

Monex, S. A. P. I. de C. V. and Subsidiaries

Consolidated financial statements

December 31, 2023 and 2022

(With the Independent Auditor's Report Thereon)

(Translation from Spanish Language Original)





Independent Auditors' Report

To the Board of Directors and Stockholders

Monex, S. A. P. I. de C. V.:

(Millions of Mexican pesos)

Opinion

We have audited the consolidated financial statements of Monex, S. A. P. I. de C. V. and Subsidiaries (Monex, S. A. P. I.), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended on those dates, and notes, that comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Monex, S. A. P. I. 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. P. I. 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.

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.

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Aguascalientes, Ags.
Cancún, Q. Roo.
Ciudad de México.
Ciudad Juárez, Chih.
Culiacán, Sin.
Chihuahua, Chih.

Guadalajara, Jal.
Hermosillo, Son.
León, Gto.
Mexicali, B.C.
Monterrey, N.L.
Puebla, Pue.

Querétaro, Qro.
Reynosa, Tamps.
Saltillo, Coah.
San Luis Potosí, S.L.P.
Tijuana, B.C.



Allowance for loan losses \$733 in the consolidated statement of financial position	
See notes 3n and 10e to the consolidated financial statements	
The key audit matters	How the key audit matter was addressed in our audit
<p>The allowance for loan losses for commercial loan portfolio involved significant judgments to assess the customers' quality credit risk, considering the various factors established in the methodologies prescribed by the Commission for the qualification process of the loan portfolio, as well as the reliability on the documentation and updating of the information used for its determination.</p> <p>Therefore, we have determined the allowance for loan losses as a key audit matter in our audit.</p>	<p>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.</p> <p>Additionally, with the participation of our specialists, as of December 31, 2023, we assessed the methodologies in-force used and the relevant inputs used for the calculation process.</p>
Over-the-counter derivative financial instruments \$4,676 (asset) and \$3,856 (liability)	
See notes 3j and 9 to the consolidated financial statements	
The key audit matters	How the key audit matter was addressed in our audit
<p>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.</p> <p>Therefore, we have considered the determination of over-the-counter the derivative financial instruments' valuation transactions as a key audit matter in our audit.</p>	<p>As part of our audit procedures, we obtained evidence of the approval, by the Risk Committee of Monex, S. A. P. I., of the valuation models for over-the-counter derivative financial instruments used by Management. Likewise, through sample testing, we assessed the reasonableness of such models and the inputs used, with the participation of our specialists.</p> <p>Additionally, through sample testing, we assessed the adequate measurement and classification of the fair value of over-the-counter derivative financial instruments.</p>

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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. P. I.'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. P. I. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Monex, S. A. P. I.'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.
- 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. P. I.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(Continued)





- 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. P. I. 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. P. I. 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.

KPMG Gádenas Dosal, S. C.



Ricardo Lara Uribe

Mexico City, April 5, 2024.





Monex, S. A. P. I. de C. V. and Subsidiaries

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

Consolidated statements of financial position, continued

December 31 2023 and 2022

(Millions of Mexican Pesos)

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

Memorandum accounts (note 27)

Transactions on behalf of third parties	<u>2023</u>	<u>2022</u>	Transactions for own account	<u>2023</u>	<u>2022</u>
Customer current accounts:			Contingent assets and liabilities	\$ <u>223</u>	<u>129</u>
Customer banks accounts	\$ <u>142</u>	<u>92</u>	Credit commitments (note 27a)	<u>29,848</u>	<u>18,202</u>
Custody transactions:			Assets in trust or mandate (note 27b)	<u>266,529</u>	<u>245,755</u>
Customer financial instruments (securities) received in custody	<u>80,231</u>	<u>86,624</u>	Assets in custody or under management (note 27c)	<u>29,295</u>	<u>16,653</u>
Customer financial instruments (securities) on abroad	<u>16,220</u>	<u>16,719</u>	Collateral received by the entity (note 27d):		
	<u>96,451</u>	<u>103,343</u>	Government debt	<u>26,205</u>	<u>41,016</u>
Management transactions:			Bank debt	<u>6,707</u>	<u>8,032</u>
Customer debtors in repurchase/resale agreements	<u>30,889</u>	<u>49,439</u>	Other debts securities	<u>9,060</u>	<u>3,355</u>
Customer sold/pledged collateral	<u>8,327</u>	<u>7,501</u>		<u>41,972</u>	<u>52,403</u>
	<u>39,216</u>	<u>56,940</u>	Collateral received and sold or delivered as		
Derivative financial instrument purchase transaction:			guarantee by the entity (note 27e):		
Futures and forwards (notional amount)	<u>66,239</u>	<u>80,345</u>	Government debt	<u>26,036</u>	<u>41,012</u>
Options	<u>142,351</u>	<u>61,040</u>	Bank debt	<u>6,640</u>	<u>8,032</u>
Swaps	<u>579,737</u>	<u>297,067</u>	Other debts securities	<u>7,486</u>	<u>3,355</u>
	<u>788,327</u>	<u>438,452</u>		<u>40,162</u>	<u>52,399</u>
Total management transactions	<u>827,543</u>	<u>495,392</u>	Uncollected accrued interest derived from loan portfolio with stage 3 credit risk	<u>168</u>	<u>172</u>
Financial instruments derivatives sale transaction:			Other memorandum accounts (note 27f)	<u>333</u>	<u>257</u>
Futures and forwards	<u>69,418</u>	<u>74,407</u>			
Options	<u>129,905</u>	<u>47,952</u>			
Swaps	<u>10,160</u>	<u>14,379</u>			
	<u>209,483</u>	<u>136,738</u>			
Total on behalf of third parties	\$ <u><u>1,133,619</u></u>	<u><u>735,565</u></u>	Total for own accounts	\$ <u><u>408,530</u></u>	<u><u>385,970</u></u>

See accompanying notes to the consolidated financial statements.



Monex, S. A. P. I. de C. V. and Subsidiaries

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

Consolidated statements of comprehensive Income

Years ended December 31 2023 and 2022

(Millions of Mexican Pesos)

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

	<u>2023</u>	<u>2022</u>
Interest income (note 28)	\$ 15,601	12,588
Interest expense (note 28)	<u>(14,285)</u>	<u>(10,976)</u>
Financial margin	1,316	1,612
Allowance for loan losses (note 10)	<u>117</u>	<u>(327)</u>
Financial margin adjusted for allowance for loan losses	<u>1,433</u>	<u>1,285</u>
Commission and fee income (note 28)	1,150	1,166
Commission and fee expense	(423)	(373)
Financial intermediation income, net (note 28)	11,005	9,510
Other operating income, net	43	220
Administrative and promotional expenses	<u>(8,732)</u>	<u>(7,907)</u>
Income before income taxes	4,476	3,901
Income tax (note 23)	<u>(1,282)</u>	<u>(992)</u>
Net income	\$ <u>3,194</u>	<u>2,909</u>
Other comprehensive income:		
Valuation of cash flow hedge instruments	-	5
Equity in other comprehensive income of other entities	<u>(320)</u>	<u>(342)</u>
Comprehensive income	<u>2,874</u>	<u>2,572</u>
Comprehensive income attributable to:		
Controlling interest	3,197	2,910
Non-controlling interest	<u>(3)</u>	<u>(1)</u>
	<u>3,194</u>	<u>2,909</u>
Comprehensive income attributable to:		
Controlling interest	2,877	2,573
Non-controlling interest	<u>(3)</u>	<u>(1)</u>
	<u>2,874</u>	<u>2,572</u>
Basic earnings per common share, in pesos (note 31)	\$ <u>4.99</u>	<u>4.88</u>

See accompanying notes to the consolidated financial statements.



Monex, S. A. P. I. de C. V. and Subsidiaries

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

Consolidated statements of changes in stockholders' equity

Years ended December 31 2023 and 2022

(Millions of Mexican Pesos)

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	Paid-in capital		Earned capital			Equity in other comprehensive income of other entities	Total controlling interest	Total non-controlling interest	Total stockholders' equity
	Capital stock	Additional paid-in capital	Capital reserves	Retained earnings	Valuation of cash flow hedge instruments				
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)	-	-	0	-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
Retrospective adjustments for error corrections	-	-	-	33	-	-	33	-	33
Balances as of December 31, 2022, adjusted	3,055	763	496	9,786	13	403	14,516	12	14,528
Movements inherent to the decisions of the stockholders:									
Capital stock increases from equity (note 25)	-245	-630	-84	400	-	-	-559	-	-559
Dividend paid (note 25)	-	-	-	-500	-	-	-500	-	-500
Total	-245	-630	-84	-100	-	-	-1,059	-	-1,059
Comprehensive income:									
Net income	-	-	-	3,197	-	-	3,197	-3	3,194
Capital reserves	-	-	145	-145	-	-	-	-	-
Other comprehensive income:									
Valuation of cash flow hedge instruments	-	-	-	13	-13	-	-	-	-
Cumulative effect per conversion	-	-	-	-	-	-	-	-4	-4
Equity in other comprehensive income of other entities	-	-	-	-	-	-320	-320	-	-320
Total	-	-	145	3,065	-13	-320	2,877	-7	2,870
Balances as of December 31, 2023	\$ 2,810	133	557	12,751	-	83	16,334	5	16,339

See accompanying notes to the consolidated financial statements.



Monex, S. A. P. I. de C. V. and Subsidiaries

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

Consolidated statements of cash flow

Years ended December 31 2023 and 2022

(Millions of Mexican Pesos)

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	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Income before income taxes	\$ 4,476	3,901
Items relating to investment activities:		
Depreciation of furniture and equipment	180	109
Amortization -	664	728
Impairment of long-lived assets	-	1
Share in net income of other entities	38	(1)
Items relating to financial activities:		
Other interests	<u>29</u>	<u>775</u>
Total	<u>5,387</u>	<u>5,513</u>
Changes from operating activities:		
Change in margin accounts (derivative financial instruments)	(1,676)	(152)
Change in investment in financial instruments	37,392	(36,273)
Change in debtors on repurchase/resell agreements	203	3,620
Change in derivative financial instruments (assets)	639	1,071
Change in loan portfolio, net	(8,232)	(1,183)
Change in other accounts receivable, net	3,185	14,780
Change of foreclosed assets, net	(281)	(48)
Change in deposit funding	12,318	5,404
Change in banks and other borrowings	(3,096)	2,973
Change in creditors on repurchase/resell agreements	(45,509)	32,900
Change in sold/pledged collaterals	454	(3,058)
Change in derivative financial instruments (liabilities)	(147)	(285)
Change in hedging derivative financial instruments (items hedging related to operation activities)	(5)	8
Change in employee benefit	358	337
Change in accounts payable	6,604	(10,671)
Change in other provisions	(1,192)	(2,018)
Income taxes paid	<u>(1,374)</u>	<u>(1,435)</u>
Net cash provided by operating activities	<u>5,028</u>	<u>11,483</u>
Cash flows from investing activities:		
Proceeds from sale of furniture and equipment	-	22
Proceeds from acquisition of furniture and equipment	(42)	(40)
Acquisition of other entities	-	(90)
Proceed from acquisition of intangible assets	(241)	(454)
Proceed from sale of intangible assets	<u>4</u>	<u>201</u>
Net cash used in investing activities	<u>(279)</u>	<u>(361)</u>
Cash flows from financing activities:		
Payments on lease obligations	(104)	(178)
Dividends paid	(500)	(1,365)
Common stock reimbursement	(559)	997
Interest paid for lease obligations	(29)	(51)
Other payments for financing activities	<u>(1,507)</u>	<u>(92)</u>
Net cash provided by financing activities	<u>(2,699)</u>	<u>(689)</u>
Net increase in cash and cash equivalents	2,050	10,433
Effects from cash value changes	301	(1,850)
Cash and cash equivalents at beginning of year	<u>29,771</u>	<u>21,188</u>
Cash and cash equivalents at end of year	<u>\$ 32,122</u>	<u>29,771</u>

See accompanying notes to the consolidated financial statements.



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(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) Activity and relevant events

Monex, S. A. P. I. de C. V. ("Monex, S. A. P. I."), domiciled at Avenida Paseo de la Reforma 284, floor 15th, alcaldía Cuauhtémoc, Colonia Juárez, Mexico City, Zip Code 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, 2023 and 2022 and for the years ended on those dates they include those of Monex, S. A. P. I. 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	Main activity and location
Admimonex, S. A. de C. V.	99.99%	Direct subsidiary of Monex, S. A. P. I. 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. P. I. 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. P. I. It was incorporated on May 23, 2003 and is authorized by Secretaría de Hacienda y Crédito Público (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%	Direct subsidiary of Monex, S. A. P. I. 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. (Arrendadora Monex)	99.99%	Direct subsidiary of Monex, S. A. P. I. 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.

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

a) Delisting from the Mexican Stock Exchange

On March 1, 2023, Comisión Nacional Bancaria y de Valores (the Commission, CNBV, per Spanish acronym) resolved to cancel the registration of the shares of Monex, S. A. P. I. by means of document number 153/4905/2023 in the Registro Nacional de Valores (the National Securities Registry, RNV, per Spanish acronym). The cancellation document was formally reported to Bolsa Mexicana de Valores (the Mexican Stock Exchange, BMV, per Spanish acronym) and, consequently, the BMV formalized the cancellation of the registration and listing of the shares on said stock exchange, which took effect as of March 6, 2023.

Furthermore, it is reported that, in accordance with the requirements of the Mexican Securities Market Law, Monex, S. A. P. I. established the irrevocable administration and payment trust number F/9976 (the "Payment Trust") with Banco Monex, S.A., Institución de Banca Múltiple, Monex Grupo Financiero (the Bank), as trustee (the "Trustee"), in order to acquire the shares that were not acquired through the public acquisition offer initiated on December 9, 2022 and concluded on January 9, 2023 (the "Offer"), of those shareholders to whom the Offer was addressed, but who did not sell their shares to Monex, S. A. P. I. as part thereof (the "Remaining Shares"). As of the issue date of these consolidated financial statements, the Payment Trust is fully funded.

The Payment Trust was in force for a mandatory period that began on March 1, 2023 (the "Start Date") and ended on the earliest of (i) the day immediately following the expiration of 6 (six) calendar months from the Commencement Date (i.e., September 2, 2023), and (ii) the date on which the Trustee has acquired, if applicable, all of the Remaining Shares and paid the holders of said shares the corresponding purchase price.

Through the Minutes of the General Ordinary Meeting held on November 16, 2023, the cancellation of Trust F/9976 (the "Payment Trust") with the Bank was reported, since the shareholders, in their own right, expressed their willingness to waive the portion of the redemption and cancellation of shares from the Capital Reduction incumbent thereto and their desire not to exercise the Right of Amortization incumbent thereto with respect to all the shares that each one represents.

b) Change of name to "Sociedad Anónima Promotora de Inversión"

Through an agreement of the Extraordinary Shareholder Meeting of Monex, S. A. B. de C. V. (at the time), held on March 30, 2023, it was resolved that Monex, S. A. P. I. adopt the modality of a "Sociedad Anónima Promotora de Inversión de Capital Variable, therefore the name, as of this date, is "Monex" followed by the words "Sociedad Anónima Promotora de Inversión de Capital Variable" (Variable Capital Investment Promotion Company) or the Spanish acronym "S. A. P. I. de C. V."

c) Amortization of Stock Certificate

On August 25, 2023, Monex S. A. P. I. fully amortized the stock certificates with ticker symbol MONEX19 issued for an amount of \$1,507.

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

(2) Authorization and basis of presentation-**Authorization**

On April 5, 2024, Mauricio Naranjo González, Chief Executive Officer, Alfredo Gershberg Figot, Chief Financial Officer, Patricio Bustamante Martínez, Internal Audit Director, and José Arturo Álvarez Jiménez, Accountant and Tax Director, authorized the issuance of the accompanying consolidated financial statements and notes related thereto.

In accordance with the General Corporations Law (LGSM, per Spanish acronym), the Monex, S. A. P. I. 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 2023 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.

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 "Conceptual framework FRS", 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 in the consolidated 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, or in a broader context, of the FRS, the supplementary basis provided in chapter 90 "Supplementary" of FRS A-1 "Conceptual Framework of FRS", and only in the event that the International Financial Reporting Standards (IFRS) referred to chapter 90 "Supplementary" of NIF A-1 "Conceptual framework of FRS" fails to provide a solution to 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 mentioned above FRS and the same accounting criteria, 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.

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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 note:

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

Assumptions and estimation uncertainties

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

- Notes 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 (DFI);
- 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. P. I.'s accounting policies and disclosures require the measurement of fair values of both financial and non-financial assets and liabilities.

Monex, S. A. P. I. 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. P. I. 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. P. I. 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. P. I., audit committee.

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When measuring the fair value of an asset or a liability, Monex, S. A. P. I. 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. P. I. measurement model are not considered as Level 1 under any circumstances.

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

Pursuant to the Provisions, Monex, S. A. P. I. calculates the fair value of the following financial instruments through direct vector valuation, which consists of applying to the position in Monex, S. A. P. I. 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. P. I. that provides the prices and inputs for determining the valuation of financial instruments is Valuación Operativa y Referencias de Mercado, S. A. de C. V.

c) Functional and reporting currency

The mentioned above 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.

