Scotia Inverlat Casa de Bolsa,
S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat

Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)
(Free Translation from Spanish Language Original)

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +52 (55) 5246 8300
kpmg.com.mx

Independent auditors' report

(Translation from Spanish Language Original)

To the Board of Directors and Stockholders
Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat:

(Millions of Mexican pesos)

Opinion

We have audited the financial statements of Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat (the "Brokerage Firm"), which comprise the statements of financial position as at December 31, 2023 and 2022, the statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat have been prepared, in all material respects, in accordance with the Accounting Criteria for Brokerage Firms in Mexico (the "Accounting Criteria"), issued 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 for the audit of the financial statements section of our report. We are independent of the Brokerage Firm in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter paragraph

We draw attention to note 1 to the financial statements, which describes that on June 30, 2022, through an Extraordinary General Stockholders' Meeting, the spin-off of the Brokerage Firm was approved in its capacity as splinter entity, with the purpose to carving out a portion of its assets amounting to $900. Our opinion has not been modified in relation to this matter.

Key Audit Matters

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

(Continued)

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.

Investments in financial instruments for $3,738 and Debtors on repurchase/resale agreements for $17,783	
See notes 3(e) and (f), 8 and 9(a) to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
The financial captions investments in financial instruments and debtors on repurchase/resale agreements represents 91% of the total assets of the Brokerage Firm as of December 31, 2023. By the provisions of the commission, investments in financial instruments are valued at fair value based on prices provided by authorized price vendors. For debtors on repurchase/resale agreements measured at amortized cost, interest is recognized using the effective interest method. The collateral received as a guarantee for the repurchase/resale agreement transaction is valued at fair value based on the prices provided by the authorized price vendors, with these valuations recognized in memorandum accounts. The valuation of investments in financial instruments and interest from repurchase/resale agreements has a significant impact on the profit or loss for the year. Given that investments in financial instruments and debtors on repurchase/resale agreements represent the most significant items in relation to the financial statements as a whole for the Brokerage Firm, the highest number of audit hours was allocated to reviewing the existence, completeness, and valuation of these items at year-end. This review included the investments in financial instruments and the repurchase/resale agreements and their collaterals recognized in memorandum accounts, making this a key audit matter.	Our audit procedures included, among others, the following: - Confirm the total position of the Brokerage Firms securities with the securities custodian S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. - Recalculating the valuation of the investment portfolio using prices provided by the authorized price vendor, and assessing the corresponding impact on the income statement. - Verifying the total position of repurchase/resale agreement transactions by comparing transaction details, including the amounts traded, the number of securities held as collateral, interest rates, and the term outlined in the contractual documentation with each counterparty. - Recalculate the interest accrued on the entire repurchase/resale agreement position based on the rate and term specified in the contractual documentation of the transaction with the counterparty. - Recalculating the valuation of the collaterals received as guarantee for all repurchase/resale agreements, using the prices provided by the authorized price vendor.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Update Report of the Placement Prospectus for call and put optional securities for the year ended on December 31, 2023, to be filed to the Commission and to the Mexican Stock Exchange (the "Prospectus Update"), but does not include the financial statements and our auditors' report. The Prospectus Update is expected to be available to us after the date of this auditors' report.

(Continued)

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

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

When we read the Prospectus Update, if we conclude that there is a material misstatement of that other information, we are required to report that fact to those charged with governance.

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

Management is responsible for the preparation of the accompanying financial statements in accordance with the Accounting Criteria issued by the Commission, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Brokerage Firms financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 Brokerage Firms internal control.
- 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, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Brokerage Firms ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events and conditions may cause the Brokerage Firm to cease to continue as a going concern.

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

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

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

KPMG Cárdenas Dosal, S.C.

Paul Scherenberg Gómez, C.P.A.

Mexico City, March 1, 2024.

Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat
Lorenzo Boturini No. 202 Piso 1, Col. Tránsito, C.P. 06820, Ciudad de México.

Statements of financial position

December 31, 2023 and 2022

(Millions of Mexican pesos)

Memorandum accounts

		2023	2022
Transactions on behalf of third parties			
Customers current accounts:			
Customers banks	$	197	111
Settlement of customers transactions		84	863
		281	974
Custody transactions:			
Customers financial instruments received in custody (note 19)		531,001	495,246
Management transactions:			
Repurchase/resale agreements on behalf of customers (note 19)		35,581	24,652
Securities lending agreements on behalf of customers (note 19)		60	56
Collaterals received as pledge on behalf of customers (note 19)		17,797	12,332
Collateral pledge on behalf of customers (note 19)		37,022	29,877
Managed trusts		226	220
		90,686	67,137
Totals on behalf of third-parties	$	621,968	563,357

		2023	2022
Transactions for the Brokerage Firm's own account			
Collaterals received by the entity (note 19):			
Government debt	$	17,782	12,263
Other debt securities		-	52
Equity financial instruments		128	795
		17,910	13,110
Collateral received and sold or pledged by the entity (note 19):			
Government debt		17,782	12,263
Other debt securities		-	52
Equity financial instruments		61	110
		17,843	12,425
Other control accounts		4,400	2,932
Total the Brokerage Firm own account	$	40,153	28,467

(Continued)

Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat
Lorenzo Boturini No. 202 Piso 1, Col. Tránsito, C.P. 06820, Ciudad de México.

