obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable transactions. In the event that the tax authorities review the prices and reject the determined amounts, they could demand, in addition to payment of the corresponding tax and accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100% of the updated amount of contributions.

(34) Risk Management (unaudited)-

The Board of Directors of Monex, S. A. B. (the Bank being themost relevant subsidiary) is responsible for approving the Desired Risk Profile for the Bank, the Framework for Comprehensive Risk Management, Risk Exposure Limits, Risk Tolerance Levels, Risk and the mechanisms for taking corrective actions, as well as the Contingency Plans and Contingency Financing.

Additionally, the Board of Directors is responsible for monitoring the implementation of the Comprehensive Risk Management strategy, as well as ensuring that the Bank has sufficient capital to cover the exposure of all the risks to which it is exposed, above the minimum requirements.

The Bank has a risk committee (the Risk Committee) in place, the purpose of which is to manage the risks to which the Bank is exposed, and to ensure that operations are carried out in accordance with the Desired Risk Profile, the Framework for Comprehensive Risk Management, as well as Risk Exposure Limits, which have been previously approved by the Board of Directors.

The Risk Committee performs the following functions:

I. Proposing for approval of the Board of Directors:

a) The objectives, guidelines and policies for Comprehensive Risk Management, as well as any modifications made thereto
b) The Global Risk Exposure Limits and, where applicable, the Specific Risk Exposure Limits, considering the Consolidated Risk, broken down by Business Unit or Risk Factor, cause or origin thereof, taking into account, as appropriate, Articles 79 to 86 Bis 1 of the Provisions, as well as, if applicable, the Risk Tolerance Levels.
c) The mechanisms for the implementation of corrective actions.
d) The cases or special circumstances in which both the Global Risk Exposure Limits and the Specific Risk Exposure Limits may be exceeded.
e) the Capital Adequacy Assessment including the capital estimate and, if applicable, the capitalization plan.
f) The Contingency Plan and modifications.

(Continued)

II. Approving:

a) The Specific Risk Exposure Limits and Risk Tolerance Levels, when the Board delegates powers to do so, as well as the liquidity risk indicators referred to in section VIII of Article 81 of the Provisions.
b) The methodologies and procedures to identify, measure, monitor, limit, control, report and disclose the different types of risk to which the Bank is exposed, as well as any modifications thereto.
c) The models, parameters, scenarios, assumptions, including those related to the stress tests referred to in Appendix 12-B of the Provisions, which are used to carry out the Capital Adequacy Assessment and which will be used to carry out the assessment, measurement and control of the risks proposed by the unit for the Comprehensive Risk Management, which must be consistent with the Bank's technology.
d) The methodologies for the identification, assessment, measurement and control of the risks of new operations, products and services that the Bank intends to offer to the market.
e) The correction plans proposed by the general director in terms of what is indicated in Article 69 of the Provisions
f) The evaluation of the aspects of Comprehensive Risk Management referred to in Article 77 of the Provisions for submission to the Board of Directors and to the Commission.
g) The manuals for Comprehensive Risk Management, in accordance with the objectives, guidelines and policies established by the Board of Directors, referred to in the last paragraph of Article 78 of the Provisions.
h) The report on the technical evaluation of the aspects of Comprehensive Risk Management indicated in Appendix 12 of the Provisions, referred to in Article 77 thereof.
i) The level of effectiveness that the validation mechanisms of the security elements of the identifications presented by potential clients must have, as well as the technology referred to in Articles 51 Bis 6 and 51 Bis 8 of the Provisions to carry out biometric recognitions to referred to in such articles.

III. Appoint and remove the head of the unit for Comprehensive Risk Management.

IV. Inform the Board of Directors about the Risk Profile and compliance with the capital estimate contained in the Assessment of the Bank's Capital Adequacy, as well as about the negative effects that could occur in the operation of the Bank. Likewise, the Risk Committee must inform the Board of Directors of the non-observance of the Desired Risk Profile, the Risk Exposure Limits and the Risk Tolerance Levels established, as well as, where appropriate, the capitalization plan referred to in the Article 2 Bis 117c of the Provisions.

V. Inform the Board of Directors about the corrective actions implemented, including those regarding the Capital Projection Plan and, if applicable, the capitalization plan, in accordance with the provisions of Article 69 of the Provisions.

VI. Ensure at all times that the personnel involved in risk taking are aware of the Desired Risk Profile, the Risk Exposure Limits, the Risk Tolerance Levels, as well as the Capital Projection Plan and, where applicable, case, the capitalization plan.