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d) Comprehensive income presentation

In compliance with accounting criteria D-2 "Statement of comprehensive income" established by the Commission, Monex, S. A. P. I. 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 below have been applied consistently in the preparation of the consolidated financial statements presented.

(a) Principles of consolidation

The consolidated financial statements include the accounts of Monex, S. A. P. I. 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, 2023 and 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. P. I. 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
2023	7.981602	4.38%	20.83%
2022	7.646804	7.58%	19.50%
2021	7.108233	7.61%	14.16%

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(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.

(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. P. I. 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.

Cash equivalents 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".

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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. P. I. and the clearinghouse during the term of the derivative financial instrument contract.

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.

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(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 in masse, listed and unlisted, that the entity maintains as its own position. They are initially measured and recognized at fair value plus, in the case of financial assets or liabilities not measured at fair value with changes therein, carried through comprehensive income, the transaction costs directly attributable to acquisition or issue, when measured at amortized cost thereafter.

ii. Classification and subsequent measurement

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

- *Financial instruments to collect principal and interest (FICPI)*, whereby the holder intends recover the contractual flows that the instrument entails. The terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest (yield), usually based on the amount of the outstanding principal. The FICPI must have the characteristics of a financing arrangement and be managed based on contractual performance.
- *Financial instruments to collect or sell (FICS)*, measured at fair value with changes in other comprehensive income (FVOCI), whereby the holder intends both to collect contractual cash flows of principal and interest and to obtain a profit on sale when the opportunity arises. Monex, S. A. P. I. irrevocably recognizes the changes in the fair value of the FICSs through the OCI.
- *Trading financial instruments (TFI)*, 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.

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

When any reclassification is made in accordance with the mentioned above, Monex, S. A. P. I. 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. P. I. risk committee.

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

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

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

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

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

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

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. P. I. 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. P. I. 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. P. I.'s claim to cash flows from specific instruments (e.g. non-recourse features).

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

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Financial Instruments: Subsequent measurement and gains and losses –

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

Monex, S. A. P. I. enters into transactions whereby it transfers assets recognized in its consolidated 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. P. I. assesses the expected credit losses (ECL) of the FICs and FICPIs, which are determined considering the level of expected recoverability that corresponds to the different FICs 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. P. I. 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.

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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. P. I. 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. P. I.'s historical experience and an informed credit assessment and including forward-looking information.

Monex, S. A. P. I. 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. P. I. 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.

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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 that are received as collateral are recorded in memorandum accounts and valued at fair value.

If Monex, S. A. P. I. 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. P. I. 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. P. I. with the intention of obtaining profits based on changes in fair value.
- For hedging purposes – Consists of the position assumed by Monex, S. A. P. I. in order to offset or transform the profile of one or several of the risks generated by a hedged item.

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

Monex, S. A. P. I. 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 measured 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.

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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. P. I. designates certain DFI as hedging instruments to hedge market risk in financial instruments associated with highly probable forecast transactions that arise from the 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. P. I. documents the risk management objective and strategy to carry out the hedging. Monex, S. A. P. I. 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.

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- 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. P. I.

Embedded derivatives-

When it comes to financial liabilities, Monex, S. A. P. I. 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. P. I. 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 and it is presented under "Other accounts receivable, net", while the account payable generated by receiving collateral in cash and it is presented under "Creditors for collateral received in cash".

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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 mentioned above amounts receivable must be determined in accordance with the provisions of FRS C-16 "Impairment of financial instruments receivable".

Financial assets and liabilities are offset in such a way that the debit or credit balance is presented in the 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. P. I. 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 in OCI.

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

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

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

Loan portfolio classification

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

Commercial loans include the credits mentioned below:

- a) those granted to legal entities or individuals with business activity and intended for 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 Secretaría de Hacienda y Crédito Público (the Treasury Department of Mexico, SHCP, per Spanish acronym) 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.

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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. P. I. This loan portfolio includes the one named extension portfolio, which is made up of loans that, in terms of the INFONAVIT Law, have some current extension in the payment of amortization of principal and ordinary interest, provided that the entity is contractually bound to abide by said extension under the same terms as the referred-to organizations. At the end of the extension, the portfolio is given the corresponding treatment whether the "Ordinary Amortization Rule" (OAR) or the "Special Amortization Rule" (SAR).

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

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

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

INFONAVIT

Monex, S. A. P. I. 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. P. I. 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. P. I. 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. P. I. 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. P. I. 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. P. I., that is, factoring with recourse or without recourse, respectively.

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The discount is an operation whereby Monex, S. A. P. I., 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. P. I. 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. P. I., which is different from loan portfolio acquisitions.

For any of the operations mentioned above, Monex, S. A. P. I. 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. P. I., 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.

Loan portfolio business model

The determination of the business model for the loan portfolio is based on the history of how Monex S. A. P. I. manages it. Monex, S. A. P. I. 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. P. I. 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. P. I. 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. P. I. 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. P. I., 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.

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- 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

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

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

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

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. P. I. 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. P. I. 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.

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

Credit risk level of the loan portfolio

The loan portfolio is evaluated periodically in order to determine the credit risk, which represents the potential loss due to the default of a borrower or counterparty in the operations carried out by Monex, S. A. P. I., 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. P. I. 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 OAR loan portfolio when it is three to six months overdue, provided that each of the payments made during such period represents at least 5% of the agreed amortization.

Stage 2

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

Additionally, in accordance with the Provisions for the determination of the allowance for loan losses, Monex, S. A. P. I. 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 SAR.

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

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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. P. I. 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 mentioned above Law, are transferred to the stage 3 credit risk loan portfolio in the cases provided for in numeral 2 below.

2. In the case of mortgage loans, whose amortizations have been fully paid or not in the originally agreed terms, when debt maturities are as follows:
 - a. Loans with 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 single principal payment at maturity and with periodic interest payments if they are 90 schedule days or more past due in interest or 30 schedule days or more past due in capital.
 - c. Partial periodic payments of principal and interest when they are 90 schedule days or more past due in principal or interest.
3. Immediate payment documents referred to in the "Cash and cash equivalents" accounting policy, when they have not been collected.
4. Credits acquired from INFONAVIT, in accordance with the SAR or OAR payment modality, and credits intended for remodeling or improving the home, when the amortizations or payments, respectively, have not been fully settled in the originally agreed terms and are 90 schedule days or more past due.

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

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

The mentioned above exceptions shall not be mutually exclusive.

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

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- 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 OAR credits, if they are three to six months overdue, if any of the payments made during such period does not represent at least 5% of the agreed amortization, and for OAR credits when they 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 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 at 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 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

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

Stage 1 and stage 2 credit risk credits, mentioned in the previous paragraph, 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. P. I. 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. P. I. 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.

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- 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. P. I. 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 OAR structure and three amortizations for credits under the SAR structure.

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

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

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

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

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- 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 such 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 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 such 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. P. I. 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.

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(m) Deferred costs

Deferred cost includes 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. P. I., or said credit obligation meets the assumptions to be classified as stage 3 credit risk, described above (see note 3I).
- b) It is considered probable that the debtor will not pay all of the credit obligations owed Monex, S. A. P. I.

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. P. I. 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. P. I. 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. P. I. recognizes an allowance for 100% of such interest, which is canceled when there is evidence of sustained payment.

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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 totaled and used to calculate the PD.

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

EAD, in the case of uncommitted lines of credit that are unconditionally cancelable or that allow automatic cancellation at any time and without prior notice from Monex, S. A. P. I., 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.

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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) OAR, viii) SAR, and ix) extension. The total amount of the reserve to be established for each loan is the result of multiplying the probability of default by the severity of the loss and the exposure at default.

Degree of risk of the allowance for loan losses

The allowance for loan losses constituted by Monex, S. A. P. I. 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	0.50%	0.75%	0.91%	1.50%
B-1	0.75%	1.0%	1.51%	2.00%
B-2	1.00%	1.5%	2.01%	2.50%
B-3	1.50%	2.0%	2.51%	5.00%
C-1	2.00%	5.0%	5.01%	10.00%
C-2	5.00%	10.0%	10.01%	15.50%
D	10.00%	40.0%	15.51%	45.00%
E	40.00%	100%	45.01%	100%

Write-offs, eliminations and recoveries of loan portfolio

Monex, S. A. P. I. 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. P. I. recognizes an allowance up to the amount of the difference.

In any case, Monex, S. A. P. I. 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.

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Additionally, Monex, S. A. P. I. 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. P. I. 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. P. I. 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.

Allowance for irrecoverability or doubtful receivables-

Monex, S. A. P. I. creates an allowance for irrecoverability or doubtful accounts receivable as described in the following page.

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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.
Loans to officials and employees, collection rights and other miscellaneous accounts receivable agreed from origination to 90 schedule days.	Monex S. A. P. I. 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).	

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(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. P. I. 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) LeasesActing as lessee

At the beginning of a contract, Monex, S. A. P. I. 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. P. I. 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. P. I. 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. P. I. 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. P. I. 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.

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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. P. I. at the end of the lease term or the cost of the right-of-use asset reflects that Monex, S. A. P. I. 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 that of furniture 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. P. I. or the risk-free rate determined with reference to the lease term. Monex, S. A. P. I. 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. P. I. is reasonably certain to exercise, the lease payments in an optional renewal period if Monex, S. A. P. I. is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Monex, S. A. P. I. 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. P. I.'s estimate of the amount expected to be paid under a residual value guarantee, if Monex, S. A. P. I. 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. P. I. 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 consolidated statement of financial position.

Short-term leases and leases of low-value assets

Monex, S. A. P. I. 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. P. I. 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. P. I., 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.

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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. P. I. 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 as follows:

Months after foreclosure or dation in lieu of payment	Allowance rate	
	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%

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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. P. I.'s own use

When Monex, S. A. P. I. 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. P. I. 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. P. I. owns between 50% and 99% of capital stock, are valued by the equity method based on the financial statements as of December 31, 2023 and 2022, including the share in the deficit of the investment in subsidiary companies, since that Monex, S. A. P. I. has incurred in legal obligations assumed on behalf of the former.

Other permanent investments in which Monex, S. A. P. I. owns 50% of capital stock, are recorded at cost and through December 31, 2007, were restated by applying UDI factors (see note 19).

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(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, the latter recognized until December 31, 2023, 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. P. I.

(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 testing 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.

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

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Overdrafts in the checking accounts of Monex, S. A. P. I. customers, who do not have a line of credit for such purposes, are classified as overdue debts under "Accounts receivable" and Monex, S. A. P. I. 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 renew automatically, as well as transfers or investments expired and not claimed.

If, in the course of three years from the time the resources are deposited in the global deposit account without movements, the amount of which does not exceed, per account, the equivalent of three hundred measurement and update units (Unidades de Medida y Actualización, UMAS, for its acronym in Spanish), they will prescribe in favor of the assets of public welfare, and Monex, S. A. P. I. 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. P. I. 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 FIP 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.

(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

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that come from the resources provided by banks specialized in financing economic, productive or development activities. Interest is recognized in profit or loss as accrued under "Interest expense".

Borrowings must be initially recognized at the transaction price; transaction costs must be added or subtracted, as well as other items paid in advance, such as commissions and interest, and Monex, S. A. P. I. 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. P. I. must determine the effective interest rate, and for the calculation Monex, S. A. P. I. must estimate the expected cash flows considering all the contractual terms of the FIP (such as prepayment, extension, early repayment and other similar options). Additionally, it must evaluate whether the effective interest rate determined is within the market, by comparing it with an interest rate that considers the time value of money and the inherent risks of payment for similar financing, to which the entity has access.

If Monex, S. A. P. I. 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. P. I. 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. P. I. 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 above-mentioned conditions are not met.

(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. P. I. has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

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Long-term direct benefits

The net obligation of Monex, S. A. P. I. in relation to long-term direct benefits (except for deferred EPSP - see subparagraph (o) of that note) and which Monex, S. A. P. I. 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. P. I. 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. P. I. 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. P. I., 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.

Monex, S. A. P. I. 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

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

The origination fees for a loan are recorded as a deferred loan, which is amortized to profit or loss of the year as interest income during the life of the loan. The commissions for annuity and renewal of commercial, consumer and housing portfolio products are deferred in a period of 12 to 360 months, as appropriate. Likewise, the costs or expenses related to 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.

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

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

(dd) Business and credit concentration

Interest income from the markets area represents 67% and 75% in 2023 and 2022, respectively, of the total interest income of Monex, S. A. P. I. The products of Monex, S. A. P.I., are marketed to a large of customers, without no significant concentration on any specific customer.

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Funding available to Monex, S. A. P. I. is through a funding line with Nacional Financiera (NAFIN) for \$2,000, and a line of \$1,700 with FIRA (Fideicomiso Instituido en Relación a la Agricultura) used for guarantees. Approximately 6% and 5% of the funding has been contracted with these funders in 2023 and 2022, respectively.

Main's Monex, S. A. P. I. supplier are between 8 and 6, respectively, whom approximately 81% of the total purchases were made during 2023 and 2022, in both years.

(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. P. I. 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. P. I. 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. P. I. are recorded.

– *Credit commitments:*

The balance represents the amount in letters of credit granted by Monex, S. A. P. I. 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.

– *Assets in trust or mandate:*

Monex, S. A. P. I. 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.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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- 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. P. I.

The losses incurred by Monex, S. A. P. I. 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. P. I. 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. P. I., 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. P. I.

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.

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. P. I. acting as buyer or borrower.

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– *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. P. I. acts as a buyer or borrower.

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

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

– *Other memorandum accounts:*

As of December 31, 2023 and 2022, other memorandum accounts amount of \$333 and \$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. P. I. 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. P. I. 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. P. I.

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

Monex, S. A. P. I. 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.

(4) Accounting changes**Accounting criteria issued by the Commission.**Recognition of income, costs and expenses

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

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To determine the effective interest rate, Monex, S. A. P. I. will have to consider the following:

1. Determine the amount of estimated future cash flows to be received. This consists of adding the principal and the interest that will be received according to the credit payment plan, during the contractual term, or in a shorter period if there is a probability of payment before the maturity date or other circumstance that justifies the use of a shorter term, for which the Financial Group documents the corresponding evidence.
2. Determine the effective interest. It is the result of subtracting from the estimated future cash flows to be received, the net financed amount determined as described in numeral 1 of the second paragraph of this note.
3. Determine the effective interest rate. This represents the relationship between the effective interest and the net amount financed.

Improvements to FRS 2023

On December 2022, the CINIF issued a document named "Improvements to FRS 2023", which contains specific modifications to some existing FRS. As a result, improvements to "FRS B-15 Translation of Foreign Currencies" and "FRS B-11 Disposal of long-lived assets and discontinued operations/FRS C-11 Stockholders' equity, had no impacts on the consolidated financial statements.

FRS B-15 Translation of foreign currencies – FRS B-15 is effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. Any accounting change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections. It makes modifications to the FRS practical solution that allows the preparation of financial statements without the effects of translating to the 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 a parent company or that is a subsidiary, associate or joint venture, can prepare the financial statements without translating to the functional currency, provided that these are financial statements exclusively for tax and legal purposes and do not have users requiring the preparation of financial statements considering the effects of the translation to functional currency.

(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, 2023 and 2022, the Bank and the Brokerage Firm maintain an exchange risk position within the mentioned above limits.

The foreign currency position of the most important subsidiaries as of December 31, 2023 and 2022, expressed in millions of dollars and the valuation in pesos is analyzed as follows:

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Bank

Foreign currency position	Long	Short	Net
USD	1,815	1,819	(4)
CAD	7	7	-
EUR	59	59	-
JPY	-	-	-
GBP	1	1	-
CHF	1	1	-
OTHERS	-	-	-
	1,883	1,887	(4)

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

Foreign currency 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)

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Monex, S. A. P. I. de C. V. and Subsidiaries

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Position 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 2023	Initial position	Long	Short	Final position
USD	(1)	73	73	(2)
EUR	-	1	1	-
	(1)	74	74	(2)

Position in pesos

USD	\$ (25)	1,238	1,242	(29)
EUR	(3)	13	13	(3)
	\$ (28)	1,251	1,255	(32)

Dollar position 2022	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, 2023 and 2022, was \$16.9666 and \$19.5089 pesos per dollar, respectively. As of April 5, 2024, the date of approval of the consolidated financial statements, it was \$16.4600 pesos per dollar.

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(6) Cash and cash equivalents-

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

	2023	2022
Cash on hand	\$ 32	35
Deposits in domestic banks	6,545	6,898
Deposits in foreign banks	8,325	11,223
Deposits in the Central Bank	726	2,227
Foreign currency sales	(8,962)	(9,511)
Restricted cash and cash equivalents:		
Foreign currency purchase	20,202	9,511
Monetary regulation deposits in the Central Bank	39	4,257
Cash and cash equivalents by auction	5,106	5,093
Immediate payment documents	9	10
Collateral in USD in repo transactions	100	28
	\$ 32,122	29,771

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. P. I. 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, 2023 and 2022, is between 1 and 4 days.

The restriction associated with monetary regulation deposits in the Central Bank consists of the fact that, by provision, Monex, S. A. P. I. 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 not freely available to Monex, S. A. P. I. and do not have a defined date for withdrawal, so they are permanently restricted.