Statements of financial position, continued

December 31, 2023 and 2022

(Millions of Mexican pesos)

Assets	2023	2022
Cash and cash equivalents (note 6)	$ 300	305
Margin accounts (derivative financial instruments) (note 11c)	30	29
Investments in financial instruments (note 8):		
Negotiable financial instruments	3,364	4,691
Financial instruments held to collect or sell	374	271
Total investment in financial instruments	3,738	4,962
Debtors on repurchase/resale agreements (note 9a)	17,783	12,319
Derivative financial instruments (note 11a):		
For trading purposes	148	50
Accounts receivable, net (note 7)	754	3,215
Prepayments and other assets, net	127	97
Property, furniture and equipment, net (note 12)	153	176
Assets for right-of-use of property, furniture and equipment, net (note 13)	255	35
Permanent investments (note 14)	3	3
Deferred income tax assets, net (note 18)	68	68
Intangible assets, net	175	207
Total assets	$ 23,534	21,466

Liabilities and equity	2023	2022
Traded securities to be settled (note 8f)	$ 269	2,563
Creditors on repurchase/resale agreements (note 9b)	15	17
Collateral sold or pledged (note 9b):		
Repurchase/resale agreements (credit balance)	17,783	12,319
Securities lending (note 10a)	61	56
	17,844	12,375
Derivative financial instruments (notes 4 and 11a):		
For trading purposes	1,538	626
Lease liabilities (note 13)	258	50
Other accounts payable:		
Creditors on settlement of transactions (note 6 and 8b)	486	2,948
Creditors for margin accounts	12	23
Contributions payable	111	86
Sundry creditors and other accounts payable	195	188
	804	3,245
Income tax liabilities (note 18)	-	151
Employee benefit liability (note 15)	222	218
Total liabilities	20,950	19,245
Stockholders' equity (note 17):		
Paid in capital:		
Share capital	346	346
Earned capital:		
Statutory reserves	111	111
Retained earnings	2,137	1,775
Other comprehensive income:		
Remeasurement of employee benefits	(10)	(11)
	2,238	1,875
Total Stockholders' equity	2,584	2,221
Commitments and contingencies (note 20)		
Total liabilities and stockholders' equity	$ 23,534	21,466

The accompanying explanatory notes are an integral part of these financial statements.

The amount of historical capital stock as of December 31, 2023 and 2022 amounts to $181.

“These statements of financial position were prepared in accordance with the Accounting Criteria for Brokerage Firms issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph, and 211 of the Securities Market Law, which are of general and mandatory nature. Accordingly, they reflect the transactions carried out by the Brokerage Firm through the dates noted above. Furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions”.

“These statements of financial position were approved by the Board of Directors under the responsibility of the following officers”.

SIGNATURE	SIGNATURE	SIGNATURE	SIGNATURE
Juan Antonio Carrancedo Miranda General Director	Carlos Marcelo Brina Deputy General Director of Finance	Ángel Omar Estrada Valencia Interim Deputy General Director of Internal Audit Mexico	Julián Felipe Vásquez Wilches Corporate Director of General Accounting and Regulatory Reporting

http://www.scotiabank.com.mx/es-mx/Acerca-de-Scotiabank/Relacion-con-Inversionistas/Relaciones-con-Inversionistas/estados-financieros.aspx
www.cnbv.gob.mx/Paginas/default.aspx

Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat
Lorenzo Boturini No. 202 Piso 1, Col. Tránsito, C.P. 06820, Ciudad de México.

Statements of comprehensive income

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

		2023	2022
Commission and fee income (note 21b)	$	1,217	1,376
Commission and fee expense (note 21b)		(75)	(82)
Financial advisory income (note 21b)		229	237
Income from services		1,371	1,531
Gain on purchase and sale of securities (note 21c)		850	1,034
Loss on purchase and sale of securities (note 21c)		(745)	(930)
Interest income (note 21c)		1,838	1,188
Interest expense (note 21c)		(1,554)	(940)
Valuation of financial instruments at fair value (note 21c)		1	(34)
Intermediation financial margin		390	318
Other operating income (expense)(note 21d)		37	346
Administrative and promotional expenses		(1,295)	(1,235)
		(1,258)	(889)
Profit before income taxes		503	960
Income taxes (note 18):			
Current income taxes		(142)	(288)
Deferred income taxes, net		1	42
		(141)	(246)
Income before discontinued operations		362	714
Net income		362	714
Other comprehensive income			
Remeasurement of defined employee benefits		1	4
Comprehensive income	$	363	718
Net profit (loss) attributable to:			
Controlling interests	$	362	714
Non-controlling interest		-	-
	$	362	714
Comprehensive income attributable to:			
Controlling interests	$	363	718
Non-controlling interest		-	-
	$	363	718

The accompanying explanatory notes are an integral part of these financial statements.

“These statements of comprehensive income were prepared in accordance with the Accounting Criteria for Brokerage Firms issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph, and 211 of the Securities Market Law, which are of general and mandatory nature. Accordingly, they reflect the revenues and disbursements relating to the transactions carried out by the Brokerage Firm for the periods noted above. Furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions”.

“These statements of comprehensive income were approved by the Board of Directors under the responsibility of the foilowing officers”.

SIGNATURE

Juan Antonio Carrancedo Miranda
General Director

SIGNATURE

Carlos Marcelo Brina
Deputy General Director of Finance

SIGNATURE

Ángel Omar Estrada Valencia
Interim Deputy General Director of Internal Audit Mexico

SIGNATURE

Julián Felipe Vásquez Wilches
Corporate Director of
General Accounting and Regulatory Reporting

http://www.scotiabank.com.mx/es-mx/Acerca-de-Scotiabank/Relacion-con-Inversionistas/Relaciones-con-
www.cnbv.gob.mx/Paginas/default.aspx

Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat
Lorenzo Boturini No. 202 Piso 1, Col. Tránsito, C.P. 06820, Ciudad de México.