(Continued)

VII. Report to the Board, at least once a year, on the results of the effectiveness tests of the Business Continuity Plan.

VIII. Approve the methodologies for estimating the quantitative and qualitative impacts of the Operational Contingencies referred to in section XI of Article 74 of these provisions.

IX. Approve the methodology to classify vulnerabilities in information security according to criticality, probability of occurrence and impact.

The Risk Committee, in order to carry out Comprehensive Risk Management, has a specialized unit whose purpose is to identify, measure, monitor and report the quantifiable risks faced by the Bank in operations, whether these are recorded inside or outside of the consolidated statement of financial position, including, where appropriate, the risks of its Financial Subsidiaries.

Additionally, the Bank has an internal audit area that is separate from the Business and administrative Units, whose managers are appointed by the Audit Committee, which carries out a Comprehensive Risk Management audit at the end of each fiscal year.

d) Credit risk

The Provisions define Liquidity Risk as the potential loss due to default by a borrower or counterparty in the operations carried out by Credit Institutions, including real or personal guarantees granted thereto, as well as any other mitigation mechanism used by these institutions.

Qualitative information

The Bank's credit risk management is developed for each phase of the credit process: promotion, evaluation, approval, implementation, monitoring, control and recovery.

This management is carried out by identifying, measuring, supervising and informing the different corporate bodies and business units of the risks to which the loan portfolios as well as individual credits are exposed.

In the case of risks at the individual level, risk management is carried out through expert analysis, as well as through the rating of the portfolio of each borrower and each credit.

Regarding loan portfolios, risk is managed by establishing and monitoring criteria such as: concentration limits, financing limits, portfolio quality indicators, analysis of the evolution of risk indicators and trends.

Additionally, there is a monitoring methodology for the entire portfolio, which include policies and parameters to qualify the level of risk of borrowers, and in which criteria to manage borrowers considered high risk are established.

The Recovery Unit actively participates in the risk management and portfolio monitoring process, aiming to minimize risks to the Bank.

Likewise, the Bank rates each client using the methodology established by the Commission, which considers aspects related to financial risk, payment experience and guarantees.

(Millions of Mexican pesos)

The Bank established a top limit of 40% of basic capital for exposure to credit risk by an individual or group of individuals that constitute a common risk, as established by the Provisions.

Quantitative information

Corporate bond portfolio.

The credit VaR of the money market corporate bond portfolio as of December 31, 2022 at the Bank was (1.157%) related to an investment of $15,007 while the stressed credit VaR of said portfolio was (2.79%) on the same date. Credit VaR was calculated using the Monte Carlo Simulation method with a confidence level of 99% over a one-year horizon; stress was obtained by considering the next lower rating of each instrument.

	VaR	**Expected loss**	**Unexpected loss**
Maximum	1.29%	0.31%	0.98%
Minimum	1.06%	0.26%	0.80%
Average	1.17%	0.28%	0.89%

Note: The figures presented are expressed in amounts related to the value of the corporate bond portfolio, corresponding to the daily exposure as of December 31, 2022.

Commercial loan portfolio.

Allowance for loan losses is calculated monthly for the commercial loan portfolio in which the expected loss is part of the result issued, the methodology applied corresponds to that indicated by the Provisions, issued by the Commission. This method also assigns the degree of risk for operations.

Credit risk statistics of the commercial loan portfolio.

	Minimum	**Maximum**	**Average**
Expected loss	588	641	609
Unexpected loss	133	298	239
VaR	774	896	848

* The statistics of the expected loss, unexpected loss and VaR correspond to the daily exposure for all of 2022.

No relevant variations in financial income or the economic value to be reported were identified in this period.

(Millions of Mexican pesos)

e) Liquidity risk

Pursuant to the Provisions, Liquidity Risk is defined as:

i. The inability to meet present and future cash flow needs affecting the daily operation or financial conditions of the Bank
ii. The potential loss due to the impossibility or difficulty of renewing liabilities or contracting others under normal conditions for the Bank, due to the anticipated or forced sale of assets at unusual discounts to meet obligations or, due to the fact that a position may not be timely disposed of, acquired or hedged by establishing an equivalent contrary position, or
iii. The potential loss due to the change in the structure of the Bank's statement of financial position due to the difference in terms between assets and liabilities.

Qualitative information

The UAIR calculates liquidity GAPs on a daily basis (term up to the dates on which interest or capital is received), for which it considers the inflows and outflows derived from the Bank's total financial assets and liabilities.