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

	2023	Pesos	Valuated currencies	Total
Central Bank	\$ 169	596	765	
Domestics Banks	4,562	1,983	6,545	
Foreign Banks	2,692	5,633	8,325	
	\$ 7,423	8,212	15,635	
	2022			
Central Bank	\$ 593	5,891	6,484	
Domestics Banks	5,436	1,462	6,898	
Foreign Banks	2	11,221	11,223	
	\$ 6,031	18,574	24,605	

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Monex, S. A. P. I. de C. V. and Subsidiaries

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

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

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

Balances in foreign currency

	2023	Currencies to be received	Currencies to be given
USD		\$ 1,135	464
EUR		22	28
GBP		-	1
CAD		-	21
CHF		-	1
Other currencies		79	27

	2022	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

Balances in pesos

	2023	Currencies to be received	Currencies to be given
USD		\$ 19,258	7,876
EUR		419	523
GBP		3	16
CAD		-	271
CHF		1	21
Other currencies		521	255
		\$ 20,202	8,962

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2022	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 2023	Currencies to be received	Currencies to be delivered
CLS Bank	\$ 18,887	1,256
Barclays	413	518
Goldman Sachs International	107	371
NAFINSA	696	149
Macquarie	99	-
Proteínas y Oleicos, S.A. de C.V.	-	491
Banco Nacional de Obras y Servicios Públicos, S.N.C.	-	424
Other counterparties	-	5,753
	\$ 20,202	8,962

Counterparty 2022	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

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(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, 2023 and 2022; based on the business models determined by Monex, S. A. P. I., including levels in the fair value hierarchy is shown in the next page.

2023	Domestic	Foreign
<i>Trading financial instruments (TFI):</i>		
Debt instruments:		
Government Securities-		
Treasury Bills (CETES)	\$ 1,610	113
Federal Government Development Bonds (BONDS)	20,332	-
Bonds M, M0 and M7	1,741	-
Federal Government Development Bonds in UDIS (UDIBONDS)	304	-
Savings Protection Bonds (BPAT's)	32,390	-
United Mexican States (UMS) Bonds	3,297	-
Debt bonds	-	85
Private securities-		
Stock Certificates (others)	13,744	1
Private bank securities-		
Bank stock certificates	4,346	-
Certificates of deposit (CEDES)	7,341	-
Promissory note with yield payable at maturity (PRLV)	20	-
Capital market instruments:		
Publicly traded shares	191	-
Investments in investment companies	219	-
Value date operations:		
Government Securities-		
Bonds M, M0 and M7	(1,260)	-
Investments in investment companies	(150)	-
Capital market instruments		
Stocks listed on the stock exchange	1	-
Securities lending restricted		
Treasury Bills (CETES)	88	-
Restricted others		
Treasury Bills (CETES)	27	-
Total Trading financial instruments	\$ 84,241	199
	Domestic	Foreign
<u>Fair value:</u>		
Level 1	\$ 84,241	199

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2022	Domestic	Foreign
Trading financial instruments (TFI):		
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 Trading financial instruments	\$ 115,493	5,877
	Domestic	Foreign
<u>Fair value:</u>		
Level 1	\$ 115,493	5,877

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

As of December 31, 2023 and 2022, the TFI include restricted securities, mainly in repurchase agreements, for \$69,922 and \$112,422, respectively.

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

2023	Domestic
<i>Financial instruments to collect or sell (FICS):</i>	
Debt instruments:	
Private securities-	
Stock Certificates (others)	\$ 468
Total financial instruments to collect or sell	\$ 468
<u>Fair value:</u>	
Level 1	\$ 468

2022	Domestic
<i>Financial instruments to collect or sell (FICS):</i>	
Debt instruments:	
Private securities-	
Stock Certificates (others)	\$ 451
Total financial instruments to collect or sell	\$ 451
<u>Fair value:</u>	
Level 1	\$ 451

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

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

2023	Domestic
<i>Financial instruments to collect principal and interest (FICPI):</i>	
Debt instruments:	
Government Securities-	
Federal Government Development Bonds in UDIS (UDIBONDS)	\$ 341
United Mexican States Bonds (UMS)	587
Private securities-	
Stock Certificates (others)	1,708
Total financial instruments to collect principal and interest	\$ 2,636
<u>Fair value:</u>	
Level 1	\$ 2,636

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(Millions of Mexican pesos)

2022	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
Fair value:	
Level 1	\$ 3,115

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

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

b) Category reclassifications

During 2023 and 2022, Monex, S. A. P. I. did not carry out any transfers between categories.

c) Effects recognized in profit or loss and OCI

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

	2023	2022
Gain and loss for purchase/sale		
TFI	\$ 2,659	1,086
Income/loss valuation		
Recognized in profit or loss		
TFI	\$ 394	(206)
Recognized in OCI		
FICS	\$ (14)	26

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

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

	2023	2022
<u>Interest income</u>		
TFI	\$ 7,565	5,525
FICS	64	37
FICPI	61	91
	\$ 7,690	5,653

d) Impairment

The effects of impairment and impairment reversals recognized by Monex, S. A. P. I. in the years 2023 and 2022 are presented below:

	2023	2022
<u>Impairment:</u>		
FICPI*	\$ (1)	(2)

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

(8) Repurchase/resale agreements-**a) Debtors in repurchase/resale agreements**

As of December 31, 2023 and 2022, Debtors in repurchase/resale agreements are presented in the next page.

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(Millions of Mexican pesos)

	Debtors in repurchase/re sale agreements	Collateral sold or pledged as guarantee
Securities 2023		
Debt securities		
<u>Government debt</u>		
Federal Government Development Bonds (BONDS)	\$ -	(54)
Bonds M, M0 and M7	397	387
Savings Protection Bonds	-	(170)
	397	163
<u>Banking debt</u>		
Bank Stock Certificates	-	(71)
Development Certificates (CEDES)	-	(4)
	-	(75)
<u>Other debt securities</u>		
Stock Certificates (others)	-	865
Equity securities		
Securities lending - GMEXICO	-	76
Securities lending - NAFTRAC	-	2
	-	78
	\$ 397	1,031
Securities 2022		
Debt securities		
<u>Government debt</u>		
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
<u>Banking debt</u>		
Bank Stock Certificates	-	(9)
Development Certificates (CEDES)	-	(4)
	-	(13)
<u>Other debt securities</u>		
Stock Certificates (others)	-	(29)
Equity securities		
Securities lending - NAFTRAC	-	15
	\$ 600	577

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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The average time of repurchase agreements in which Monex, S. A. P. I. acted as repurchase that are current as of December 31, 2023 are from 4 days to 126 days and for 2022 are from 5 days to 91 days.

Interest and yields in favor of repurchase agreements entered into by Monex, S. A. P. I. recognized under "Interest income" amounted to \$2,770 and \$3,733 for the years ended December 31, 2023 and 2022, respectively.

b) Creditors under repurchase/resale agreements

As of December 31, 2023 and 2022, creditors under resale agreements include the following:

Securities	2023	2022
Debt securities		
Treasury Bills (CETES)	\$ 1,560	23,027
Federal Government Development Bonds (BONDS)	20,277	16,528
Bonds M, M0 and M7	1,665	3,591
Federal Government Development Bonds in UDIS (UDIBONDS)	302	349
Savings Protection Bonds (BPAT's)	24,442	47,942
United Mexican States Bonds (UMS)	3,298	3,973
Debt bonds	-	678
	51,544	96,088
Banking debt		
Bank Stock Certificates	3,867	5,372
Development Certificates (CEDES)	3,751	2,709
	7,618	8,081
Other debt Securities		
Stock Certificates (others)	7,880	8,382
	\$ 67,042	112,551

The average time of the repurchase agreements in which Monex, S. A. P. I. acted as reseller that are current as of December 31, 2023 they are from 4 days to 55 days and 2022 they are from 4 days to 91 days.

The interest and returns payable in repurchase agreements entered into by Monex, S. A. P. I. recognized under "Interest expense" amounted to \$11,361 and \$9,558 for the years ended December 31, 2023 and 2022, respectively.

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(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, 2023 and 2022, is analyzed as follows:

Security	2023	2022
Debt security		
<u>Government debt</u>		
Federal Government Development Bonds (BONDS)	\$ (54)	600
Bonds M, M0 and M7	387	(3)
Savings Protection Bonds (BPAT's)	(170)	(5)
United Mexican States Bonds (UMS)	-	13
Debt bonds	-	(1)
	163	604
 Banking debt		
Bank Stock Certificates	(71)	(9)
Development Certificates (CEDES)	(4)	(4)
	(75)	(13)
 Other debt Securities		
Stock Certificates (others)	865	(29)
	953	562
 Equity securities		
Securities lending – GMEXICO	76	-
Securities lending – NAFTRAC	2	15
	78	15
	\$ 1,031	577

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

(9) Derivative financial instruments-**a) Derivatives for trading purposes**

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

2023

Instrument	Transaction		Fair value		Net balance	
			Asset	Liability	Debtor	Creditor
Futures	Purchase	\$	7,498	8,141	-	643
Futures	Sale		576	584	5	13
Options	Purchase		1,667	-	1,308	-
Options	Sale		-	999	-	639
Forwards	Purchase		111,769	110,246	461	722
Forwards	Sale		140,179	140,190	1,962	175
SWAP	Purchase		78,543	-	4,332	5,057
SWAP	Sale		-	79,268	-	-
Impairment			-	-	(15)	-
			\$ 340,232	339,428	8,053	7,249

2022

Instrument	Transaction		Fair value		Net balance	
			Asset	Liability	Debtor	Creditor
Futures	Purchase	\$	4,458	4,572	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	209,508	8,669	7,396

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

Fair value 2023:

	Asset	Liability
Level 1	\$ 3,392	3,393
Level 2	4,676	3,856
Total	\$ 8,068	7,249

Fair value 2022:

	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

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(Millions of Mexican pesos)

amounts of derivative financial instruments by type of instrument and underlying as of December 31, 2023 and 2022 are shown below.

2023

			Notional amount	Fair value		Net balance	
Instrument	Transaction	Market		Asset	Liability	Debit*	Credit
Futures							
<u>Foreign exchange</u>							
USD	Purchase	Recognized	7,589	\$ 7,451	-	-	-
USD	Sale	Recognized	-	427	-	-	13
EUR	Purchase	Recognized	47	47	-	-	-
MXN	Purchase	Recognized	-	-	8,141	-	643
MXN	Sale	Recognized	450	-	440	-	-
				7,925	8,581	-	656
<u>Values</u>							
Securities	Sale	Recognized	138	143	138	5	-
<u>Index</u>							
IPC	Sale	Recognized	6	6	6	-	-
				\$ 8,074	8,725	5	656

2022

Instrument	Transaction	Market	Notional amount	Fair value		Net balance	
				Asset	Liability	Debit*	Credit
Futures							
Foreign exchange							
USD	Purchase	Recognized	\$ 3,566	3,630	246	-	-
USD	Sale	Recognized	-	457	-	-	7
EUR	Purchase	Recognized	73	74	-	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

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(Millions of Mexican pesos)

2023								
Instrument	Transaction	Market	Notional amount	Fair value		Net balance		
				Asset	Liability	Debit*	Credit	
Forwards								
foreign								
exchange								
AUD	Purchase	OTC	216	\$	204	206	-	-
AUD	Sale	OTC	218		783	779	-	-
BRL	Purchase	OTC	727		727	-	-	-
BRL	Sale	OTC	721		-	721	-	-
CAD	Purchase	OTC	1,068		636	7,444	159	-
CAD	Sale	OTC	1,125		9,400	2,694	-	60
CHF	Purchase	OTC	769		769	769	-	-
CHF	Sale	OTC	770		238	237	-	-
CNH	Purchase	OTC	189		189	-	-	-
CNH	Sale	OTC	189		-	189	-	-
CNY	Purchase	OTC	45		45	44	-	-
CNY	Sale	OTC	44		44	45	-	-
COP	Purchase	OTC	72		72	-	-	-
COP	Sale	OTC	71		-	71	-	-
EUR	Purchase	OTC	22,059		21,641	12,626	186	29
EUR	Sale	OTC	22,257		9,782	19,078	95	18
GBP	Purchase	OTC	10,493		10,309	7,732	115	15
GBP	Sale	OTC	10,498		10,073	12,581	57	5
HKD	Purchase	OTC	13		13	-	-	-
HKD	Sale	OTC	13		-	13	-	-
HUF	Purchase	OTC	55		55	-	-	-
HUF	Sale	OTC	57		-	57	-	-
ILS	Purchase	OTC	2		-	-	-	-
ILS	Sale	OTC	2		14	14	-	-
JPY	Purchase	OTC	471		471	424	5	-
JPY	Sale	OTC	458		1,847	1,881	-	-
MXN	Purchase	OTC	613		666	18,102	36	469
MXN	Sale	OTC	608		5,185	457	38	43
NOK	Purchase	OTC	245		230	222	28	-
NOK	Sale	OTC	245		39	47	-	-
NZD	Purchase	OTC	41		41	-	-	-
NZD	Sale	OTC	45		-	45	-	-
PLN	Purchase	OTC	136		136	-	-	-
PLN	Sale	OTC	133		-	133	-	-
RUB	Purchase	OTC	1,439		1,439	-	-	-
RUB	Sale	OTC	1,425		-	1,425	-	-
SEK	Purchase	OTC	232		232	-	-	-
SEK	Sale	OTC	230		115	344	-	-
SGD	Purchase	OTC	45		45	-	-	-
SGD	Sale	OTC	45		147	192	-	-
UGX	Purchase	OTC	15		15	-	-	-
UGX	Sale	OTC	15		-	15	-	-
USD	Purchase	OTC	77,537		73,813	59,903	10	12
USD	Sale	OTC	87,309		55,448	101,862	1,673	227
ZAR	Purchase	OTC	26		26	-	21	-
ZAR	Sale	OTC	25		59	84	-	19
				\$	251,948	250,436	2,423	897

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

2022							
Instrument	Transaction	Market	Notional amount	Fair value		Net balance	
				Asset	Liability	Debit*	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

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Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

2023			Notional amount	Fair value		Net balance	
Instrument	Transaction	Market		Asset	Liability	Debit*	Credit
Options							
<u>Foreign exchange</u>							
USD	Purchase	OTC	7,876	4	-	3	-
USD	Sale	OTC	10,764	-	5	-	3
EUR	Purchase	OTC	534	-	-	-	-
EUR	Sale	OTC	534	-	-	-	-
MXN	Purchase	OTC	-	189	-	140	-
MXN	Sale	OTC	-	-	164	-	115
				193	169	143	118
<u>Rates</u>							
TIIE	Purchase	OTC	39,675	635	-	589	-
TIIE	Sale	OTC	46,370	-	353	-	307
LIBOR	Purchase	OTC	-	-	-	-	-
LIBOR	Sale	OTC	-	-	4	-	4
SOFR	Purchase	OTC	94,261	839	-	576	-
SOFR	Sale	OTC	72,237	-	473	-	210
				1,474	830	1,165	521
<u>Index</u>							
IPC	Purchase	Recognized	4	-	-	-	-
				\$ 1,667	999	1,308	639

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(Millions of Mexican pesos)

2022			Notional amount	Fair value		Net balance	
Instrument	Transaction	Market		Asset	Liability	Debit*	Credit
Options							
<u>Foreign exchange</u>							
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
<u>Rates</u>							
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
<u>Values</u>							
Securities	Sale	Recognized	\$ 144	-	5	-	5
				-	5	-	5
<u>Index</u>							
IPC	Sale	Recognized	\$ 1	-	-	-	-
				\$ 1,614	746	1,475	607

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Instrument 2023	Transaction	Market	Notional amount	Fair value		Net balance	
				Asset	Liability	Debit*	Credit
Swaps							
<u>Foreign exchange</u>							
USD	Purchase	OTC	4,676	\$ 4,597	-	-	-
USD	Sale	OTC	4,638	-	4,435	-	-
EUR	Purchase	OTC	57	56	-	6	-
EUR	Sale	OTC	57	-	56	-	5
MXN	Purchase	OTC	5,371	5,079	-	681	-
MXN	Sale	OTC	5,441	-	5,301	-	758
UDI	Sale	OTC	24	-	24	-	10
				9,732	9,816	687	773
<u>Rates</u>							
TIIE	Purchase	Recognized	401,099	53,450	-	2,265	-
TIIE	Sale	Recognized	-	-	53,500	-	2,314
SOFR	Purchase	Recognized	111,077	9,148	-	396	-
SOFR	Sale	Recognized	-	-	9,324	-	573
TIIE	Purchase	OTC	33,860	3,693	-	342	-
TIIE	Sale	OTC	-	-	4,189	-	837
LIBOR	Purchase	OTC	10,369	1,674	-	584	-
LIBOR	Sale	OTC	-	-	1,589	-	485
SOFR	Purchase	OTC	13,227	846	-	58	-
SOFR	Sale	OTC	-	-	850	-	75
				68,811	69,452	3,645	4,284
				78,543	79,268	4,332	5,057
				\$ 340,232	339,428	8,053	7,249

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For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

Instrument 2022	Transaction	Market	Notional amount	Fair value		Net balance	
				Asset	Liability	Debit*	Credit
Swaps							
<u>Foreign exchange</u>							
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
<u>Rates</u>							
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	209,508	8,684	7,396

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

b) Derivatives for hedging purposes-

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

Instrument 2023	Operation	Fair value		Net balance	
		Asset	Liability	Debit	Credit
Fair value hedge					
Swaps	Purchase	\$ 99	72	27	

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Instrument 2022	Operation	Fair value		Net balance	
		Asset	Liability	Debit	Credit
Fair value hedge					
Swaps	Purchase	\$ 170	120	50	-

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	Valuation adjustment	Gains and losses of the hedging instrument	Gains and losses on the hedged item	Hedged item
			2023	2023	2023	2023	
Fixed rate hedge of MXN corporate bonds to switch to floating	MXN bond fixed rate risk	IRS	\$ 12	-	10	14	Investments in financial instruments
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS	11	(11)	9	-	95PEMEX13-2 Current Loan portfolio AUDI
Hedging of fixed rate of credits in MXN to change to floating	MXN credit fixed rate risk	IRS	4	(4)	3	-	Current Loan portfolio AUDI
			\$ 27	(15)	22	14	

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

c) Impairment

The effects of impairment and impairment reversals recognized by Monex, S. A. P. I. in the years 2023 and 2022 are presented below:

	2023	2022
Derivative financial instruments for trading purposes	\$ (15)	(15)

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

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

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d) Collateral in derivative operations

As of December 31, 2023 and 2022, Monex, S. A. P. I. 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, 2023 and 2022, the margin accounts include guarantees given in cash for financial operations carried out in recognized and unrecognized markets for \$4,089 and \$4,724, respectively.