Statements of changes in equity

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

	Paid-in capital	Earned capital				
	Capital stock	Statutory reserves	Retained earnings	Remeasurement of defined employee benefits	Total steak of the controller	Total stockholders' equity
Balances at December 31, 2021	$ 554	111	2,353	(15)	3,003	3,003
Owners movement:						
Dividends decree (note 17c)	-	-	(600)	-	(600)	(600)
and spin-off effects (note 17c)	(208)	-	(692)	-	(900)	(900)
Total	(208)	-	(1,292)	-	(1,500)	(1,500)
Comprehensive income (loss):						
Net income	-	-	714	-	714	714
Other comprehensive income:						
Remeasurement of defined employee benefits	-	-	-	4	4	4
Total	-	-	714	4	718	718
Balances at December 31, 2022	346	111	1,775	(11)	2,221	2,221
Owner movements:						
Contributions to share capital	-	-	-	-	-	-
Total	-	-	-	-	-	-
Comprehensive income (loss):						
Net income	-	-	362	-	362	362
Other comprehensive income:						
Remeasurement of defined employee benefits	-	-	-	1	1	1
Total	-	-	362	1	363	363
Balances at December 31, 2023	$ 346	111	2,137	(10)	2,584	2,584

The accompanying explanatory notes are an integral part of these financial statements.

“These statements of changes in stockholders' equity were prepared in accordance with the Accounting Criteria for Brokerage Firms issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph, and 211 of the Securities Market Law, which are of general and mandatory nature. Accordingly, they reflect all the stockholders' equity account entries relating to the transactions carried out by the Brokerage Firm for the periods noted above. Furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions”.

“These statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the following officers”.

SIGNATURE	SIGNATURE	SIGNATURE	SIGNATURE
Juan Antonio Carrancedo Miranda General Director	Carlos Marcelo Brina Deputy General Director of Finance	Ángel Omar Estrada Valencia Interim Deputy General Director of Internal Audit Mexico	Julián Felipe Vásquez Wilches Corporate Director of General Accounting and Regulatory Reporting

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Lorenzo Boturini No. 202 Piso 1, Col. Tránsito, C.P. 06820, Ciudad de México.

Statements of cash flows

For the years ended December 31, 2023 and 2022

(Millions of Mexican pesos)

		2023	2022
Operating activities			
Profit before income taxes	$	503	960
Adjustments for items associated with investment activities:			
Depreciation of property, furniture and equipment		54	33
Amortization of intangible assets		43	21
Adjustments for items associated with financing activities:			
Interest associated with interbank loans and other organizations		1	4
Other interest		24	4
Addition		625	1,022
Operating activities:			
Change in margin accounts (derivative financial instruments)		(1)	(3)
Change investments in financial instruments (securities), net		(1,070)	2,684
Change in debtors on repurchase/resale agreements, net		(5,464)	11,595
Change in derivative financial instruments (assets)		(98)	(47)
Change in other accounts receivable, net		2,461	(2,793)
Change in other operating assets, net		(38)	(2)
Change in creditors on repurchase/resale agreements		(2)	(1,082)
Change in collateral sold or pledged		5,469	(11,642)
Change in derivative financial instruments (liability)		912	(612)
Changes in assets/liabilities for employee benefits		4	127
Change in other accounts payable		(2,416)	2,477
Income tax payments		(316)	(154)
Net cash flows from operating activities		66	1,570
Investing activities:			
Payments for acquisition of property, furniture and equipment		-	(25)
Payments for acquisition of intangible assets		(11)	(41)
Net cash flows from investing activities		(11)	(66)
Financing activities:			
Payments of bank loans and other organizations		(1)	(4)
Lease liability payments		(35)	(9)
Cash dividend payments		-	(600)
Interest payments on lease liabilities		(24)	(4)
Other payments for financing activities		-	(900)
Net cash flows from investing activities		(60)	(1,517)
Net decrease in cash and cash equivalents		(5)	(13)
Cash and cash equivalents at the beginning of the period		305	318
Cash and cash equivalents at the end of the period	$	300	305

The accompanying explanatory notes are an integral part of these financial statements.

“These statements of cash flows were prepared in accordance with the Accounting Criteria for Brokerage Firms issued by the National Banking and Securities Commission based on Articles 205 last paragraph, 210 second paragraph, and 211 of the Securities Market Law, which are of general and mandatory nature. Accordingly, they reflect cash inflows and outflows relating to the transactions carried out by the Brokerage Firm for the periods noted above. Furthermore, these transactions were carried out and valued in accordance with sound stock exchange practices and the applicable legal and administrative provisions”.

“These statements of cash flows were approved by the Board of Directors under the responsibility of the following officers”.

SIGNATURE

Juan Antonio Carrancedo Miranda
General Director

SIGNATURE

Carlos Marcelo Brina
Assistant General Director of Finance

SIGNATURE

Ángel Omar Estrada Valencia
Interim Assistant General Director of Internal Audit Mexico

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Corporate Director of
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www.cnbv.gob.mx/Paginas/default.aspx

(Millions of Mexican pesos)

This financial statement has been translated from the Spanish language original solely for the convenience of foreign/English-speaking readers.

(1) Outstanding activity and operation-

a) Activity

Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat (the Brokerage Firm) is an entity incorporated under Mexican law and is located at Lorenzo Boturini No. 202 1st Floor, Col. Tránsito, CP 06820, Mexico City. The Brokerage Firm is a subsidiary of Grupo Financiero Scotiabank Inverlat, S.A. de C.V. (the "Group") which owns 99.99% of its equity. The Group, in turn, is a subsidiary of The Bank of Nova Scotia ("BNS"), which owns 97.4% of its capital stock. The Brokerage Firm acts as an intermediary in securities and financial transactions authorized under terms of the Securities Market Law (SML) and general provisions issued by the National Banking and Securities Commission ("the Banking Commission").

b) Outstanding operation in 2022

Through official letters 312-3/0389/2020 and 312-3/2511276/2022, dated December 14, 2020, and April 6, 2022, respectively, the Banking Commission authorized the Brokerage Firm to carry out a spin-off in its capacity as splinter entity. This process did not involve the entity´s dissolution. Instead, a portion of its assets, totaling $900 mainly in cash or investments in Federal Treasury Certificates or other government securities was carved out. Additionally a portion of its stockholders' equity, also totaling $900, was divided into $208 of the current capital stock and $692 in retained earnings from previous years. These were contributed to form the capital stock of the newly established Spin-off Company, Esquina Ibsen S.A. de C.V. (the "Spin-off Company"), which subsequently merged with Scotiabank Inverlat, S. A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat (the "Bank"). The spin-off became effective on June 30, 2022.