The Bank quantifies the exposure to liquidity risk by making cash flow projections for certain periods of time, considering all assets and liabilities denominated in domestic and foreign currency, taking into account the maturity terms.

The Bank's treasury is responsible for ensuring that a prudent amount of liquidity is maintained in relation to the Bank's needs. To reduce risk, the Bank maintains call money lines open in dollars and pesos with various financial institutions.

The liquidity requirement for foreign currency established in Central Bank´s Circular 3/2016 is monitored daily.

Quantitative information

The Bank evaluates the maturities of the assets and liabilities in domestic and foreign currency that are maintained in the consolidated statement of financial position.

The liquidity gap in pesos is presented in the following table (unaudited):

Year	Request <= 30 days	Request >30 days
2022	$(22,056)	$50,949

Moreover, the liquidity gap in US dollars is presented in the following table (unaudited):

Year	Request <= 30 days	Request >30 days
2022	$77	$715

(Continued)

(Millions of Mexican pesos)

Liquidity Risk statistics

Total depreciation gap

Statistics	**<=30**	**<=90**	**<=180**	**<=360**	**<=720**	**<=1800**	**>1800**	**Total***
Minimum	(18,412)	8,978	3,107	4,337	4,897	3,593	1,376	13,534
Maximum	(18,230)	10,295	7,983	6,818	10,254	7,699	3,383	19,580
Average	(18,327)	9,481	4,759	5,354	8,128	5,806	2,063	17,264

Total Maturity Gap

Total	**<=30**	**<=90**	**<=180**	**<=360**	**<=720**	**<=1800**	**>1800**	**Total****
Minimum	(20,565)	3,389	4,947	25,732	18,066	20,429	(15,653)	44,341
Maximum	(20,257)	5,755	9,230	30,762	20,957	30,344	(14,053)	55,017
Average	(20,458)	4,413	6,889	27,992	19,174	26,978	(15,086)	49,902

*Corresponds to the "Total Gap" statistic of Minimum, Average and Maximum.

**The maturity GAP statistics correspond to the position of the money, credit, derivatives and exchange market portfolios for December 2022.

Liquidity or sensitivity analysis considers the asset and liability positions under an extreme scenario for the evaluation of the variations in the economic value and with respect to the financial income, a sensitivity analysis for changes in the interest rate.

Repo renewal effect	**Amount**	**Absolute var**	**Effect of sale at unusual discounts in MD**	**Amount**
Current cost	(631)		Value of the titles	123,893
Sensitivity 1	(694)	(63)	Sensitivity 1	(25)
Sensitivity 2	(757)	(126)	Sensitivity 2	(248)
Stress 1	(821)	(189)	stress 1	(2,441)
Stress 2	(884)	(252)	stress 2	(4,790)

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

(Continued)

(Millions of Mexican pesos)

Effect of the sale at unusual discounts on the Treasury	Amount	Interest paid for deposit	Current MTM	Variation in the MTM
Value of the titles	28,369	Interest paid (current)	(9)	
Sensitivity 1	(6)	Sensitivity 1	(10)	(1)
Sensitivity 2	(63)	Sensitivity 2	(11)	(3)
Stress 1	(618)	Stress 1	(11)	(3)
Stress 2	(1,210)	Stress 2	(14)	(5)

Sensitivity 1 = 1bp,
Sensitivity 2 = 10bp,
Stress 1 = 100bp,
Stress 2 = 200bp.

Sensitivity 1 = 10%,
Sensitivity 2 = 20%,
Stress 1 = 30%,
Stress 2 = 40%.

f) Market risk

The provisions define market risk as the potential loss due to changes in the Risk Factors that affect the valuation or the expected results of the asset, liability or contingent liability operations, such as interest rates, exchange rates and price indices, among others.

Qualitative information

The Bank evaluates and monitors all positions subject to market risk, using value-at-risk models, which have the capacity to measure the potential loss of a position or portfolio, associated with movements in risk factors with a level of 99% confidence over a one-day horizon.

The UAIR also evaluates the rate differential (GAP) for assets and liabilities in domestic and foreign currency. The GAP is represented by the assets and liabilities that review rates in different periods of time, considering the characteristics in rates and terms.

Quantitative information

As of December 31, 2022, the Global VaR was $48.47 (unaudited) with 99% confidence for one day. This value represents the maximum loss expected in one day and is within the limit established by the Bank.

No special market risk treatment for available-for-sale securities was identified in this period.