The breakdown of collateral given and received by Monex, S. A. P. I. as of December 31, 2023 and 2022 is presented below:

		Collateral given	Collateral received
Market 2023			
Recognized	\$	2,832	-
OTC		2,545	4,089
	\$	5,377	4,089
Market 2022			
Recognized	\$	1,157	-
OTC		776	4,724
	\$	1,933	4,724

Monex, S. A. P. I. 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. P. I. 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:

- those granted to legal entities or individuals with business activity and intended for commercial or financial line of business;
- loans granted to financial institutions other than interbank loans with a term of less than 3 business days;
- credits for operations of financial factoring, discount and assignment of credit rights
- credits for financial leasing operations that are held with legal entities or individuals with business activity;

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- 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.

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. P. I. 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:

Stage 1	For loans no more than 30 days past due.					
Stage 2	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.					
Stage 3	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.					
	<p>*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.</p> <table><tr><td>30 days</td><td>One schedule month</td></tr><tr><td>90 days</td><td>Three schedule months</td></tr></table>		30 days	One schedule month	90 days	Three schedule months
30 days	One schedule month					
90 days	Three schedule months					

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

- a. The amount of the past due loan is less than 5 percent of the total amount of all the loans that the borrower has from the Institution 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. P. I.
- c. Monex, S. A. P. I. 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.

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- d. Monex, S. A. P. I. will consider at least the following elements in the qualitative and quantitative evaluation:
- 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.
 - Existing or anticipated adverse changes in the borrower's business, economic or financial conditions that impact the ability to meet debt obligations.
 - An actual or expected significant change in the borrower's operating profit or loss.
 - Significant increases in the credit risk of other financial instruments of the same borrower.
 - 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.
 - 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 mentioned above refutation is applicable.

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

Additionally, Monex, S. A. P. I. 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. P. I. 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: <ul style="list-style-type: none"> Loans with $1ATR_i \leq 1$ Loans classified as OAR with $ATR_i \leq 3$ and PRO Loans classified as OAR with $ATR_i > 3$ and $ATR_i \leq 6$, provided that each of the payments made during such period represents at least 5% of the amortization paid.
Stage 2	For credits that meet: <ul style="list-style-type: none"> Loans with $ATR_i > 1$ and $ATR_i \leq 3$, including those classified as SAR
Stage 3	<ul style="list-style-type: none"> Loans with $ATR_i > 3$. Loans classified as OAR with $ATR_i > 3$ and $ATR_i \leq 6$, if any of the payments made during such period does not represent at least 5% of the agreed amortization. Loans classified as OAR with $ATR_i > 6$ When the credit is in stage 3 in accordance with the terms established in Accounting Criterion B-6 "Loan Portfolio" of the accounting criteria.

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2) Commercial and Mortgage Portfolio Rating.

On a quarterly basis, Monex, S. A. P. I. 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 below:

- 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:

$$\text{Allowance for loan losses Stage 1 o 3i} = PI_i \times SP_i \times EI_i$$

- 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:

$$\text{Allowances Stage 2i} = \text{Max Entire Life Completai}, PI_i \times SP_i \times EI_i$$

A. Probability of default

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

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

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For purposes of the above:

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

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

Where:

Qualitative Loan Score $_i$ = It is the score obtained for the i th borrower when evaluating the established risk factors.

Qualitative Loan Score $_i$ = It is the score obtained for the i th 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%

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Monex, S. A. P. I. 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 mentioned above Law, will be transferred to a stage 3 credit risk loan portfolio when they incur in the cases provided for in numeral 2.

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2. Amortizations of non-revolving consumer loans, microcredits and housing loans, referred to in Appendix 16-A contained in the Provisions, have been 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
Partial 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
Partial 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 mentioned above Criterion B-1.
5. The amortizations of loans that the entity has acquired from INFONAVIT or FOVISSSTE, according to the SAR or OAR payment methods, as well as the payments to loans granted to individuals intended for 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.

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:

- the credit resources are used for the purpose for which they were granted
- the borrower starts a new employment relationship under which he has a new employer, or
- 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 OAR structure, and each of the payments made during such period represents at least 5% of the agreed amortization.

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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

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.

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;

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- 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 consolidated 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.

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

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

Stage 1 and 2 credit risk loans, with characteristics other than those indicated in the preceding paragraphs that are restructured or renewed during the course of the final 20% of the original loan term, 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.

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

Sustained Payment

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

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

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

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

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

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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, Monex, S. A. P. I. 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.

- 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 such 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.

5) Loan portfolio business model

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

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

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

a) Breakdown and analysis of the loan portfolio

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

2023	Pesos	Valued foreign currency	Total
<u>Commercial loan portfolio</u>			
Stage 1			
Commercial activity	\$ 16,944	12,525	29,469
Financial entities	1,919	1,909	3,828
Government entities	3,039	1,855	4,894
	21,902	16,289	38,191
Stage 2			
Commercial activity	201	87	288
Stage 3			
Commercial activity	427	76	503
Financial entities	12	35	47
	439	111	550
Total commercial loan portfolio			
Commercial activity	17,572	12,688	30,260
Financial entities	1,931	1,944	3,875
Government entities	3,039	1,855	4,894
	\$ 22,542	16,487	39,029
<u>Mortgage loan portfolio</u>			
Improvements	\$ 11	-	11

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2022	Pesos	Valued foreign currency	Total
<u>Commercial loan portfolio</u>			
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
<u>Mortgage loan portfolio</u>			
Improvements	\$ 184	-	184
Regime 2023			
Stage		Total	
SAR	Stage 3	\$	1
	Total SAR		1
OAR	Stage 1		5
OAR	Stage 3		5
	Total OAR		10
Total		\$	11

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

Monex, S. A. P. I., 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. P. I., 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. P. I. 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. P. I., 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 in 2023 and 2022 amounts to \$1,813 and \$2,099, respectively, and for the EX-Im Bank Program in 2023 and 2022 it amounts to \$90 and \$10, respectively.

As of December 31, 2023 and 2022, the amount of loans to related parties amounted to \$429 and \$1,259, respectively. The detail of such amounts is disclosed in the related parties note.

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Undrawn lines of credit

Undrawn revocable lines of credit as of December 31, 2023 and 2022, amounted to \$25,506 and \$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, which amount to a total of \$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 2022	INFONAVIT
Monex, S. A. P. I. 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	2023
Stage 1	\$ 5 44%
Stage 3	6 56%
	\$ 11 100%
Risk level	2022
Stage 1	\$ 147 80%
Stage 3	37 20%
	\$ 184 100%

Loan portfolio concentration

The breakdown of the loan portfolio by economic activity and the concentration rate as of December 31, 2023 and 2022, is presented in the following page.

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Economic activity	Amount	Concentration
<u>Commercial loans</u>		
Real estate	\$ 5,218	13.37%
Services	4,894	12.54%
Financial	5,017	12.85%
Government	3,875	9.93%
Trade	4,113	10.54%
Manufacture	3,344	8.57%
Automotive	1,708	4.38%
Others	1,689	4.33%
Hotels / Restaurants	1,311	3.36%
Energy	1,239	3.17%
Transport and Telecommunications	1,226	3.14%
Food	1,014	2.60%
Specialized construction	863	2.19%
Housing construction	665	1.70%
Pharmaceutical	591	1.51%
Agricultural	571	1.46%
Individuals	468	1.20%
Chemical industry	412	1.06%
Manufacturing - manufacturing items for construction	391	1.00%
Manufacturing - manufacturing plastic items	200	0.51%
Mining and Metals	105	0.27%
Manufacturing - manufacturing electrical and electronic items	71	0.18%
PEMEX Suppliers	44	0.11%
	39,029	99.97%
Mortgage loans		
Improvement	11	0.03%
	\$ 39,040	100%

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2022

Economic activity	Amount	Concentration
<u>Commercial loans</u>		
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	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%

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The breakdown of the state portfolio as of December 31, 2023 and 2022, is presented below:

Federal entity	2023	2022
Aguascalientes	\$ 560	325
Baja California Norte	842	783
Baja California Sur	82	81
Campeche	53	52
Chiapas	162	167
Chihuahua	464	219
Ciudad de México	19,948	14,993
Coahuila	897	392
Colima	1	1
Durango	25	29
Estado de México	2,000	1,090
Guanajuato	717	1,048
Guerrero	1	3
Hidalgo	464	341
Jalisco	1,602	1,637
Michoacán	107	152
Morelos	16	23
Nayarit	2	2
Nuevo León	5,257	4,811
Oaxaca	5	5
Puebla	833	887
Querétaro	519	426
Quintana Roo	882	301
San Luis Potosi	294	176
Sinaloa	1,091	583
Sonora	861	636
Tabasco	79	67
Tamaulipas	513	193
Tlaxcala	20	21
Veracruz	208	148
Yucatan	70	77
Zacatecas	20	26
Foreign	445	462
	\$ 39,040	30,157

Portfolio subject to support programs

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

Program	2023	2022
Monex Support Program	\$ 349	595

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b) Income, costs and expenses on loan portfolio

Income from interest and commissions recorded in the financial margin for the years ended December 31, 2023 and 2022, segmented by type of credit, includes the following:

2023

	Interest	Commissions	Total
Commercial loan portfolio			
Commercial activity	\$ 2,562	92	2,654
Financial entities	306	3	309
Government entities	366	-	366
	3,234	95	3,329
Mortgage loans portfolio			
Improvements	17	-	17
	\$ 3,251	95	3,346

2022

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, 2023 and 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
2023			
Commercial loans			
Commercial activity	\$ 8	30	3 years
	\$ 8	30	

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2022	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 years ended December 31, 2023 and 2022 amounted to \$30 and \$31, respectively.

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

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

The stage 3 credit risk portfolio as of December 31, 2023 and 2022 is shown as follows:

	91 to 180 days	181 to 365 days	366 days to 2 years	More than 2 years	Total
December 31, 2023					
Commercial activity	\$ 37	255	171	40	503
Financial entities	-	6	41	-	47
	37	261	212	40	550
Mortgage loans portfolio					
Improvement	-	2	2	2	6
	\$ 37	263	214	42	556

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		91 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 years ended December 31, 2023 and 2022:

	2023	2022
Balance at the beginning of the year	\$ 473	300
Restructuring	143	99
Renewals	67	2
Dations	(58)	(1)
Remove	(13)	-
Write offs	(159)	(109)
Transfers from the stage 1 risk portfolio	-	41
Transfers to the stage 1 risk portfolio	(63)	(1)
Transfers from stage 2 risk portfolio	297	298
Transfers to the stage 2 risk portfolio	(1)	(1)
Settlements and/or payments	(107)	(149)
Exchange differential	(23)	(6)
Balance at the end of the year	\$ 556	473

d) Restructures and renewals

The restructured and renewed loans as of December 31, 2023 and 2022 include the following page.

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December 31, 2023 and 2022

	2023	2022
Balance at the end of the year for restructured loans from previous years	\$ 1,558	1,692
Balance at the end of the year of loans renewed from previous years	2,280	1,761
Total balance of restructured and renewed loans from previous years	3,838	3,453
Closing balance of loans restructured in the year:	513	1,027
Balance of loans renewed in the year:	2,797	1,788
Total balance of restructured and renewed loans for the year	3,310	2,815
Total cumulative restructured and renewed loans to 2023 and 2022	\$ 7,148	6,268

Risk diversification

As of December 31, 2023 and 2022, Monex, S. A. P. I. 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. P. I. has granted 2 loans to debtors or groups of people with common risk, amounting to \$4,086 and \$1,194 which represent 38% and 12% of the basic capital for 2023 and 2022 of the previous quarters, respectively.
- The sum of the amounts of the loans granted to the three largest debtors amounts to \$4,810 and \$2,315 which represent 44% and 24% of the basic capital for 2023 and 2022 the previous quarter of Monex, S. A. P. I.

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:

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. P. I
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%

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- The sum of the financing granted to the 3 largest debtors may not exceed 100% of the basic capital of Monex, S. A. P. I.
- 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. P. I., lender. Financing granted exclusively to commercial banking institutions will not be subject to the maximum financing limits, but in any case, will be subject to the maximum limit of 100% of the basic capital of Monex, S. A. P. I., lender. In the case of foreign Institutions in whose capital foreign financial entities have a share, the mentioned above limit will be applicable, as a whole, to the controlling entity and the Subsidiary Institutions.
- The financing granted to entities and organizations that are members of the 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. P. I.

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 mentioned above limits when, in its opinion, there is inadequate Comprehensive Risk Management, or the Internal Control System shows deficiencies.

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

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

e) Allowance for loan losses

As explained in note 3, Monex, S. A. P. I., 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, 2023 and 2022, which includes the origin of determination, is presented in the next page.

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	2023	2022
From the commercial loan portfolio rating	\$ 733	666
Stage 1	267	376
Stage 2	83	30
Stage 3	383	260
For risk coverage on mortgage loan portfolio:		
Stage 3	5	9
Additional allowances	100	500
	\$ 838	1,175

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

Category 2023	PD	LGD	EAD
Commercial loan portfolio	3.44%	39.89%	\$ 39,029
Mortgage loan portfolio	57%	47%	11

Category 2022	PD	LGD	EAD
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, 2023 and 2022, is presented below:

December 31, 2023

Risk level	Commercial loans		Financial entities		Government entities		Mortgages		Total	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
A-1	\$ 22,366	105	3,130	4	4,894	25	5	-	30,395	134
A-2	5,717	68	30	-	-	-	-	-	5,747	68
B-1	1,037	17	1	-	-	-	-	-	1,038	17
B-2	180	4	1	-	-	-	-	-	181	4
B-3	137	5	666	19	-	-	-	-	803	24
C-1	70	5	-	-	-	-	2	-	72	5
C-2	20	3	-	-	-	-	-	-	20	3
D	223	77	-	-	-	-	-	-	223	77
E	510	368	33	33	-	-	4	5	561	406
Additional allowance										100
	\$ 30,260	652	3,875	56	4,894	25	11	5	39,040	838

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December 31, 2022

Risk level	Commercial loans		Financial entities		Government entities		Mortgages		Total	
	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 \$2,231 and \$1,699 as of December 31, 2023 and 2022, respectively which corresponds to letters of credit.

During 2023 and 2022, Monex, S. A. P. I. generated a charge and (credit) to profit or loss of \$117 and \$(327), respectively, for loan allowances. Loan allowances are calculated in accordance with the methodologies approved by the Commission, described in note 3n.

Additional allowances

Additionally, at the end of December 2020, additional generic reserves were established in the amount of \$500, backed by the folio number 2020/59810 assigned by the Commission. These reserves were established with the purpose of reducing risks not covered by the standard methodology of the Commission associated with the loan portfolio. On October 31, 2023, \$400 of the additional reserves were released as they were not exposed to the evaluated risks, leaving \$100 as generic additional reserves that do not have an established validity.

Movements of the allowance for loan losses

An analysis of the movements of the allowance for loan losses of the years ended December 31, 2023 and 2022 is presented in the next page.