		Before the spin-off, Brokerage Firm splinter entity	Spin-off	After the split-off Brokerage Firm
Assets:				
Cash and cash equivalents	$	1,309	-	1,309
Margin accounts (derivative financial instruments		28	-	28
Investments in financial instruments)				
Negotiable financial instruments		11,617	(900)	10,717
Financial instruments held to collect or sell		348	-	348
Debtors on repurchase/resale agreements		15,710	-	15,710
Derivative financial instruments				
Trading purposes		25	-	25
To the next page	$	29,037	(900)	28,137

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Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Millions of Mexican pesos)

		Before the spin-off, Brokerage Firm splinter entity	Spin-off	After the split-off Brokerage Firm
From the previous page	$	29,037	(900)	28,137
Accounts receivable (net)		9,229	-	9,229
Advance payments and other assets (net)		144	-	144
Property, furniture and equipment (net)		175	-	175
Assets for right-of-use of property, furniture and equipment (net)		38	-	38
Permanent investments		3	-	3
Deferred income tax assets (net)		57	-	57
Intangible assets (net)		189	-	189
Total assets	$	**38,872**	**(900)**	**37,972**
Liabilities:				
Traded securities to be settled	$	(8,194)	-	(8,194)
Creditors under repurchase/resale agreements		(9)	-	(9)
Collateral sold or pledged				
Repurchase/resale agreements		(15,710)	-	(15,710)
Securities lending		(64)	-	(64)
Derivative financial instruments				
For trading purposes		(847)	-	(847)
Lease liability		(56)	-	(56)
Other accounts payable				
Creditors for liquidation of operations		(9,248)	-	(9,248)
Creditors for margin accounts		(12)	-	(12)
Contributions payable		(69)	-	(69)
Sundry creditors and other accounts payable		(961)	-	(961)
Income tax liability		(107)	-	(107)
Employee benefits liability		(202)	-	(202)
Deferred credits and early collections		(23)	-	(23)
Total liabilities to the next page	$	(35,502)	-	(35,502)

(Continued)

Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Millions of Mexican pesos)

		Before the spin-off, Brokerage Firm splinter entity	Spin-off	After the split-off Brokerage Firm
Total liabilities from the previous page	$	(35,502)	-	(35,502)
Stockholders' equity:				
Paid-in capital				
Capital stock		(554)	208	(346)
Earned capital				
Statutory reserves		(111)	-	(111)
Accumulated results				
Results of past exercises		(2,353)	692	(1,661)
Net income		(368)	-	(368)
Other comprehensive income				
Valuation of financial instruments held to collect or sell		1	-	1
Remeasurement of defined employee benefits		15	-	15
Total stockholders' equity		(3,370)	900	(2,470)
Total liabilities and stockholders' equity	$	**(38,872)**	**900**	**(37,972)**

(2) Authorization and basis of presentation-

Authorization

On March 1, 2024, Juan Antonio Carrancedo Miranda (General Director), Carlos Marcelo Brina (Deputy General Director of Finance), Ángel Omar Estrada Valencia (Interim Deputy General Director of Internal Audit for Mexico) and Julián Felipe Vásquez Wilches (Director of Corporate General Accounting and Regulatory Reporting) authorized the issuance of the accompanying financial statements and related notes.

The stockholders and the Banking Commission have the authority to modify the financial statements after their issuance. The 2023 financial statements will be submitted to the next Shareholders' Meeting for approval.

Basis of presentation and disclosure

a) Statement of Compliance

The accompanying financial statements have been prepared in accordance with the current accounting criteria established by the Banking Commission for Brokerage Firms in Mexico at the date of the statement of financial position, issued by the Banking Commission, which is responsible for the inspection and oversight of Brokerage Firms, as well as reviewing their financial information.

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Accounting Criteria, in first instance, establish that in the absence of an specific accounting criterion of the Banking Commission for Brokerage Firms, and in second instance for credit institutions, or in a wider context, of the Mexican Financial Reporting Standards (MFRS) issued by the Mexican Board of Financial Reporting Standards, (Consejo Mexicano de Normas de Información Financiera, A. C. or CIFRS); the supplementary bases provided for in MFRS A-8 shall be applicable, and a supplementary standard that belongs to any other regulatory scheme may only be use if the International Financial Reporting Standars (IFRS) referred to in MFRS A-8 do not establish an accounting criterion, provided that all requirements established in said MFRS and criterion A-4 of the Banking Commissions are met, and the supplementary provisions must be applied in the following order: the United States Generally Accepted Accounting Principles (US GAAP), and any accounting standard that is part of a formal and recognized set of standards, provided that it does not contravene the criteria of the Banking Commissions.

b) Use of Judgements and Estimates

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

Judgments

Information about judgments made in applying of accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes.

- Note 8 – Investments in financial instruments: definition of the business model: Financial instrument to collect or sell (FICS), or Negotiable Financial Instrument (NFI).
- Note 11 – Derivative financial instruments.
- Note 13 – Leases: determination of whether an agreement contains a lease.

Assumptions and uncertainties in the estimates

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 within the following year is included in the following notes to the financial statements:

— Investments in financial instruments: Market values of securities with no observable market (see note 8);
— Valuation of derivative financial instruments: key assumptions to determining the market value, especially those complex derivatives or those without an active market (see note 11).
— Impairment of property, furniture and equipment: Test for impairment of the value of fixed assets, including key assumptions for determining the recoverable amount of such assets (see note 12);

(Continued)

- Measurement of defined benefit obligations: key actuarial assumptions (see note 15);
- Recognition of deferred tax assets: availability of future taxable profits and the materialization of deferred taxes (see note 18).