Market risk statistics

	Minimum VaR	average VaR	Maximum VaR
Global	47.23	52.38	63.77
Derivatives	4.87	8.47	12.52
MDIN	24.94	27.32	33.24
Own MDIN	7.35	17.09	26.44
Treasury	23.07	29.14	36.63
Changes	0.00	0.03	0.14

(Continued)

(Millions of Mexican pesos)

* The average value corresponds to the daily exposure of the money market, derivatives and foreign exchange rates as of December 31, 2022.

g) Operational risk

Within the Provisions, operational risk is defined as the potential loss due to failures or deficiencies in internal controls, due to errors in processing and storing operations or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft, and includes, among others, technology and legal risks, which are also defined below:

Technology risk. It is defined as the potential loss due to damage, interruption, alteration or failure derived from the use or dependence on hardware, software, systems, applications, networks and any other information distribution channel in the provision of banking services with the Bank's customers.

Legal risk. It is defined as the potential loss due to non-compliance with the applicable legal and administrative provisions, the issuance of unfavorable administrative and judicial resolutions and the application of penalties, in relation to the operations that the Bank carries out.

BANK

Type of Operational Risk materialized events	Frequency	%Total	4Q-2022 average impact*	%Total
Process execution, delivery and management	0	0%	0.00	0%
Process execution, delivery and management	3	1.8%	0.284	100%

Events not materialized	Frequency	%Total	Average impact*	%Total
Process execution, delivery and management	66	39.3%	0.00	0%
Business incidents and system malfunctions	87	51.8%	0.00	0%
Customers, products and business practices	12	7.1%	0.00	0%
Total materialized + not materialized	168	100%	0.284	100%

Technology risk

In 2022, 19 operational risk events occurred, of which 12 were technology risk events.

Losses due to technology risk 2022

	Events	Average amounts
SPEI	4	-
SPID	7	1
Operational contingency	1	-
Total	**12**	**1**

(Continued)

Monex, S. A. B. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2022

(Millions of Mexican pesos)

Also, the systems used in the Bank's processes are monitored, which shows the time it takes to recover the normal flow in the event of any technology contingency.

System	Availability quality policy	Actual availability	Top Recovery Time Quality Policy	Actual top recovery time	Number of incidents
Banks	95.00%	100.00%	30 min.	-	-
Box	95.00%	100.00%	30 min.	-	-
Reconciliations	95.00%	100.00%	30 min.	-	-
Corporate Treasury	95.00%	99.58%	30 min.	103 min.	2
Capital Market	95.00%	100.00%	30 min.	-	-
Money market	95.00%	100.00%	30 min.	-	-
Foreign Exchange Market	95.00%	99.15%	30 min.	80 min.	4
Investment Company Market	95.00%	100.00%	30 min.	-	-
Derivatives Market	95.00%	100.00%	30 min.	-	-
credits	95.00%	100.00%	30 min.	-	-
Trusts	95.00%	100.00%	30 min.	-	-
Savings Funds	95.00%	100.00%	60 min.	-	-
Term Investments	95.00%	100.00%	60 min.	-	-
Promotion	95.00%	100.00%	30 min.	-	-
murex	95.00%	100.00%	60 min.	-	-
digitization	95.00%	100.00%	2,880 min.	-	-
Documentation	95.00%	100.00%	30 min.	-	-
PLD Online Alerts	95.00%	100.00%	60 min.	-	-
PLD, SAS	95.00%	100.00%	1,440 min.	-	-
reports	95.00%	100.00%	480 min.	-	-
Human Res Processes	95.00%	100.00%	120 min.	-	-
Monex Portal	95.00%	100.00%	30 min.	1 min.	1
intramonex	95.00%	100.00%	30 min.	-	-
Infrastructure	95.00%	99.75%	30 min.	90 min.	2
Service Desk	95.00%	100.00%	30 min.	-	-
Administration and Finance	95.00%	100.00%	60 min.	-	-
Operational Risk	95.00%	100.00%	30 min.	-	-
		99.94%			**9**

Legal risk

In 2022, there was a loss due to unfavorable events of lawsuits against the Bank.

Global Affairs

December 2022

Possible contingency for Monex Issue	Cases		Provisions
Labor	42	$	33
Against	13		44
Trust	68		P/D
Total	**123**	$	**77**

Lawsuit promoted by Monex

Issue	Cases		Amount	Provisions
Credit/Recovery	43	$	920	N/A
Lawsuits filed against clients/third parties	21		133	N/A
Total	**64**	$	**1,053**	**N/A**

*Total of 187 Trials

(Continued)

(Millions of Mexican pesos)

Losses due to lawsuits 2022

	Events	Average amounts
Execution and delivery of processes	1	6

Also, in 2022, at the end of December, the inventory of provisions for possible legal losses is available for a total of $93.