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		Commercial activities	Financial entities	Government entities	Mortgages	Total
2023						
Stage 1						
Balance at the beginning of the year	\$	307	44	15	-	366
(Releases)/Creation of allowances		(56)	(21)	10	-	(67)
Write-offs		(20)	-	-	-	(20)
Eliminations		(12)	-	-	-	(12)
		219	23	25	-	267
Stage 2						
Balance at the beginning of the year		30	-	-	-	30
Creation of allowances		83	-	-	-	83
Write-offs		(30)	-	-	-	(30)
		83	-	-	-	83
Stage 3						
Balance at the beginning of the year		247	22	-	9	278
Creation/(Releases) of allowances		247	11	-	(3)	255
Write-offs		(144)	-	-	(1)	(145)
		350	33	-	5	388
	\$	652	56	25	5	738
2022						
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 total amount of penalties for the years 2023 and 2022 amounted to \$195 and \$(147), respectively. In said year, no loans to related parties were written off.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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(11) Other accounts receivable, net-

Other accounts receivable includes the following:

	2023	2022
Collateral given from derivative financial instruments	\$ 2,545	727
Debtors for settlement of exchange operations	8,778	12,313
Receivables from settlement of derivative market operations	13	20
Debtors for settlement of money market operations	1,719	2,709
Debtors by operation	1,195	1,701
Other debtors	197	168
Personal loans and other debts	43	42
Allowance for doubtful accounts	(196)	(200)
	\$ 14,294	17,480

Debtors for settlement of operations

	2023	2022
Foreign currency	\$ 8,778	12,313
Investments in securities	1,719	2,709
Derivatives	13	20
	\$ 10,510	15,042

Debtors for collateral granted in cash

	2023	2022
Credit operations	\$ 50	29

Allowance for doubtful accounts

	2023	2022
Balance at the beginning of the year	\$ (200)	(282)
Trust fees	10	1
Overdue debts from customers	(6)	81
Balance at the final of the year	\$ (196)	(200)

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(12) Other accounts payable-

As of December 31, 2023 and 2022, other accounts payable include the following:

	2023	2022
Suppliers	\$ 111	87
Creditors for operations	2,113	2,114
Contingent liability	240	131
Overdraft of availabilities	3	3,237
Creditors for collateral received in cash	4,089	4,724
Creditors for settlement of exchange operations	20,015	9,118
Creditors for settlement of money market transactions	312	630
Contributions payable	285	350
Creditors for settlement of derivative market transactions	52	16
Creditors for intercompany transactions	1	-
Others	455	426
	\$ 27,676	20,833

(13) Foreclosed assets, net-

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

	2023	Value	Allowance for loss of value	Net
Real estate	\$	446	(23)	423
	2022			
Real estate	\$	163	(13)	150
Equipment		1	-	1
	\$	164	(13)	151

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

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(14) Furniture and equipment net-

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

	Others/ Fixed assets of financial lessor under lease	Other/ Telecomm- unications	Machinery and equipment	Transport equipment	Furniture and office equipment	Computer equipment	Total
Acquisition cost							
December 31, 2022	\$ 11	-	-	4	166	178	359
Additions	-	-	5	-	22	15	42
Disposals	-	(6)	-	-	(23)	(18)	(47)
Effect per conversion	-	-	-	-	(3)	(6)	(9)
December 31, 2023	\$ 11	(6)	5	4	162	169	345
Depreciation							
December 31, 2022	\$ (11)	-	-	(4)	(122)	(150)	(287)
Depreciation	-	-	-	-	(9)	(8)	(17)
Charges of the period	-	-	-	-	(4)	(8)	(12)
Disposals	-	6	-	-	23	18	47
Effect per conversion	-	-	-	-	3	6	9
December 31, 2023	\$ (11)	6	-	(4)	(109)	(142)	(260)
Carrying amount							
As of December 31, 2023	\$ -	-	5	-	53	27	85

	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, 2022	\$ -	-	44	28	72

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(Millions of Mexican pesos)

For the years 2023 and 2022, Monex, S. A. P. I. presented additions for \$42 and \$36, as well as disposals for \$(47) and \$(18), respectively.

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

Monex, S. A. P. I. 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. P. I. leases is presented below:

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:

	2023	2022
Balance as of January 1, 2022	\$ 517	629
Remeasurement of the year	58	-
Renewals contracts	77	-
New contracts	176	-
Advance cancellation of contracts	(1)	-
Depreciation of the year	(150)	(95)
Exchange rate fluctuations	(40)	(17)
Balance as of December 31, 2023	\$ 637	517

Amounts recognized in profit or loss:

	2023	2022
Interest on lease liabilities	\$ (29)	(29)

Total lease cash outflows during 2023 and 2022 were \$133 and \$128, respectively.

The balance of the liability for property leases at present value as of December 31, 2023 and 2022 is \$705 and \$541, respectively.

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

The right-of-use assets related to intangible assets, for the year 2022, include the following page.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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		Hardware
Balance as of January 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:

		2022
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.

(17) Advance payments and other assets, net-

As of December 31, 2023 and 2022, the advance payments and other assets, net, are integrated as follows:

		2023	2022
Deferred EPSP	\$	-	175
Advance payments		294	243
Investment projects		725	659
Accumulated amortization		(578)	(500)
		441	577
Operating deposits		112	145
Others		6	15
Prepayments and other assets, net	\$	559	737

(18) Intangible assets, net-

		2023	2022
Modifications and improvements	\$	476	405
Software, perpetual licensing, licenses		782	685
Other deferred charges		38	38
Other intangible assets		753	825
Amortization		(627)	(538)
Intangible assets, net	\$	1,422	1,415

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Notes to the consolidated financial statements

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(Millions of Mexican pesos)

(19) Goodwill-

As of December 31, 2023 and 2022, goodwill includes the following:

		2023	2022
Monex USA (formerly Tempus)	\$	407	407
Monex Europe, LTD.		326	326
Arrendadora Monex		108	108
Exchange rate fluctuations		185	301
	\$	1,026	1,142

(20) Deposit funding-

The following table presents the analysis and breakdown of the deposit funding as of December 31, 2023 and 2022:

2023		Domestic currency	Foreign currency	Total
Demand deposits				
With interests	\$	9,669	18,099	27,768
No interest		525	1,311	1,836
		10,194	19,410	29,604
Time deposits				
<u>General public</u>				
Certificates of deposit (CEDES, per Spanish acronym)		6,612	11,160	17,772
<u>Money market</u>				
CEDES				
Maturity date		1,263	3,364	4,627
Coupons		10,470	526	10,996
		11,733	3,890	15,623
		18,345	15,050	33,395
Debt securities issued				
Bank bonds		435	403	838
Global deposit funding account without movement		-	3	3
	\$	28,974	34,866	63,840

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Monex, S. A. P. I. de C. V. and Subsidiaries

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For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

2022	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			
<u>General public</u>			
CEDES	5,681	4,847	10,528
<u>Money market</u>			
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, 2023 and 2022 are presented below:

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

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Monex, S. A. P. I. de C. V. and Subsidiaries

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	Domestic currency	Foreign currency
2022		
Demand deposits		
With interests	0.04%	0.05%
Time deposits		
<u>General public</u>		
CEDES	4.58%	1.43%
<u>Money market</u>		
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
2023		
Term deposits		
<u>General public</u>		
CEDES	25 days	27 days
<u>Money market</u>		
CEDES		
Maturity date	25 days	21 days
Coupons	184 days	176 days
<u>Debt securities issued</u>		
Bank bonds	29 days	45 days

	Domestic currency	Foreign currency
2022		
Term deposits		
<u>General public</u>		
CEDES	23 days	17 days
<u>Money market</u>		
CEDES		
Maturity date	13 days	22 days
Coupons	84 days	-
<u>Debt securities issued</u>		
Bank bonds	18 days	14 days

Debt securities issued

The following page presents the detail of the debt securities issued by Monex, S. A. P. I. as of December 31, 2023 and 2022.

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(Millions of pesos)

Issuance index 2023	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
JBMONEXC24756	302,000	98.25	MXN	Oct 31, 23	Jan 29, 24	90	13.00%	0 days	0 days	\$ 29	1	1
JBMONEXC24757	263,000	98.25	MXN	Oct 31, 23	Jan 29, 24	90	13.00%	0 days	0 days	26	1	1
JBMONEXC24814	358,000	99.65	MXN	Nov 9, 23	Feb 1, 24	84	15.00%	0 days	0 days	36	1	1
JBMONEXC24874	370,000	99.90	MXN	Dec 5, 23	Jan 9, 24	35	15.00%	0 days	0 days	37	-	-
JBMONEXC24888	80,000	99.98	MXN	Dec 7, 23	Jan 4, 24	28	16.00%	0 days	0 days	8	-	-
JBMONEXC24884	207,980	99.91	MXN	Dec 7, 23	Jan 9, 24	33	13.00%	0 days	0 days	21	-	-
JBMONEXC24885	150,330	99.91	MXN	Dec 7, 23	Jan 9, 24	33	13.00%	0 days	0 days	15	-	-
JBMONEXC24886	480,500	99.91	MXN	Dec 7, 23	Jan 9, 24	33	14.00%	0 days	0 days	48	1	1
JBMONEXC24891	176,410	99.91	MXN	Dec 8, 23	Jan 9, 24	32	14.00%	0 days	0 days	18	-	-
JBMONEXC24906	60,800	99.77	MXN	Dec 14, 23	Jan 4, 24	21	17.50%	0 days	0 days	6	-	-
JBMONEXC24905	176,500	99.92	MXN	Dec 14, 23	Jan 12, 24	29	13.00%	0 days	0 days	18	-	-
JBMONEXC24909	348,700	99.92	MXN	Dec 14, 23	Jan 11, 24	28	14.00%	0 days	0 days	35	-	-
JBMONEXC24915	60,000	99.82	MXN	Dec 15, 23	Jan 5, 24	21	16.00%	0 days	0 days	6	-	-
JBMONEXC24910	1,135,000	99.78	MXN	Dec 15, 23	Jan 4, 24	20	20.50%	0 days	0 days	113	1	1
JBMONEXC24911	150,000	99.75	MXN	Dec 15, 23	Mar 15, 24	91	15.00%	0 days	0 days	15	-	-
JBMONEXD0354D	34,585	99.89	USD	Nov 27, 23	Jan 5, 24	39	12.00%	0 days	0 days	58	1	1
JBMONEXD0355D	13,319	99.89	USD	Nov 27, 23	Jan 5, 24	39	11.00%	0 days	0 days	23	-	-
JBMONEXD0369D	5,976	99.90	USD	Dec 1, 23	Jan 5, 24	35	8.50%	0 days	0 days	10	-	-
JBMONEXD0383D	7,500	99.95	USD	Dec 6, 23	Jan 4, 24	29	9.50%	0 days	0 days	13	-	-
JBMONEXD0386D	5,688	99.91	USD	Dec 7, 23	Jan 9, 24	33	6.50%	0 days	0 days	10	-	-
JBMONEXD0391D	7,500	99.57	USD	Dec 7, 23	Jan 4, 24	28	6.00%	0 days	0 days	13	-	-
JBMONEXD0392D	33,150	99.88	USD	Dec 8, 23	Jan 19, 24	42	7.50%	0 days	0 days	56	-	-
Subtotal to the next page										\$ 614	6	6



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Issuance index 2023	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
Subtotal from the previous page										\$ 614	6	6
JBMONEXD0394D	13,350	99.63	USD	Dec 11, 23	Jan 4, 24	24	6.00%	0 days	0 days	23	-	-
JBMONEXD0395D	7,500	99.61	USD	Dec 11, 23	Jan 8, 24	28	6.50%	0 days	0 days	13	-	-
JBMONEXD0397D	6,500	99.63	USD	Dec 11, 23	Jan 4, 24	24	6.00%	0 days	0 days	11	-	-
JBMONEXD0401D	5,000	99.63	USD	Dec 13, 23	Jan 3, 24	21	7.00%	0 days	0 days	8	-	-
JBMONEXD0402D	13,200	99.70	USD	Dec 13, 23	Jan 4, 24	22	6.00%	0 days	0 days	22	-	-
JBMONEXD0403D	5,000	99.87	USD	Dec 14, 23	Jan 4, 24	21	8.50%	0 days	0 days	8	-	-
JBMONEXD0404D	7,970	99.74	USD	Dec 14, 23	Jan 11, 24	28	10.00%	0 days	0 days	13	1	1
JBMONEXD0408D	6,540	99.85	USD	Dec 14, 23	Jan 4, 24	21	8.00%	0 days	0 days	11	-	-
JBMONEXD0407D	6,600	99.68	USD	Dec 14, 23	Jan 4, 24	21	5.50%	0 days	0 days	11	-	-
JBMONEXD0411D	38,780	99.88	USD	Dec 15, 23	Jan 26, 24	42	9.00%	0 days	0 days	66	-	-
JBMONEXD0412D	7,550	99.81	USD	Dec 15, 23	Jan 12, 24	28	11.00%	0 days	0 days	13	-	-
JBMONEXD0413D	5,000	99.67	USD	Dec 15, 23	Jan 5, 24	21	6.50%	0 days	0 days	8	-	-
JBMONEXD0415D	5,670	99.92	USD	Dec 15, 23	Jan 12, 24	28	9.50%	0 days	0 days	10	-	-
										\$ 831	7	7

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Issuance index 2022	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
JBMONEXC23731	73,000	99.83	MXN	Nov 22, 22	Jan 23, 23	62	14%	0 days	0 days	\$ 7	-	-
JBMONEXC23743	183,000	99.83	MXN	Nov 29, 22	Jan 30, 23	62	14%	0 days	0 days	18	-	-
JBMONEXC23754	500,000	99.89	MXN	Dec 6, 22	Jan 10, 23	35	16%	0 days	0 days	50	1	1
JBMONEXC23761	919,130	99.87	MXN	Dec 7, 22	Jan 23, 23	47	14%	0 days	0 days	92	1	1
JBMONEXC23771	50,000	99.82	MXN	Dec 13, 22	Jan 4, 23	22	13%	0 days	0 days	5	-	-
JBMONEXC23781	75,000	99.83	MXN	Dec 15, 22	Feb 15, 23	62	14%	0 days	0 days	7	-	-
JBMONEXC23782	121,800	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days	12	-	-
JBMONEXC23784	100,000	99.92	MXN	Dec 15, 22	Jan 12, 23	28	14%	0 days	0 days	10	-	-
JBMONEXC23789	80,000	99.88	MXN	Dec 16, 22	Jan 6, 23	21	13%	0 days	0 days	8	-	-
JBMONEXC23791	120,000	99.60	MXN	Dec 16, 22	Jan 13, 23	28	13%	0 days	0 days	12	-	-
JBMONEXC8941D	26,372	99.75	USD	Nov 16, 22	Feb 15, 23	91	10.6%	0 days	0 days	51	1	1
JBMONEXC8972D	7,970	99.79	USD	Nov 23, 22	Jan 24, 23	62	5.0%	0 days	0 days	16	-	-
JBMONEXC8970D	27,080	99.94	USD	Nov 25, 22	Jan 6, 23	42	6.6%	0 days	0 days	53	-	-
JBMONEXC8984D	20,412	99.75	USD	Nov 25, 22	Feb 23, 23	90	10.6%	0 days	0 days	40	-	-
JBMONEXC8976D	25,640	99.92	USD	Nov 28, 22	Jan 9, 23	42	6.8%	0 days	0 days	50	-	-
JBMONEXC8977D	25,560	99.92	USD	Nov 28, 22	Jan 9, 23	42	5.8%	0 days	0 days	50	-	-
JBMONEXC8979D	29,090	99.92	USD	Nov 29, 22	Jan 10, 23	42	7.8%	0 days	0 days	57	-	-
JBMONEXC8994D	25,590	99.95	USD	Nov 29, 22	Jan 10, 23	42	5.8%	0 days	0 days	50	-	-
JBMONEXC9013D	25,970	99.99	USD	Dec 1, 22	Jan 12, 23	42	6.0%	0 days	0 days	51	-	-
JBMONEXC9015D	29,360	99.93	USD	Dec 2, 22	Jan 13, 23	42	8.2%	0 days	0 days	57	-	-
JBMONEXC9036D	4,000	99.92	USD	Dec 6, 22	Jan 10, 23	35	8.4%	0 days	0 days	8	-	-
JBMONEXC9039D	4,220	99.96	USD	Dec 6, 22	Jan 4, 23	29	9.0%	0 days	0 days	8	-	-
Subtotal to the next page										\$ 712	3	3



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Issuance index 2022	Number of titles	Face value in original currency	Original currency	Date of issue	Due date	Term (days)	Interest rate	Principal payment	Interest payment	Principal balance	Interest balance	Interest expense for the year
Subtotal from the previous page										\$ 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)



Monex, S. A. P. I. de C. V. and Subsidiaries

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The financial instruments payable associated with the credit titles issued with stock indexes JBMONEX C23 1, framework act, were traded in the stock market under the trading program registered with the Commission, for a total amount of \$60,000 in 2023 and 2022 which to date \$6,045 and \$11,491, respectively. The remainder that Monex, S. A. P. I. could issue under said program amounts to \$53,955 and \$48,509, respectively. Such titles have the following guarantees:

Product 2023	Warranty Type	Guaranteed amount ⁽¹⁾
j mxp bonds	Unsecured	\$ 430
j usd bonds	Unsecured	24
CEDES mxp	Unsecured	11,733
CEDES usd	Unsecured	229
<hr/>		
Product 2022	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

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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(21) Exchange-traded bonds:

As of December 31, 2022, the Stock Certificates are comprised as follows:

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	Jun 4, 21	May 30, 25	1,456	TIEE28 + 150 bp	To the expiration	28 days	\$1,500	\$7	\$136	39.49%

Cancellation of the registration of Monex, S. A. P. I. shares in the RNV (2022)

On August 23, 2022, the Extraordinary General Shareholder Meeting of Monex, S. A. P. I. de C. V. approved to request the Commission to cancel the registration of the shares representing the capital stock of Monex, S. A. P. I., in the RNV, request the BMV for the cancellation of the listing of said shares and, with prior authorization from the Commission, carry out a public offer to acquire all of the shares owned by shareholders that are not part of the group of people who have control of Monex, S. A. P. I. as of the start date of the offer (See note 1).