Fair value measurement

Several of the Brokerage Firm's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Brokerage Firm has established a control framework related to the measurement of fair values. This includes the authorization granted by the Board of Directors for the contracting of any price vendor. Additionally, the Risk Committee of the Brokerage Firm authorizes internal valuation models and its amendments as well as the estimation methods for variables used in these models when they are not directly provided by the contracted price vendor. This control also applies to securities and other financial instruments for which internal valuation models may be used.

Moreover, the control framework includes a valuation team responsible for overseeing all significant fair value determinations, including Level 3 fair value, and reports directly to the Chief Financial Officer. The valuation team regularly reviews unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to determine 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 the accounting policies, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Brokerage Firm's Audit Committee and the Board of Directors.

Moreover, the control framework includes a valuation team responsible for supervising all significant fair value measurements.

When measuring the fair value of an asset or liability, the Brokerage Firm uses observable market data whenever possible. Fair values are classified into different levels within a fair value hierarchy that is based on the data inputs (observability of inputs) used in valuation techniques, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that are observable, corresponding to the highest level.

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).

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

(Continued)

Financial instruments valued using the Brokerage Firm´s internal valuation model are not considered under any circumstances as Level 1.

If the inputs used to measure the fair value of an asset or liability are classified at different levels of the fair value hierarchy, the fair value measurement is classified in its entirety at the same level of the fair value hierarchy as the variable with the lowest observability that is significant to the total measurement.

According to the Provisions, the Brokerage Firm measures the fair value of the following financial instruments through direct vector valuation, which consists of applying the updated prices provided by a price vendor to the position in securities or contracts held by the Brokerage Firm:

I. Securities registered in the national securities registry or authorized, registered or regulated in markets recognized by the Commission.
II. Derivative instruments listed on national derivatives exchanges or in markets recognized by the Bank of Mexico (the Central Bank).
III. Underlying assets and other financial instruments that are part of the structured operations or derivative packages involving the securities or financial instruments mentioned in sections I and II above.

The Brokerage Firm´s contracted price vendor for providing prices and inputs for valuating financial instruments is Valuación Operativa y Referencias de Mercado, S.A. de C.V. (VALMER).

During years ended December 31, 2023 and 2022, there was no significant decrease in volume (or level of activity) compared to the normal market activity. Considering the type of financial instruments held by the Brokerage Firm, their low complexity, and the decrease in volatility in the financial markets.

At December 31, 2023 and 2022, there is no reduction in the availability of prices and inputs provided by the price vendor, therefore there is no apparent and significant impairment of the observable conditions in the inputs used for valuing securities and other financial instruments that would require recognition of an impairment in their value. As part of the Brokerage Firm's controls, the evolution of financial markets, liquidity, and availability of prices and inputs for the valuation of the instruments is monitored to anticipate any impairment in their value.

The Brokerage Firm recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions in measuring fair values is included in the following notes:

– Note 8 – Investments in financial instruments; and
– Note 11 – Derivative instruments and hedge relationships.

(Continued)

c) Functional and reporting currency

The aforementioned financial statements are presented in Mexican pesos, which is the same as the recording currency and the functional currency.

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

d) Presentation of comprehensive income

In compliance with accounting criterion D-2 "Statement of comprehensive income" established by the Banking Commission, the Brokerage Firm presents comprehensive income in a single statement that shows, in a single document, all items making up the net profit or loss, increased or reduced by Other Comprehensive Income (OCI) for the period, and of share in OCI of other entities, and is known as "Statement of comprehensive income".

e) Recognition of financial assets and liabilities on the date of execution

The accompanying financial statements recognize the assets and liabilities arising from investments in securities and repurchase/resale agreements from transactions, both for its own account and on behalf of its customers at the date on which the transactions are performed, regardless of their settlement date.

(3) Summary of Significant Accounting Policies-

The following accounting policies have been applied consistently in preparing the accompanying consolidated financial statements by the Brokerage Firm.

(a) Recognition of the Effects of Inflation-

The accompanying financial statements were prepared in accordance with the Accounting Criteria, given that the Brokerage Firm operates in a non-inflationary economic environment, as established by MFRS B-10 "Effects of Inflation", the recognition of the inflation effects is included up until December 31, 2007, based on the value of the Investment Unit (UDI), a unit of account determined by the Central Bank based on inflation. The annual inflation percentage, accumulated over the last three years and the UDI values used to determine inflation, were as follows:

		Inflation	
December 31,	UDI	Annual	Accumulated
2023	7.9816	4.38%	20.83%
2022	7.6468	7.58%	19.50%
2021	7.1082	7.61%	14.16%

(Continued)

(b) Foreign currency transactions-

Foreign currency transactions are recognized at the exchange rates prevailing on the date of execution for financial statement presentation purposes. For currencies other than the dollar, they are translated into dollars as established by the Provisions applicable to Brokerage Firms. The equivalence of the dollar to the national currency is converted at the closing exchange rate determined by the Central Bank.

At the closing date of the financial statements, monetary assets and liabilities in foreign currencies are translated at the closing exchange rate published by the Central Bank, and foreign exchange gains or losses arising from the translation of foreign currency are recognized in the results of the year in the period in which they originate.

(c) Cash and cash equivalents-

Cash is recognized at its nominal value. Cash includes legal currency, foreign currency in cash, deposits with financial institutions both domestically and internationally, whether in checking accounts, bank drafts, telegraphic or postal money orders, and remittances in transit.