(35) Subsequent events-

On August 23, 2022, at the Extraordinary General Stockholder Meeting of Monex, S. A. B. de C. V., the stockholdersapproved through the National Banking and Securities Commission (the “Commission”) the cancellation of the registration of the shares representing the capital stock of Monex, S. A. B. in the National Securities Registry (“RNV”). The Mexican Stock Exchange canceled the listing of said shares, prior authorization from the Commission; a public offering was carried out to acquire up to all the shares owned by stockholders that are not part of the group of individuals that controls Monex, S. A. B. on the start date of the offer.

The Commission authorized the public acquisition offer on December 8, 2022. The offer began on December 9 of the same year and concluded on January 9, 2023. 22,694,115 shares representing capital stock. By virtue of the foregoing, Monex, S. A. B., including affiliates, related parties and the control group, would directly or indirectly own 98.75% of capital stock.

Through official letter number 153/4905/2023 dated March 1, 2023 (the “Cancellation Official Letter”), the Commission resolved to cancel the registration of the Shares in the RNV. The BMV was formally notified of the Official Notice of Cancellation and, consequently, the BMV proceeded to implement the administrative and operational processes to formalize the cancellation of the registration and listing of the Shares in said stock exchange, which took effect on March 6, 2023.

As of March 30, 2023, the name of Monex, S. A. B. de C. V. changes to Monex, S. A. P. I. de C. V.

At the Ordinary Shareholder Meeting held on January 9, 2023, the following movements in capital were agreed:

- Dividends declared to stockholders in the amount of $400 from the Bank to the Financial Group, charged to the "Retained earnings" account.

- Dividends declared to stockholders in the amount of $150 from the Brokerage Firm to the Financial Group, charged to the "Retained earnings" account.

- Dividends declared to stockholders in the amount of $550 from the Financial Group to Monex S. A. B., charged to the “Retained earnings” account.

(Continued)

(36) Recently Issued Regulatory Pronouncements-

Regulatory pronouncements issued by the CINIF

The CINIF has issued the Improvements mentioned below:

Improvement to FRS 2023

In December 2022, the CINIF issued the document called "Improvements to FRS 2023", which contains specific modifications to some existing FRS. The main improvement that generates accounting changes is the following:

FRS B-11 Disposal of long-lived assets and discontinued operations/ FRS C-11 Stockholders' Equity- FRS-B-11 comes into effect for fiscal years beginning on or after the January 1, 2023, and early application is allowed. Any change generated must be recognized in accordance with FRS B-1 *Accounting changes and correction of errors*. This improvement establishes that any difference between the carrying amount of long-lived assets surrendered to settle dividends or capital reimbursements must be recognized in retained earnings.

FRS B-15 Translation of foreign currencies- FRS B-15 comes into effect for the years starting January 1, 2023, and early application is allowed. Any change generated must be recognized in accordance with FRS B-1 *Accounting changes and correction of errors*. This makes modifications to the practical solution of the FRS that allows the preparation of financial statements without the effects of translation to functional currency. This improvement specifies which entities and in which cases this option can be exercised, establishing that an entity that does not have subsidiaries or controllers or that is a subsidiary, associate or joint venture, can prepare the financial statements without translation to functional currency, provided that the financial statements are exclusively for tax and legal purposes and have no users who require the preparation of financial statements considering the effects of translation to functional currency.

<u>Recognition of income, costs and expenses</u>

The effective interest determined by applying the effective interest rate is recognized as accrued. The effective interest includes the accrual of portfolio interest and the amortization of loan processing commissions. Both are presented under "Interest income", and the amortization of the transaction costs for processing a loan are presented under “Interest expense”.

(Continued)

To determine the effective interest rate, Monex, S. A. B. will have to consider the following:

1. Determines the amount of estimated future cash flows to be received. It consists of adding the principal and the interest that will be received according to the loan payment structure, during the contractual term, or in a shorter term if there is a probability of payment before the expiration date or another circumstance that justifies the use of a shorter term, for which Monex, S. A. B. documents the corresponding evidence.
2. Determine effective interest. It is the result of subtracting from the estimated future cash flows to be received, the net financed amount determined as described in number 1 of the second paragraph of this note.
3. Determine the effective interest rate. It represents the relationship between effective interest and the net amount financed.

Monex, S. A. B.'s management is under an assessment process to determine the effects of adopting the Accounting Criteria, which are not expected to be relevant.