Financial restrictions

Derived from deposit operations, Monex, S. A. P. I. has financial restrictions, applicable for the years 2023 and 2022, regarding the following:

The capitalization index may not be less than 10.5%

Liquidity level requires a minimum of 100% (according to the CCL)

Leverage may not exceed the limit of 3%

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2023 and 2022

(Millions of Mexican pesos)

(22) Bank and other borrowings-

As December 31, 2023 and 2022, Bank loans received include the following:

2023	Pesos	Foreign currency	Total
<u>Short term</u>			
Central Bank	\$ 42	-	42
Commercial banking institutions	1,275	173	1,448
Government banking institutions	10	-	10
	1,327	173	1,500
<u>Long term</u>			
Commercial banking institutions	111	-	111
Total			
Central Bank	153	-	153
Commercial banking institutions	1,275	173	1,448
Government banking institutions	10	-	10
	\$ 1,438	173	1,611
2022	Pesos	Foreign currency	Total
<u>Short term</u>			
Central Bank	\$ 3,862	-	3,862
Commercial banking institutions	106	-	106
Government banking institutions	510	193	703
	4,478	193	4,671
<u>Long term</u>			
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

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	2023	Pesos	Valued foreign currency	Total
	<u>Short term</u>			
	Commercial banking institutions:			
	BANCOPPEL, S. A.	\$ 2	-	2
	BBVA BANCOMER, S. A.	40	-	40
(2)	Government banking institution NAFIN	1,275	173	1,448
	Public trust loans FIRA	10	-	10
		\$ 1,327	173	1,500
		Pesos	Valued foreign currency	Total
	<u>Long term</u>			
	Commercial banking institutions:			
	INVEX, S. A.	\$ 72	-	72
	BANCOPPEL, S. A.	20	-	20
	MULTIVA BANK, S. A.	8	-	8
	BANCO VE POR MÁS, S. A.	11	-	11
		\$ 111	-	111
	2022	Pesos	Valued foreign currency	Total
(1)	<u>Short term</u>			
	Central Banck	\$ 3,862	-	3,862
	Commercial banking institutions:			
	INVEX, S. A.	5	-	5
	BANCOPPEL, S. A.	13	-	13
	MULTIVA BANK, S. A.	10	-	10
	BANCO VE POR MAS, S. A.	27	-	27
	BBVA BANCOMER, S. A.	51	-	51
(2)	Government banking institution NAFIN	510	193	703
		\$ 4,478	193	4,671

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022

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	2022	Pesos	Valued foreign currency	Total
<u>Long term</u>				
Commercial banking institutions:				
INVEX, S. A.	\$	2	-	2
BANCOPPEL, 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.

(2) Credit agreement with NAFIN signed on September 14, 2009 at a rate 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 as of December 31, 2023 and 2022, was \$215 and \$351, respectively.

(23) Income taxes and EPSP-

The current Income Tax Law establishes an IT rate of 30% for 2023 and 2022.

a) Income taxes

The income tax expense includes the following:

	2023	2022
In profit or loss of the period:		
On tax basis	\$ 1,541	1,008
Deferred Income Tax	(259)	(16)
	\$ 1,282	992

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

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Monex, S. A. P. I. de C. V. and Subsidiaries

Notes to the consolidated financial statements

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	2023	2022
Profit or loss before income taxes	\$ 4,476	3,901
Expense expected	1,343	1,170
Increase (decrease) resulting from:		
Fiscal effect of inflation, net	(135)	(216)
Non-deductible expenses	20	7
Others, net	54	31
Income tax expense	\$ 1,282	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, 2023 and 2022, are listed below:

	2023	2022
<u>Deferred income tax assets</u>		
Valuation of investments in financial instruments	\$ (15)	37
Valuation of derivative financial instruments payable	5	(137)
Allowance for irrecoverability or doubtful payment on collection rights	36	41
Allowance for irrecoverability or doubtful payment on other accounts receivable	255	220
Allowance for loss of value in foreclosed assets	2	62
EPSP payable	61	(14)
Deferred EPSP liability	-	96
Accruals for employee benefits	144	552
Accruals	240	56
Other deferred credits and advance payments received	456	135
Carryforward tax losses	152	-
	1,336	1,048
Valuation allowance	(5)	(4)
	1,331	1,044
<u>Deferred income tax liabilities</u>		
Valuation of investments in financial instruments	-	(1)
Valuation of investment in derivative financial instruments	-	(5)
Other deferred charges and prepayments	(39)	(33)
	(39)	(39)
Deferred income tax asset, net	\$ 1,292	1,005

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As of December 31, 2023 carryforward tax losses expire as shown below:

Year	Updated amount as of December 31, 2023	
2026	\$	52
2027		60
2028		115
2029		166
2030		100
2031		16
2032		49
	\$	558

b) EPSP

The EPSP expense (benefit) includes the following:

	2023	2022
In profit or loss of the period:		
Current EPSP	\$ 204	(209)
Deferred EPSP	185	175
	\$ 389	(34)

Deferred EPSs

The temporary differences that give rise significant portions of deferred EPSP assets and liabilities as of December 31, 2023 and 2022, are listed below:

	2022	2023
<u>Deferred EPSP assets</u>		
Valuation of investments in financial instruments	\$ (69)	(75)
Valuation of derivative financial instruments payable	(116)	(48)
Allowance for irrecoverability or doubtful payment on collection rights	10	14
Allowance for irrecoverability or doubtful payment on other accounts receivable	80	73
Deferred EPSP	(33)	-
Accruals for employee benefits	35	32
Accruals	87	184
Other deferred credits and advance payments received	20	8
	14	188
Valuation allowance	(1)	(1)
	13	187
<u>Deferred EPSP liabilities</u>		
Other deferred charges and prepayments	(13)	(12)
	(13)	(12)
Deferred EPSP asset, net ⁽¹⁾	\$ -	175

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Monex, S. A. P. I. de C. V. and Subsidiaries

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

(24) Employee benefits-**a) Post-employment benefits**

Monex, S. A. P. I. 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. P. I.'s policy to fund the pension plan is to contribute the highest deductible amount for income tax according to the projected unit credit method.

Cash flows-

Net contributions and benefits paid from the funds amounted to \$73 and \$44 in 2023 and 2022, respectively.

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

2023	Seniority premium	Legal compensation	Pension plan
Current Service Cost	\$ 12	38	43
Net interest on DBNL	5	27	20
Prior Service Labor Cost provided in the year	-	-	85
Remeasurements of DBNL in OCI* DBNL remeasurements recognized in profit or loss of the period	4	52	(12)
Net cost for the period	21	117	136
Beginning balance of DBNL* in OCI remeasurements	34	260	(223)
Remeasurements generated	(5)	23	28
Reclassification of Remeasurements	(5)	(52)	12
Ending balance of DBNL* remeasurements in OCI	24	231	(183)
Ending balance of DBNL* remeasurements in OCI	(9)	(29)	40
Defined benefit cost	\$ 12	88	176
Beginning balance of DBNL*	\$ 56	289	200
Defined Benefit Cost (income)	12	89	176
Plan Contributions	-	-	(40)
Payments charged to DBNL*	(4)	(44)	(25)
Ending balance of DBNL*	\$ 64	334	311

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2022	Seniority premium	Legal compensation	Pension plan
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)

The financing position of the Defined Benefit Obligation as of December 31, 2023 and 2022 is listed below:

2023	Seniority premium	Legal compensation	Pension plan
Defined benefit obligations (DBO)	\$ 74	334	460
Plan assets	(10)	-	(149)
Financial Position of the Obligation	\$ 64	334	311

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

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	2023	2022
Discount rate	10.18%	10.30%
Expected return on plan assets	10.18%	10.30%
Rate of compensation increase for 2024 and 2023:	7.00%	10.50%
Average remaining employee labor life	14 years	15 years

The account balance is comprised by \$709 and \$549 from the pension plan, employee bonuses for \$708 and \$679, and EPSP for the year for \$206 and \$209 in the years 2023 and 2022, respectively.

(25) Stockholders' equity-

The principal characteristics of Stockholders' equity are described below:

a) Structure of capital stock-

The capital stock of Monex, S. A. P. I. as of December 31, 2023 and 2022 it is integrated as follows:

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Capital stock:				
Shares Serie "A"	50,000	\$ -	50,000	\$ -
Variable capital:				
Shares Serie "B"	593,938,670	2,810	645,758,505	3,055
	593,988,670	\$ 2,810	645,808,505	\$ 3,055

On November 16, 2023, at the General Shareholder Meeting, the shareholders took note that the F/523 Trust exercised the right of redemption with regarding all of the 5,825,454 Series "B" shares of which it is the holder. The shareholders approved a capital reduction by creating an account payable for \$50, which may be settled at any time from the date this Meeting was held and through December 31, 2024.

On December 20, 2023, at the General Shareholder Meeting, the shareholders approved the cancellation of 45,994,381 common, registered Series "B" shares, representing the authorized part of the variable portion of capital stock, which are in the Treasury of Monex, S. A. P. I.

On April 19, 2022, at the General 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)-

The OCI as December 31, 2023 and 2022 includes:

	2023	2022
Cash flow hedging valuation	\$ -	18
Equity in OCI of other entities	83	403
Income tax and EPSP	-	(5)
Total	\$ 83	416

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

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

Cash flow hedging valuation

	OCI before income tax and EPSP	Tax Income and EPSP	OCI net	Controlling interest
Balances as of December 31, 2022	\$ 18	(5)	13	13
Recycled effect to Net income	(18)	5	(13)	(13)
Balances as of December 31, 2023	\$ -	-	-	-

	OCI before income tax and EPSP	Tax Income and EPSP	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
Balances as of December 31, 2022	\$ 18	(5)	13	13

Equity in OCI of other entities

	OCI	Controlling interest
Balances as of December 31, 2022	\$ 403	403
Participation of the period	(320)	(320)
Balances as of December 31, 2023	\$ 83	83
Balances as of December 31, 2021	\$ 745	745
Participation of the period	(342)	(342)
Balances as of December 31, 2022	\$ 403	403

c) Dividends-

On April 20, 2023, the Ordinary General Shareholders' Meeting agreed to declare dividends from the "Retained earnings" account in the amount of \$500.

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.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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d) Restrictions on stockholders' equity-

Monex, S. A. P. I. 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 \$557 and \$496 as of December 31, 2023 and 2022, respectively.

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

If profits that did not generate the tax applicable to Monex, S. A. P. I. were shared, the tax will have to be paid when distributing the dividends. Therefore, Monex, S. A. P. I. 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. P. I.) 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.

However, Monex, S. A. P. I. has not been assigned a degree of systemic importance by the Commission therefore it does not require a capital supplement.

As of December 31, 2023 and 2022, the Bank's capitalization index was \$18.33% and 19.66%, respectively 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).

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Capitalization Index-

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

The information corresponding to the Bank's capitalization index as of December 31, 2023 and 2022 is presented below:

Basic capital	2023	2022
Common shares	3,240.473	3,240,473
Retained earnings	\$ 4,735	4,738
Other comprehensive income (and other reserves)	4,481	3,402
Basic capital 1 before regulatory adjustments	12,457	11,381
Local regulatory adjustments:		
Deferred charges and prepayments	475	461
Deferred taxes, items in favor from temporary differences	790	916
Investments in other instruments	238	238
Capital Regulatory Adjustments	1,503	1,615
Basic non-fundamental capital	11,508	10,622
Total basic capital	11,508	10,622
Complementary capital	100	341
Admissible reserves that compute as Complementary	100	341
Net capital	\$ 11,608	10,963
Total Risk Weighted Assets	\$ 65,786	27,290
Capital ratios and supplements		
Capital Index 1	17.49%	19.05%
Basic Capital Index	17.49%	19.05%
Complementary Capital Index	0.15%	0.61%
Net Capital Index	17.65%	19.66%
Limits applicable to the inclusion of reserves in the complementary capital:		
Limit on the inclusion of provisions in the complementary capital under standardized methodology	\$ 100	341

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Monex, S. A. P. I. de C. V. and Subsidiaries

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

2023	Equivalent assets at risk	Capital requirement
Positions exposed to market risks by risk factors:		
Transactions in local currency with nominal rates	\$ 5,436	435
Transactions with debt security in local currency with surcharge and a revisable rate	2,562	205
Transactions in local currency with real rate of denomination in UDI's	649	52
Positions in UDI's or with yield referred to the INPC	15	1
Transactions in foreign currency with nominal rate	1,658	133
Positions in currencies or with returns indexed to the exchange rate	347	28
Positions in shares or with performance indexed to the price of a share or group of shares	654	52
Impact capital requirement	-	-
	11,321	906
Weighted assets subject to credit risk by risk group:		
Of unrelated counterparties, for transactions with debt securities	541	43
Of unrelated counterparties, for derivative operations	1,063	85
Of related counterparties, for derivative operations	310	25
Of the issuers of debt securities in position	3,611	289
Of borrowers in portfolio credit transactions	24,393	1,951
Of borrowers in restructured credit transactions program	882	70
Of borrowers in credit transactions of Article 2 Bis 17 (reform)	4,717	377
For guarantees and lines of credit granted	434	35
By securitizations	1,176	94
Permanent investments and other assets	2,811	225
From transactions with individuals related to issuer risk, borrower and lines of credit (except Art. 2 Bis 17)	526	42
From credit risk of the counterparty in defaults of free submission mechanisms	125	10
Adjustment for Credit Valuation in derivative transactions	384	31
	40,973	3,277
Weighted assets subject to risk and capital requirements for operational risk	13,186	1,055
Total market, credit and operational risk	\$ 65,480	5,238

2023	Method	Risk Weighted Assets	Capital requirement	Average requirement for market and credit risk of the last 36 months	Average positive annual net income for the last 36 months
December	Business indicator	13,186	1,055	Not applicable	Not applicable

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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

2022	Method	Risk Weighted Assets	Capital requirement	Average requirement for market and credit risk of the last 36 months	Average positive annual net income for the last 36 months
December	Business indicator	10,697	856	Not applicable	Not applicable

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III. 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

IV. Capital Management

Adverse Scenario	Supervisory	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Capitalization Index													
<i>Final value of the quarter</i>													
Fundamental Capital		10,943	11,301	10,865	11,017	10,520	10,901	11,233	11,405	11,377	11,664	11,979	12,160
Basic Capital		10,943	11,301	10,865	11,017	10,520	10,901	11,233	11,405	11,377	11,664	11,979	12,160
Net Capital		11,276	11,653	11,218	11,375	10,881	11,266	11,601	11,776	11,751	12,041	12,358	12,542
Weighted Assets Subject to Total Risk													
Weighted Assets Subject to Credit Risk		58,931	60,452	58,145	62,709	65,435	67,434	68,520	69,546	70,796	71,601	72,568	73,567
Weighted Assets Subject to Market Risk		34,719	36,220	36,282	38,476	39,640	40,632	41,385	42,055	42,761	43,492	44,213	44,946
Weighted Assets Subject to Operational Risk		13,081	13,364	10,273	12,706	13,938	14,723	15,022	15,133	15,375	15,479	15,536	15,674
Fundamental Capital Ratio (%)		18.57%	18.69%	18.69%	17.57%	16.08%	16.17%	16.39%	16.40%	16.07%	16.29%	16.51%	16.53%
Core Capital Ratio (%)		18.57%	18.69%	18.69%	17.57%	16.08%	16.17%	16.39%	16.40%	16.07%	16.29%	16.51%	16.53%
Capitalization Index (%)		19.13%	19.28%	19.29%	18.14%	16.63%	16.71%	16.93%	16.93%	16.60%	16.82%	17.03%	17.05%