Cash equivalents are initially recognized at fair value. These include short-term, highly liquid securities, easily convertible into cash that are subject to insignificant risks in their value (where these last are those whose maturity is expected within a maximum of 48 hours from acquisition), among others, purchases of foreign currency that are not considered derivative instruments as established by the Central Bank in the applicable regulation, and other cash equivalents such as correspondents, immediately collectible documents, coined precious metals, and investments available on demand.

The valuation of cash equivalents represented by coined precious metals is carried out at fair value, which is based on the applicable quotation at the valuation date, except for those which due to the nature thereof have no fair value, which are recognized at acquisition cost.

Foreign currencies acquired with a settlement date later than the purchase date are recognized as restricted cash and cash equivalents, while the foreign currencies sold are recorded as cash and cash equivalents outflow. Rights arising from sales of foreign currency are recorded in “Other accounts receivable, net”, and the obligations arising from purchases of foreign currency are recorded in “Creditors on settlement of transactions”.

The amount of overdrafts in checking accounts, the compensated balance of foreign currency to be delivered or foreign currency to be received, or other concept in cash and cash equivalents with a credit balance are presented under the caption “Creditors and other accounts payable”.

(Continued)

Interest earned and valuation gains or losses are included in income for the year as they accrue as part of interest income or expense. The results from the valuation and purchase of coined precious metals and foreign currency are recognized in financial intermediation income.

(d) Margin accounts-

Margin accounts are associated with transactions involving derivative instruments executed in recognized markets or stock exchanges, where highly liquid financial assets are deposited to ensure compliance with the obligations related to such instruments, in order to mitigate default risk. The amount of the deposits corresponds to the initial margin, along with any subsequent contributions or withdrawals made by the Brokerage Firm and the clearing Firm during the term of the derivative financial instruments contract.

Cash margin accounts are recognized at nominal value and reported in “Margin accounts”. Yields and commissions affecting margin accounts, other than fluctuations in derivative prices, are recognized in result of operations for the year as they accrue within “Interest income” and “Commission and fee expense”, respectively.

Partial or total settlements deposited or withdrawn by the clearing firm due to fluctuations in derivative prices are recognized in “Margin accounts”, these affect a balancing entry in a specific account, which may be a debit or credit account, as appropriate, representing an advance received, or financing granted by the clearing firm and that will reflect the effects of the valuation of derivatives prior to their settlement.

(e) Investments in financial instruments-

i. Recognition and initial measurement

Investments in financial instruments include equity instruments, obligations, bonds, certificates and other negotiable instruments and documents that are issued in series or in mass, listed or unlisted, which the entity holds as its own position. These are initially measured and recognized at fair value plus, in the event of financial assets or liabilities not measured at fair value with changes in fair value through comprehensive income, the transaction costs directly attributed to acquisition or issuance thereof when they are subsequently measured at their amortized cost.

ii. Classification and subsequent measurement

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

— *Financial instruments to collect or sell (FICS), measured* at fair value through other comprehensive income (“FVOCI”), the purpose of which is both to collect all contractual principal and interest flows and obtain a profit on sale thereof, when appropriate. The Brokerage Firm irrevocably recognizes changes in fair value of IFCVs through other comprehensive income; and

(Continued)

— *Negotiable financial instruments (NFI),* measured at fair value through profit or loss (FVPL) these represent the investment in debt or equity financial instruments, intended to obtain a profit from the difference between the purchase and sale prices.

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

— A model that seeks to recover contractual flows (represented by the amount of principal and interest).

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

— A model that seeks to obtain maximum performance through the purchase and sale of financial instruments.

Financial instruments are not reclassified subsequent to their initial recognition unless the Brokerage Firm changes its business model, in such case all affected financial instruments are reclassified into the new category at the time the change in the business model occurs.

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

When any reclassification is made, in accordance with the aforementioned, the Brokerage Firm must inform the Banking Commission in writing within 10 business days following the determination thereof, specifying in detail the change in the business model that justifies the reclassification. Said change must be authorized by the Risk Committee of the Brokerage Firm.

During years ended December 31, 2023 and 2022, the Brokerage Firm did not carry out transfers between categories.

A financial instrument is measured at amortized cost if the following two conditions are met, and it is not classified as measured at fair value through variations in profit or loss:

— the financial instrument is kept within a business model whose purpose is to maintain the financial instruments in order to recover the contractual cash flows; and

— the contractual terms of the financial instruments derive, on specific dates, in cash flows that are represented solely by principal and interest payments on the outstanding principal amount (Only Payment of Principal and Interest, or SPPI for its acronym).

(Continued)

An investment in a debt instrument is measured at fair value through other comprehensive income (OCI) if the following two conditions are met and it is not classified as measured at fair value through profit or loss:

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

— the contractual terms of the financial assets give rise on specified dates to cash flows that are solely by payments of principal and interest on the outstanding principal amount (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 section (h) of this note).

Financial instruments: Business model assessment -

The Brokerage Firm performs an assessment of the business model's objective in which a financial instrument is held at a portfolio level, since this best reflects the way the business is managed and information is provided to management. The information considered includes the following:

— the policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy is focused on collecting any contractual interest income, maintaining a specific interest rate profile or coordinating the duration of the financial instruments with the duration of the liabilities that are funded by said instruments or the expected cash outflows, or realize cash flows through the sale of the instruments;

— how the performance of the portfolio is evaluated and reported to the Brokerage Firm Management;

— the risks that affect the performance of the business model (and the financial instruments held in the business model) and, specifically, how those risks are managed;

— how the managers of the business are compensated (for example, if the compensation is based on the fair value of the instruments managed or on the contractual cash flows obtained); and

— the frequency, volume, and timing of sales in prior periods, the reasons for those sales, and expectations about future sales activity.

Transfers of financial instruments to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the continuous recognition of the instruments by the Brokerage Firm.

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The financial instruments 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 Instruments: Assessing whether contractual cash flows are principal and interest payments only (SPPI).

For purposes of this assessment, the amount of “principal”' is defined as the fair value of the financial instrument at initial recognition. “Interest” is defined as consideration for the time value of money and credit risk associated with the principal amount outstanding, over a specified period, and for other basic borrowing risks and costs (for example, the liquidity risk and administrative costs), as well as a profit margin.

When evaluating whether the contractual cash flows are only payments of principal and interest (SPPI), the Brokerage Firm considers the contractual terms of the instrument. This includes evaluating whether a financial instrument contains a contractual condition that could change the timing or amount of the contractual cash flows in such a way that it would not meet this condition.

When making the assessment, the Brokerage Firm takes into account:

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

— terms that may generate leverage;

— terms referring to the value of money over time, such as adjusting the coupon rate, including variable-rate features;

— terms that may generate any implicit derivative instruments, or changes in their terms and conditions, by indexation to variables unrelated to the nature of the agreement;

— pre-payment and extension features; and

— terms that limit the Brokerage Firm's right to cash flows from specific instruments (for example, “non-recourse” features).

A pre-payment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents the unpaid principal and interest amounts on the principal amount, which may include any additional reasonable compensation for early termination of the contract. Additionally, in the event of a financial instrument acquired with a significant discount or premium of its contractual par value, which is a feature that allows or requires the advance payment of an amount that substantially represents the contractual par value plus the accrued (but unpaid) contractual interest (that may also include an additional reasonable compensation for early termination), it is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on the initial recognition.

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Financial instruments: Subsequent measurement and gains and losses –

Negotiable financial instruments (NFI)	Subsequently, and on each reporting date, the securities are valued at fair value provided by an independent price provider; the effects of valuation and the results of purchases and sales are recognized in the results of the year, under the caption "Results from the valuation of financial instruments at fair value". When the securities are disposed of, the result from the sale is determined from the differential between the purchase price and the sale price, and the result from the valuation that has been previously recognized in the results of the year must be reclassified to the result from the sale within said item. Accrued interest on debt securities is determined according to the effective interest method and is recognized in the results of the year under the caption "Interest income". Dividends from equity instruments in favor are recognized in the results of the year, at the moment in which the right to receive payment thereof is generated under the caption "Interest income".
Financial instruments held to collect or sell (FICS)	These instruments are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign currency translation gains and losses, and impairment are recognized in income for the year. Other net gains and losses are recognized in other comprehensive income (FVCOCI), which is adjusted for the effect of deferred taxes. At the time of derecognition, accumulated gains and losses in other comprehensive income are reclassified in results.
Investments in shares through OCI	These assets are subsequently measured at fair value. Dividends are recognized as income in results unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income.

iii. Derecognition accounts

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

The Brokerage Firm participates in transactions where it transfers instruments recognized in its statement of financial position but retains all or substantially all of the risks and rewards of the transferred financial instruments. In these cases, the transferred financial instruments are not derecognized. (see sections (f) and (g) of this note).

iv. Impairment

Since initial recognition, the Brokerage Firm assesses expected credit losses (ECL) of the FICS by considering the expected level of recoverability corresponding to the different FICSs and recognizes the effect of the loss, based on the amortized cost. of the FICSs. Since the fair value of the FICS already accounts the impartment due to expected credit losses, the Brokerage Firm does not create an additional allowance to reduce the fair value of FICS; therefore, the effect is recognized in net profit or loss, affecting the fair value of the FICS before recognizing the effect in OCI for fair value valuation. The foregoing does not affect NFIs, since the issue of collectability does not arise therein, in the absence of an intention to collect and because their market value generally captures the effects of expected credit losses thereon.

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

The Brokerage Firm monitors that the ECLs for the impairment of securities issued by a counterparty is consistent with the impairment determined for loans granted to the same counterparty.

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

Operations value date-

Securities purchased with a settlement date of a maximum of four business days after trade date are recorded as restricted securities, while securities sold are recorded as securities to deliver, reducing the investment securities position. The corresponding debit or credit is made to an asset or liability clearing account, as appropriate. When the amount of the securities to deliver exceeds the proprietary position of the same type of security (government, bank, equities, and other debt securities), the excess amount is shown as a liability under “Assigned securities to be settled”.

(f) Repurchase/resale agreements-

Repurchase/resale agreements that do not comply with the terms established in MFRS C-14 “Transfer and derecognition of financial assets” are treated as collateralized financing transactions based on the economic substance of those transactions and regardless of whether it is a “cash oriented” or a “securities-oriented” repurchase/resale agreement. In “cash oriented” transactions, the intention of the seller is to obtain cash financing and the intention of the buyer is to invest its cash excess and, in “securities-oriented” transactions, the buyer’s purpose is to have access to certain specific securities and the seller’s purpose is to increase the return of its securities investments.

(Continued)

Acting as reported-

On the date of contracting the repurchase/resale agreement, the Brokerage Firm recognizes the inflow of cash or cash equivalents or a debit settlement account, and an account payable, initially measured at the agreed price. This is presented under the heading " Creditors under repurchase/resale agreements", representing the obligation to return the cash to the buyer. Throughout the term of the repurchase agreement, the account payable is valued at its amortized cost, with the repurchase agreement interest recognized in the results of the year as it accrues, in accordance with the effective interest method under the caption "Interest expenses". The financial assets transferred to the reporting company are reclassified in the statement of financial position, and presented as restricted securities, which continue to be valued in accordance with the accounting criterion that corresponds to the asset.

Acting as reporter-

On the contracting date of the repurchase agreement, the outflow of cash and cash equivalents is recognized, or a creditor settlement account is recorded. An account receivable is recognized at the agreed price and presented under the heading "Debtors on repurchase/resale agreements", representing the right to recover the delivered cash. Throughout the term of the repurchase agreement, the account receivable is valued at its amortized cost, by recognizing the repurchase agreement interest in the results of the year as it accrues, according to the effective interest method within the caption of " Interest income". Financial assets received as collateral are recorded in memorandum accounts and valued at fair value.