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Adverse Scenario	Supervisory Scenario												
		Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Capitalization Index Final value of the quarter													
Fundamental Capital		10,943	11,301	10,865	10,836	10,040	10,302	10,402	10,266	10,331	10,341	10,475	10,282
Basic Capital		10,943	11,301	10,865	10,836	10,040	10,302	10,402	10,266	10,331	10,341	10,475	10,282
Net Capital		11,276	11,653	11,218	11,194	10,405	10,673	10,780	10,650	10,720	10,735	10,873	10,684
Weighted Assets Subject to Total Risk		58,931	60,452	58,145	62,673	65,394	67,807	68,455	70,210	70,987	71,282	72,510	73,559
Weighted Assets Subject to Credit Risk		34,719	36,220	36,282	38,116	39,274	40,130	40,439	41,029	41,233	41,299	41,901	42,366
Weighted Assets Subject to Market Risk		13,081	13,364	10,273	13,115	14,569	16,000	16,394	17,312	17,579	17,694	18,278	18,739
Weighted Assets Subject to Operational Risk		11,131	10,868	11,589	11,441	11,551	11,678	11,621	11,869	12,175	12,289	12,331	12,453
Fundamental Capital Ratio (%)		18.57%	18.69%	18.69%	17.29%	15.35%	15.19%	15.20%	14.62%	14.55%	14.51%	14.45%	13.98%
Core Capital Ratio (%)		18.57%	18.69%	18.69%	17.29%	15.35%	15.19%	15.20%	14.62%	14.55%	14.51%	14.45%	13.98%
Capitalization Index (%)		19.13%	19.28%	19.29%	17.86%	15.91%	15.74%	15.75%	15.17%	15.10%	15.06%	14.99%	14.52%
Internal Scenario 1													
Capitalization Index Final value of the quarter													
Fundamental Capital		10,943	11,301	10,865	11,511	10,822	11,304	11,610	11,905	11,783	12,139	12,540	12,889
Basic Capital		10,943	11,301	10,865	11,511	10,822	11,304	11,610	11,905	11,783	12,139	12,540	12,889
Net Capital		11,276	11,653	11,218	11,868	11,183	11,668	11,977	12,276	12,157	12,517	12,922	13,274
Weighted Assets Subject to Total Risk		58,931	60,452	58,145	65,110	67,024	69,071	70,394	71,961	73,031	74,478	75,247	76,939
Weighted Assets Subject to Credit Risk		34,719	36,220	36,282	39,731	40,517	41,170	41,866	42,513	43,056	43,822	44,402	45,328
Weighted Assets Subject to Market Risk		13,081	13,364	10,273	12,426	13,231	13,889	14,338	14,531	14,760	15,185	15,283	15,713
Weighted Assets Subject to Operational Risk		11,131	10,868	11,589	12,954	13,277	14,012	14,191	14,917	15,214	15,471	15,562	15,899
Fundamental Capital Ratio (%)		18.57%	18.69%	18.69%	17.68%	16.15%	16.37%	16.49%	16.54%	16.13%	16.30%	16.67%	16.75%
Core Capital Ratio (%)		18.57%	18.69%	18.69%	17.68%	16.15%	16.37%	16.49%	16.54%	16.13%	16.30%	16.67%	16.75%
Capitalization Index (%)		19.13%	19.28%	19.29%	18.23%	16.68%	16.89%	17.01%	17.06%	16.65%	16.81%	17.17%	17.25%
Internal Scenario 2													
Capitalization Index Final value of the quarter													
Fundamental Capital		10,943	11,301	10,865	12,842	11,875	12,142	12,149	11,972	12,120	12,420	12,752	13,142
Basic Capital		10,943	11,301	10,865	12,842	11,875	12,142	12,149	11,972	12,120	12,420	12,752	13,142
Net Capital		11,276	11,653	11,218	13,200	12,238	12,509	12,520	12,347	12,500	12,805	13,140	13,535
Weighted Assets Subject to Total Risk		58,931	60,452	58,145	66,663	70,103	73,525	76,348	77,218	82,136	84,310	86,336	89,152
Weighted Assets Subject to Credit Risk		34,719	36,220	36,282	39,937	41,112	42,264	43,438	44,661	45,604	46,471	47,303	48,558
Weighted Assets Subject to Market Risk		13,081	13,364	10,273	12,794	14,608	16,264	17,913	19,443	20,741	21,763	22,855	24,078
Weighted Assets Subject to Operational Risk		11,131	10,868	11,589	13,932	14,383	14,997	14,998	13,114	15,790	16,076	16,179	16,516
Fundamental Capital Ratio (%)		18.57%	18.69%	18.69%	19.26%	16.94%	16.51%	15.91%	15.50%	14.76%	14.73%	14.77%	14.74%
Core Capital Ratio (%)		18.57%	18.69%	18.69%	19.26%	16.94%	16.51%	15.91%	15.50%	14.76%	14.73%	14.77%	14.74%
Capitalization Index (%)		19.13%	19.28%	19.29%	19.80%	17.46%	17.01%	16.40%	15.99%	15.22%	15.19%	15.22%	15.18%

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Internal Scenario 3

	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Capitalization Index												
<i>Final value of the quarter</i>												
Fundamental Capital	10,943	11,301	10,865	12,456	11,549	11,958	12,222	12,501	12,315	12,539	12,728	12,878
Basic Capital	10,943	11,301	10,865	12,456	11,549	11,958	12,222	12,501	12,315	12,539	12,728	12,878
Net Capital	11,276	11,653	11,218	12,815	11,914	12,328	12,597	12,881	12,701	12,930	13,124	13,280
Weighted Assets Subject to Total Risk	58,931	60,452	58,145	65,414	67,052	70,446	71,751	73,509	74,665	76,442	78,389	80,346
Weighted Assets Subject to Credit Risk	34,719	36,220	36,282	39,667	40,357	41,146	41,683	42,223	42,408	42,766	43,267	44,189
Weighted Assets Subject to Market Risk	13,081	13,364	10,273	12,079	12,616	13,026	13,591	13,983	14,120	14,450	14,736	15,379
Weighted Assets Subject to Operational Risk	11,131	10,868	11,589	13,668	14,078	16,274	16,477	17,303	18,137	19,226	20,386	20,778
Fundamental Capital Ratio (%)	18.57%	18.69%	18.69%	19.04%	17.22%	16.97%	17.03%	17.01%	16.49%	16.40%	16.24%	16.03%
Core Capital Ratio (%)	18.57%	18.69%	18.69%	19.04%	17.22%	16.97%	17.03%	17.01%	16.49%	16.40%	16.24%	16.03%
Capitalization Index (%)	19.13%	19.28%	19.29%	19.59%	17.77%	17.50%	17.56%	17.52%	17.01%	16.91%	16.74%	16.53%

(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, 2023 and 2022 are shown below:

2023	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	\$ 32,122	-	-	-	32,122
Margin accounts	2,832	-	-	-	2,832
Investments in financial instruments	11,501	4,810	54,355	16,878	87,544
Repo debtors	397	-	-	-	397
Derivative financial instruments	2,299	659	3,689	1,406	8,053
Stage 1 credit risk loan portfolio	10,380	987	18,288	8,541	38,196
Stage 2 credit risk loan portfolio	38	-	250	-	288
Stage 3 credit risk loan portfolio	358	38	160	-	556
Other accounts receivable (net)	14,294	-	-	-	14,294
Total assets	74,221	6,494	76,742	26,825	184,282
Liabilities:					
Deposits funding	54,175	9,665	-	-	63,840
Bank loans and other organizations	1,492	-	119	-	1,611
Reporter creditor	66,827	215	-	-	67,042
Collateral sold or pledged	1,031	-	-	-	1,031
Derivative financial instruments	2,265	706	2,984	1,294	7,249
Creditors for settlement of operations	20,379	-	-	-	20,379
Creditors for collateral received in cash	4,089	-	-	-	4,089
Contributions payable	285	-	-	-	285
Sundry creditors and other accounts payable	2,923	-	-	-	2,923
Total liabilities	153,466	10,586	3,103	1,294	168,449
Assets less liabilities	\$ (79,245)	(4,092)	73,639	25,531	15,833

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2022	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**

The credit commitments as of December 31, 2023 and 2022 recorded in memorandum accounts are analyzed below:

	2023	2022
Lines for letters of credit not exercised	\$ 642	1,126
Lines of credit not exercised:		
Commercial loan portfolio	24,864	13,871
Other loan commitments	4,342	3,205
	\$ 29,848	18,202

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b) Assets in trust or mandate

Trust activity as of December 31, 2023 and 2022 recorded in memorandum accounts is analyzed below:

	2023	2022
Trusts		
Guarantee, investment or administration	\$ 266,529	245,755

The income accrued for the years ended December 31, 2023 and 2022, corresponding to the fiduciary activity, amounts to \$202 and \$200, respectively and is recorded under "Commissions and fees income".

c) Assets in custody or under management

	2023	2022
Assets in custody		
Securities	\$ 96,451	103,343
Assets under management	1,037,026	632,130
	\$ 1,133,477	735,473

Commissions accrued for the years ended December 31, 2023 and 2022, corresponding to assets in custody and under management, amount to \$40 and \$44, respectively.

d) Collateral received by the entity

Collateral received by Monex, S. A. P. I., as of December 31, 2023 and 2022 is analyzed below:

	2023	2022
Government debt	\$ 26,205	41,016
Banking debt	6,707	8,032
Other debt securities	9,060	3,355
	\$ 41,972	52,403

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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. P. I., as of December 31, 2023 and 2022, is analyzed below:

	2023	2022
Government debt	\$ 26,036	41,012
Banking debt	6,640	8,032
Other debt securities	7,486	3,355
	\$ 40,162	52,399

f) Other memorandum accounts

As of December 31, 2023 and 2022, the other memorandum accounts amount to \$333 and \$257, respectively, which are mainly comprised by notional financial instruments, performed by the Bank.

	2023	2022
Past due loan portfolio	\$ 323	248
Current loan portfolio (default interest)	1	-
Customers' notes	9	9
	\$ 333	257

(28) Additional information on profit or loss and financial indicators-**a) Financial margin**

	2023	Pesos	Dollars valued to pesos	Total
Interest income				
Interest on cash and cash equivalents	\$	1,705	-	1,705
Interest and returns in favor from investments in financial instruments		7,690	-	7,690
Interest and returns in favor from repurchase agreements		2,770	-	2,770
Commercial loan portfolio		2,226	1,062	3,288
Profit from valuation		148	-	148
		14,539	1,062	15,601
Interest expenses				
Deposit funding interest:				
For demand deposits		50	42	92
For time deposits		1,551	483	2,034
For stock certificates		258	234	492
Interest on bank and other borrowings		207	8	215
Interest and returns payable from repurchase agreements		11,360	-	11,360
Interest on leases		28	-	28
interest in Axtel Data Center		54	-	54
Loss on valuation		10	-	10
		13,518	767	14,285
	\$	1,021	295	1,316

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	2022	Pesos	Dollars valued to pesos	Total
Interest income				
Interest on cash and cash equivalents		\$ 809	-	809
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		42	-	42
For time deposits		419	-	419
For stock certificates		452	-	452
Interest on bank and other borrowings		351	-	351
Interest and returns payable from repurchase agreements		9,557	-	9,557
Interest on leases		51	-	51
interest in Axtel Data Center		96	-	96
Loss on valuation		8	-	8
		10,976	-	10,976
		\$ 1,581	31	1,612

b) Commissions and fees received

As of December 31, 2023 and 2022, the commissions income broken down by the main products are made up as follows:

	2023	2022
Purchase and sale of securities	\$ 184	168
Custody or management of assets	238	241
Financial intermediation	259	260
Transactions with investment funds	281	201
Other commissions and fees received	188	296
Total commissions and fees received	\$ 1,150	1,166

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c) Financial intermediation result

	2023	2022
Result for valuation at fair value		
Result for valuation of securities and derivatives:		
Investments in financial instruments	\$ 394	(206)
Derivative financial instruments for trading purposes	(216)	554
Derivative financial instruments for hedging purposes	-	3
Financial instruments to collect principal and interest	(1)	(2)
Derivative financial instruments	-	(15)
Result from currency valuation	736	(52)
	913	282
Result from sale		
Result from purchase and sale of securities and derivatives:		
Trading financial instruments	2,659	1,087
Derivative financial instruments for trading purposes	3,279	2,617
Derivative financial instruments for hedging purposes	-	9
Result for foreign currency trading	4,154	5,515
	10,092	9,228
	\$ 11,005	9,510

d) Financial indicators

	2023	2022
Delinquency rate	1.43%	1.57%
Stage 3 loan portfolio hedging ratio	1.51	2.48
Operating efficiency (administrative and promotional expenses/average total assets)	3.99%	3.88%
ROE (net income/average equity)	23.38%	22.52%
OAR (net income/average total assets)	1.64%	1.43%
Liquidity (liquid assets/liquid liabilities)	3.76	3.72
Financial margin for the year adjusted for credit risks/Average Earning Assets	5.16%	3.98%

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(29) Ratings-

As of December 31, 2023, Monex S.A.P.I., the Bank and the Brokerage Firm maintain the following qualifications:

	Monex, S. A. P. I. 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	Positive	Positive	Positive
Publication date	September 12, 2023	September 12, 2023	September 12, 2023
		Bank Fitch Ratings Global	
Foreign scale-			
Short term		B	
Long term		BB+	
Perspective		Positive	
Publication date		September 12, 2023	
	Monex, S. A. P. I. 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	Positive	Positive	Positive
Publication date	October 9, 2023	October 9, 2023	October 9, 2023

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(30) Information by segments-**a) Factors used in identifying operating segments**

Monex, S. A. P. I. 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. P. I.

The Board of Directors reviews the internal financial information of each division every quarter.

The following page presents the most important reportable operating segments and the bases for segmentation.

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. P. I. 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. P. I. 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. P. I. participates as an intermediary in the stock market.

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b) Information on reportable operating segments**December 31, 2023 and 2022**

2023	Foreign currencies	International	Derivatives	Stock products	Credit and deposit	Trust services	Others	Total
Interest income	\$ -	95	3	9,433	3,878	-	2,192	15,601
Interest expenses	(14)	(36)	(1,596)	(11,042)	(777)	-	(820)	(14,285)
Financial margin	(14)	59	(1,593)	(1,609)	3,101	-	1,372	1,316
Allowance for loan losses for credit risks	-	-	-	-	137	-	(20)	117
Financial margin adjusted for credit risks	(14)	59	(1,593)	(1,609)	3,238	-	1,352	1,433
Commissions and fees	111	169	-	346	78	405	41	1,150
Commissions and fees paid	(19)	(157)	(27)	(59)	(65)	-	(96)	(423)
Financial intermediation income	4,149	2,472	1,317	3,073	-	-	(6)	11,005
Other operating income	-	92	-	1	(1)	(10)	(39)	43
Administration and promotion expenses	(2,070)	(2,377)	(188)	(1,066)	(1,944)	(251)	(836)	(8,732)
	2,171	199	1,102	2,295	(1,932)	144	(936)	3,043
Operating income	2,157	258	(491)	686	1,306	144	416	4,476
Profit or loss before income taxes	2,157	258	(491)	686	1,306	144	416	4,476
Income taxes	(399)	(89)	(36)	(206)	(375)	(48)	(129)	(1,282)
Net income	1,758	169	(527)	480	931	96	287	3,194
Non-controlling interest	-	-	-	-	-	-	3	3
Controlling interest	\$ 1,758	169	(527)	480	931	96	290	3,197

(Continued)



Monex, S. A. P. I. de C. V. and Subsidiaries

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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

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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 2023 and 2022 is presented below:

	2023	2022
Financial margin		
Financial margin of reportable segments	\$ (56)	819
Unallocated amount	1,372	793
	\$ 1,316	1,612
Financial margin adjusted for credit risks		
Financial margin adjusted for credit risks due to interest from reportable segments	\$ 81	532
Unallocated amount	1,352	753
	\$ 1,433	1,285
Operating profit or loss and profit or loss before income taxes		
Operating profit or loss from interests of reportable segments	\$ 4,060	3,679
Unallocated amount	416	222
	\$ 4,476	3,901

(31) Earnings per share-

Earnings per share as of December 31, 2023 and 2022 are mentioned below:

	2023	2022
Monex, S. A. P. I. annual net income	3,197	2,910
Weighted average shares	641,004,731	595,808,505
Earnings per share (pesos)	4.99	4.88

(32) Group entities-

The investment in subsidiaries corresponding to the non-controlling interest as of December 31, 2023 and 2022, as well as the share in the comprehensive income for the year then ended is shown below:

	2023	
	Share	Voting rights
Admimonex, S.A. de C.V.	99.99%	100.00%



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	2022	
	Share	Voting rights
Admimonex S.A. de C.V.	99.99%	100.00%
Monex Grupo Financiero, S.A. de C.V.	99.99%	100.00%
	Non-controlling interest in stockholders' equity	Non-controlling interest in comprehensive income
December 31, 2023		
Admimonex, S. A. de C. V.	\$ 5	(3)
Total	\$ 5	(3)
	Non-controlling interest in stockholders' equity	Non-controlling interest in comprehensive income
December 31, 2022		
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. P. I., 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 as of December 31, 2023, derived from lease contracts with a defined term, is as follows:

2024	\$ 109
2025	110
2026	101
2027	78
2028 and thereafter	307
	\$ 705

- (b) Monex, S. A. P. I. has not entered into service provision contracts with related companies.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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- (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. P. I. 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.
- (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. P. I. (the Bank being the most 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.

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- 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.
- 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 disk 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.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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- VI. Ensure at all times that the personnel involved in risk taking are aware of the desired risk profile, the risk exposure limits, the risk tolerance levels, as well as the capital projection plan and, where applicable, case, the capitalization plan.
- VII. Report to the Board, at least once a year, on the results of the effectiveness tests of the Business Continuity Plan.
- VIII. Approve the methodologies for estimating the quantitative and qualitative impacts of the Operational Contingencies referred to in section XI of Article 74 of these provisions.
- IX. Approve the methodology to classify vulnerabilities in information security according to 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.

a) Credit risk

The Provisions define credit 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.

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Monex, S. A. P. I. de C. V. and Subsidiaries

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Likewise, the Bank rates each client using the methodology established by the Commission, which considers aspects related to financial risk, payment experience and guarantees.

The Bank established a top limit of 40% of 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, 2023 and 2022 at the Institution was (0.883%) and (1.157%), respectively related to an investment of \$18,528 and \$15,007 while the stressed credit VaR of said portfolio was (2.20%) and (2.79%) on the same date. Credit VaR was calculated using the Monte Carlo Simulation method with a confidence level of 99% over a one-year horizon; stress was obtained by considering the next lower rating of each instrument.

2023	VaR	Expected loss	Unexpected loss
Maximum	0.94%	0.22%	0.73%
Minimum	0.80%	0.19%	0.61%
Average	0.88%	0.21%	0.67%

2022	VaR	Expected loss	Unexpected loss
Maximum	1.29%	0.31%	0.98%
Minimum	1.06%	0.26%	0.80%
Average	1.17%	0.28%	0.89%

Note: The figures presented are expressed in amounts related to the value of the corporate bond portfolio, corresponding to the daily exposure as of December 31, 2023 and 2022.

Commercial loan portfolio.

Allowance for loan losses is calculated monthly for the commercial loan portfolio in which the expected loss is part of the result issued, the methodology applied corresponds to that indicated by the Provisions, issued by the Commission. This method also assigns the degree of risk for operations.

Credit risk statistics of the commercial loan portfolio.

2023	Minimum	Maximum	Average
Expected loss	694	725	708
Unexpected loss	123	149	134
VaR	817	874	842

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2022	Minimum	Maximum	Average
Expected loss	588	641	609
Unexpected loss	133	298	239
VaR	774	896	848

* The statistics of the expected loss, unexpected loss and VaR correspond to the daily exposure for 2023 and 2022.

No relevant variations in financial income or the economic value to be reported were identified in this period.

d) 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 Institution evaluates the maturities of the assets and liabilities in domestic and foreign currency that are maintained in the statement of financial position.

(Continued)



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The liquidity gap in pesos for the years 2023 and 2022 is presented in the following table (unaudited):

<u>Year</u>	<u>Request ≤ 30 days</u>	<u>Request >30 days</u>
2023	\$ (14,165)	\$ 51,622
<u>Year</u>	<u>Request ≤ 30 days</u>	<u>Request >30 days</u>
2022	\$ (22,056)	\$ 50,949

Moreover, the liquidity gap in US dollars is presented in the followings tables (unaudited):

<u>Year</u>	<u>Request ≤ 30 days</u>	<u>Request >30 days</u>
2023	\$ (370)	\$ 516
<u>Year</u>	<u>Request ≤ 30 days</u>	<u>Request >30 days</u>
2022	\$ 77	\$ 715

Liquidity Risk statistics

Total depreciation gap - 2023

Statistics	≤30	≤90	≤180	≤360	≤720	≤1800	>1800	Total*
Minimum	(18,846)	1,234	1,879	4,772	4,344	3,939	1,382	1,149
Maximum	(18,375)	3,792	4,237	5,365	10,100	5,987	2,834	10,989
Average	(18,592)	2,414	2,995	5,030	6,902	5,243	2,232	6,224

Total Maturity Gap- 2023

Total	≤30	≤90	≤180	≤360	≤720	≤1800	>1800	Total**
Minimum	(20,697)	(3,388)	1,804	8,607	19,652	30,067	(2,339)	39,946
Maximum	(20,034)	(504)	4,693	10,724	24,730	32,002	754	45,729
Average	(20,390)	(1,595)	3,313	9,831	21,582	30,944	(1,065)	42,620

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Total depreciation gap - 2022

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 - 2022

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 2023 and 2022.

Liquidity or sensitivity analysis considers the asset and liability positions under an extreme scenario for the evaluation of the variations in the economic value and with respect to the financial income, a sensitivity analysis for changes in the interest rate.

Repo renewal effect 2023	Amount	Absolute var	Effect of sale at unusual discounts in MD	Amount
Current cost	(1,048)		Value of the titles	86,022
Sensitivity 1	(1,153)	(105)	Sensitivity 1	(20)
Sensitivity 2	(1,258)	(210)	Sensitivity 2	(199)
Stress 1	(1,363)	(314)	stress 1	(1,956)
Stress 2	(1,467)	(419)	stress 2	(3,828)
Sensitivity 1 = 10%, Sensitivity 2 = 20%, Stress 1 = 30%, Stress 2 = 40%.			Sensitivity 1 = 1bp, Sensitivity 2 = 10bp, Stress 1 = 100bp, Stress 2 = 200bp.	

(Continued)



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Effect of the sale at unusual discounts on the Treasury 2023	Amount	Interest paid for deposit	Current MTM	Variation in the MTM
Value of the titles	27,454	Interest paid (current)	(56)	
Sensitivity 1	(6)	Sensitivity 1	(62)	(6)
Sensitivity 2	(55)	Sensitivity 2	(69)	(12)
Stress 1	(539)	Stress 1	(73)	(17)
Stress 2	(1,054)	Stress 2	(81)	(25)
Sensitivity 1 = 1bp, Sensitivity 2 = 10bp, Stress 1 = 100bp, Stress 2 = 200bp.		Sensitivity 1 = 10%, Sensitivity 2 = 20%, Stress 1 = 30%, Stress 2 = 40%.		

Repo renewal effect 2022	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.	

Effect of the sale at unusual discounts on the Treasury 2022	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%.		

Net Stable Funding Ratio

In compliance with Appendix 10 of Article 8 stipulated in section III of the general Provisions on liquidity requirements for Commercial Banking institutions, below is the Disclosure Format of the Net Stable Funding Ratio (CFEN, per Spanish acronym) of the fourth quarter of 2023.

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Net Stable Funding Ratio Disclosure Format					
	No maturity	< 6 months	from 6 months to < 1 year	> 1 year	Weighted amount
ELEMENTS OF THE AMOUNT OF STABLE FUNDING AVAILABLE					
1 Capital	11,973	-	-	-	11,973
2 Fundamental capital and non-fundamental basic capital	11,973	-	-	-	11,973
3 Other equity instruments	-	-	-	-	-
4 Retail deposits	-	11,410	3	-	10,725
5 Stable deposits	-	7,840	3	-	7,451
6 Less stable deposits	-	3,570	-	-	3,274
7 Wholesale funding	20,607	19,132	18	3	19,375
8 Operational deposits	-	757	-	-	379
9 Other wholesale funding	20,607	18,374	18	3	18,996
10 Interdependent liabilities	-	1,301	-	-	-
11 Other liabilities	-	106,630	633	-	17,514
12 Derivative liabilities for CFEN purposes	Not applicable	-	-	-	Not applicable
13 All liabilities and own resources not included in the previous categories	-	106,630	633	-	17,514
14 Total Available Stable Funding amount	Not applicable	Not applicable	Not applicable	Not applicable	59,587
ELEMENTS OF THE STABLE FUNDING AMOUNT REQUIRED					
15 Total liquid assets eligible for CFEN purposes	Not applicable	Not applicable	Not applicable	Not applicable	6,487
16 Deposits in other financial institutions for operational purposes	-	-	-	-	-
17 Current loans and securities	-	19,787	46	-	2,203
18 Secured funding granted to financial institutions with eligible Tier I liquid assets	-	15,806	-	-	1,581
19 Funding granted to financial entities secured with eligible liquid assets other than level I, and unsecured funding granted to financial entities	-	3,976	45	-	619
20 Secured funding granted to counterparties other than financial entities which:	-	-	-	-	-
21 Have a credit risk weight less than 35% according to the Basil II Standardized Approach for credit risk	-	-	-	-	-
22 Housing loans (in stages 1 and 2), of which:	-	5	2	-	3
23 Have a credit risk weight less than 35% according to the Standardized Approach established in the Provisions	-	5	2	-	3
24 Debt securities and shares other than eligible Liquid Assets (that are not in default)	-	-	-	-	-
25 Interdependent assets	-	1,345	-	-	-
26 Other Assets	-	469,996	3,508	21,256	41,534
27 Physically traded basic raw materials (commodities) including gold	-	Not applicable	Not applicable	Not applicable	-
28 Initial margin granted on transactions with derivative financial instruments and contributions to the loss absorption fund of central counterparties	Not applicable	1,286	-	-	1,094
29 Derivative assets for CFEN purposes	Not applicable	322,211	-	-	-
30 Derivative liabilities for CFEN purposes before deduction for the variation of the initial margin	Not applicable	20	-	-	20
31 All assets and operations not included in the above categories	970	146,478	3,508	21,256	40,422
32 Off-balance sheet operations	Not applicable	Not applicable	-	-	-
33 Total Required Stable Funding amount	Not applicable	Not applicable	Not applicable	Not applicable	50,224
34 NET STABLE FUNDING RATIO (%)	Not applicable	Not applicable	Not applicable	Not applicable	119%

The average Net Stable Funding Ratio for the fourth quarter of 2023 was 119%. This represents an increase of 5.7% compared to the average ratio of the previous quarter.

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The increase in the ratio is mainly due to an increase in Available Stable Funding of 12.7% compared to the previous quarter, which derived mainly from an increase in funding received through repo operations. Furthermore, the amount of Stable Funding Required also increased, to a lesser extent, by 6.8% compared to the third quarter of the year.

The evolution of the composition in the Amount of Stable Funding Available (FED, per Spanish acronym) and the Stable Funding Required (FER, per Spanish acronym) is as follows:

<u>October</u>		<u>November</u>		<u>December</u>	
<u>SFA</u>	<u>63,388</u>	<u>SFA</u>	<u>64,279</u>	<u>SFA</u>	<u>51,094</u>
<u>SFR</u>	<u>49,276</u>	<u>SFR</u>	<u>52,050</u>	<u>SFR</u>	<u>49,349</u>

Finally, we confirm that there is no impact on the Net Stable Funding Ratio from the incorporation of the entities subject to consolidation since our institution does not consolidate.

e) 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 Institution 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.

Also evaluates the rate differential (GAP) for assets and liabilities in domestic and foreign currency. The GAP is represented by the assets and liabilities that review rates in different periods of time, considering the characteristics in rates and terms.

Quantitative information

As of December 31, 2023 and 2022, the Global VaR was \$43.50 and \$48.47 (unaudited) with 99% confidence for one day. This value represents the maximum loss expected in one day and is within the limit established by the Bank.

No special market risk treatment for available-for-sale securities was identified in this period.

Market risk statistics, statistics for the entire quarterly

2023	Minimum VaR	average VaR	Maximum VaR
Global	19.86	36.91	43.46
Derivatives	8.21	11.92	22.63
MDIN	6.08	15.60	15.29
Own MDIN	3.64	9.66	16.63
Treasury	16.48	24.35	26.04
Changes	-	0.04	0.21

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2022	Minimum VaR	average VaR	Maximum VaR
Global	47.23	52.38	63.77
Derivatives	4.87	8.47	12.52
MDIN	24.94	27.32	33.24
Own MDIN	7.35	17.09	26.44
Treasury	23.07	29.14	36.63
Changes	-	0.03	0.14

* The average value corresponds to the daily exposure of the money market, treasury, derivatives and foreign exchange rates for the fourth quarter of 2023 and 2022.

f) 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.

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Bank				
Type of Operational risk	2023			
materialized events	Frequency	%Total	Average impact*	%Total
External fraud	1	0.1%	0.800	30.4%
Customers, products and business practices	2	0.2%	1.424	54.3%
Business incidents and system failures	4	0.5%	0.070	2.7%
Process execution, delivery, and management	11	1.2%	0.33	12.6%
Events not materialized	Frequency	%Total	Average impact*	%Total
Process execution, delivery and management	139	15.3%	0.00	0%
Business incidents and system malfunctions	720	79.0%	0.00	0%
Customers, products and business practices	34	3.7%	0.00	0%
Total materialized + not materialized	911	100%	2.624	100%

Type of Operational Risk	2022			
materialized events	Frequency	%Total	average impact*	%Total
Customers, products and business practices	2	0.4%	1.424	46%
Process execution, delivery and management	21	3.9%	1.670	54%
Events not materialized	Frequency	%Total	Average impact*	%Total
Process execution, delivery and management	143	26.8%	0.00	0%
Business incidents and system malfunctions	340	63.7%	0.00	0%
Customers, products and business practices	28	5.2%	0.00	0%
Total materialized + not materialized	534	100%	3.094	100%

Technology risk

In the years 2023 and 2022, 18 and 19 operational risk events occurred, of which 6 and 12 were technology risk events, respectively.

Losses due to technology risk		
2023	Events	Average amounts
SPEI	-	-
SPID	4	0.07
Operational contingency	2	1.42
Total	6	1.49

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Losses due to technology risk

2022		
SPEI	4	-
SPID	7	1
Operational contingency	1	-
Total	12	1

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 2023	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%	99.65%	30 min.	44 min.	3
Capital Market	95.00%	99.81%	30 min.	30 min.	3
Money market	95.00%	98.54%	30 min.	180 min.	2
Foreign Exchange Market	95.00%	99.91%	30 min.	18 min.	1
Investment Company Market	95.00%	100.00%	30 min.	-	-
Derivatives Market	95.00%	99.71%	30 min.	60 min.	1
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%	99.99%	30 min.	5 min.	1
murex	95.00%	99.61%	60 min.	80 min.	1
digitization	95.00%	100.00%	2,880 min.	-	-
Documentation	95.00%	100.00%	30 min.	-	-
PLD Online Alerts	95.00%	100.00%	60 min.	-	-
PLD, SAS	95.00%	99.91%	1,440 min.	30 min.	1
reports	95.00%	100.00%	480 min.	-	-
Human Res Processes	95.00%	100.00%	120 min.	-	-
Monex Portal	95.00%	99.93%	30 min.	30 min.	1
intramonex	95.00%	100.00%	30 min.	-	-
Infrastructure	95.00%	99.80%	30 min.	90 min.	1
Service Desk	95.00%	100.00%	30 min.	-	-
Administration and Finance	95.00%	100.00%	60 min.	-	-
Operational Risk	95.00%	99.61%	30 min.	80 min.	1
99.87%					16

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System 2022	Availability quality policy	Actual availability	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 the year 2023 and 2022, there was a loss due to unfavorable events of lawsuits against the Bank.

Global Affairs December 2023

Possible contingency for Monex		
Issue	Cases	Provisions
Labor	44	\$ 114
Against	17	25
Trust	69	P/D
Total	130	\$ 139

Lawsuit promoted by Monex		
Issue	Cases	Amount
Credit / Recovery	45	\$ P/D
Lawsuits filed against clients/third parties	22	130
Total	67	\$ 1,053

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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
Credit / Recovery	43	\$ 920
Lawsuits filed against clients/third parties	21	133
Total	64	\$ 1,053

*Total of 187 Trials

In the years 2023 and 2022, there was a loss corresponding to unfavorable events of lawsuits against the Bank.

Losses due to lawsuits 2023

	Events	Average amounts
Execution and delivery of processes	3	\$ -
Third-Party Fraud	1	1
Total	4	\$ 1

Losses due to lawsuits 2022

	Events	Average amounts
Execution and delivery of processes	1	\$ 6
Total	1	\$ 6

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From 2022 to 2023 there are 17 new legal events, of which 11 are against and 6 in favor.

Legal trials 2023		
	Events	Amounts
Against	61	\$ 462
In favor	64	801

Legal trials 2022		
	Events	Amounts
Against	50	\$ 493
In favor	58	697

Also, in 2023 and 2022, at the end of December, the inventory of provisions for possible legal losses is available for a total of \$136 and \$93, respectively.

Provisions 2023		
	Events	Average amounts
Trade	10	\$ 110
Labor	10	126
Total	20	\$ 136

Provisions 2022		
	Events	Average amounts
Trade	6	\$ 77
Labor	6	16
Total	12	\$ 93

(35) Recently Issued Regulatory Pronouncements-**Regulatory pronouncements issued by the CINIF**

The CINIF has issued the Improvements mentioned below:

Improvement to FRS 2023

In December 2023, the CINIF issued the document called "Improvements to FRS 2024", which contains specific modifications to some existing FRS. The main improvements are shown in the next page.

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FRS A-1 Conceptual Framework of FRS- FRS A-1 becomes effective for years beginning on or after January 1, 2025, though early application as of 2024 is allowed if the disclosures of the particular FRS applicable to the corresponding type of entity in question are adopted early. FRS A-1 includes the definition of public interest entities and requires disclosure of whether the entity is considered a public interest entity or a non-public interest entity. It divides the disclosure requirements of the FRS into i) disclosures applicable to all entities in general (public interest entities and nonpublic interest entities), and ii) additional disclosures mandatory only for public interest entities. Any change generated thereby must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS C-10, Derivative financial instruments and hedging relationships – FRS C-10 becomes effective for years beginning on or after the January 1, 2024, allowing early application in 2023. FRS C-10 includes the accounting treatment of a hedge of equity financial instruments whose valuation at fair value is recognized in the OCI. Any change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS B-2, Statement of cash flows/FRS B-6, Statement of financial position/ FRS B-17, Determination of fair value/FRS C-2, Investment in financial instruments/FRS C-16, Impairment of financial instruments receivable/FRS C-20, Financial instruments to collect principal and interest/ IFRS 24, Recognition of the effect of the application of the new reference interest rates - This is effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. This changes the term financial instruments to collect or sell to financial instruments to collect and sell. Any accounting change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

FRS D-4, Income taxes – FRS D-4 is effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. This Improvement clarifies the applicable rate that should be used to recognize current and deferred income tax assets and liabilities when there were benefits in tax rates of the period to encourage the capitalization of earnings (retained earnings). In these circumstances, current and deferred tax assets and liabilities should be determined at the rate that will be applicable to undistributed earnings in the period when they are paid as dividends in future periods. Any accounting change generated must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

The Management is in the evaluation process to determine the effects of adopting NIF on the financial statements.