(g) Securities Lending-

Securities lending involves an agreement where the lender transfers securities to the borrower, with the obligation to return the securities or substantially similar ones on a specific date or upon request, in exchange for interest as consideration. In this operation, a collateral or guarantee is requested by the lender from the borrower.

Acting as lender-

On the date the securities lending agreement is entered, the Brokerage Firm, acting as lender, records the security subject to lending and transferred to the borrower as restricted, following the valuation, presentation and disclosure standards according to the corresponding accounting criterion. Furthermore, the collateral received to guarantee of the securities loaned is recorded in memorandum accounts.

The amount of the interest earned is recognized in the results of the year through the effective interest method during the term of the operation, under the caption "Interest income".

Acting as borrower-

Acting as borrower, on the date of contracting the securities loan, the Brokerage Firm records the security received under the loan in memorandum accounts, following the valuation guidelines for securities recognized in accounting criteria B-6 " Custody and administration of assets.

The value object of the operation is presented in memorandum accounts as collateral received by the Brokerage Firm. Regarding to collaterals received from other transactions, they must be presented under the heading of collaterals received and sold or delivered as collateral.

The amount of interest accrued is recognized in profit or loss for the year using the effective interest method during the transaction life, in “Interest expense”.

(h) Derivative financial instruments (DFI)-

The Brokerage Firm classifies derivative financial instruments based on their intention in the following category shown below:

— For trading purposes - It consists of the position assumed by the Brokerage Firm with the objective of earning gains from changes in their fair value.

The recognition of assets and/or liabilities arising from derivative financial transactions in the financial statements occurs on the transaction date regardless of the settlement date or delivery of the asset.

The Brokerage Firm initially recognizes all financial assets or liabilities resulting from the rights and obligations established in the DFI contracts at fair value, which presumably corresponds to the transaction price, i.e., the consideration received or given. Transaction costs directly attributable to the acquisition of DFIs are recognized directly in results under "Intermediation result".

Subsequently, all DFIs are valued at their fair value, without deducting the transaction costs that could be incurred in the sale or other type of disposal. This valuation effect is recognized in the result for the period under the heading "Intermediation financial result”.

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

To determine fair value, the data and inputs provided by a price vendor authorized by the Commission are considered, provided the instruments are not derivative financial instruments traded on national exchanges or not traded in markets recognized by the Central Bank.

Operations trading purposes-

— *Optional Securities (“Warrants”):*

Warrants are documents issued in series and placed among the general investing public, they represent a temporary right acquired by holders in exchange for the payment of a premium for the issuance in equity shares or indexes, with the right expires at the end of the effective term. Therefore, holding such securities implies that the intrinsic value and the market price of the warrant in the secondary market may vary based on the market price of the reference assets.

(Continued)

— *Futures contracts:*

Futures contracts operate with standardized terms (general contracting conditions), have a secondary market, and require the mandatory establishment of collateral in contribution accounts or daily settlement margin accounts.

— *Options:*

For purchased options, the debit balance represents the fair value of future flows to be received, with the effects of valuation in the results of the year.

For options sold, their credit balance represents the fair value of the future flows to be delivered, with the effects of valuation in the results of the year.

Collaterals granted and received in FDI operations outside of recognized markets or exchanges-

The account receivable generated by the granting of cash collateral in FDI operations not carried out in recognized markets or stock exchanges is presented under the caption "Other accounts receivable, net", while the account payable generated by the receipt of collateral in cash is presented under the caption “Creditors for collateral received in cash”.

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

(i) Settlement of clearing accounts-

Amounts receivable or payable from investments in securities, repurchase/resale agreements, securities lending and/or transactions with derivative financial instruments which have expired but have not been settled are recorded in settlement accounts under the “Other accounts receivable, net” and “Creditors on settlement of transactions”, respectively, as well as the amounts receivable or payable for the purchase or sale of foreign currencies, which are not for immediate settlement or those with a same day value date. The balances of the debit and credit settlement accounts are offset.

The allowance for ECL corresponding to the aforementioned amounts receivable must be determined in accordance with the provisions of MFRS C-16 "Impairment of financial instruments receivable".

Financial assets and financial liabilities are offset so that the debit or credit balance is presented in the statement of financial position, as appropriate, provided that it has a contractual right to offset the recognized amounts and intends to settle the net amount, or to realize the asset and cancel the liability simultaneously.

(Continued)

(j) Accounts receivable, net-

The accounts receivable recognized in this category do not bear interest, either explicit or implicit; therefore, they include:

- short-term accounts receivable; and
- other short-term accounts receivable

Accounts receivable arising from the operations should not be included:

- the criterion B-3 “Repurchase/resale agreements”, B-4 “Securities lending”, issued by the Commission;

Other accounts receivable comprises clearing accounts receivable for foreign exchange sale transactions, investments in securities, repurchase/resale agreements, securities lending, derivatives, and issue of securities, and of the margin accounts borrowers, collateral borrowers granted in cash for securities, credit, and derivative transactions made in OTC markets. Furthermore, it includes sundry debtors for prizes, commissions, and rights to receive on non-credit transactions, items associated with credit transactions, credit balances of recoverable taxes, loans, and other employee receivables, unamortized operating lease payments, and other debtors.

Accounts receivable must be initially measured at transaction price (the consideration to which the Brokerage Firm expects to be entitled in exchange for transferring control of the goods or services to a customer) at the time when the related transaction is deemed to have occurred. This occurs when control of the agreed goods or services is transferred to the customer in exchange for consideration, in accordance with the terms of the contract entered into.

Accounts receivable should include taxes and levies shiftable to the client and any other charges to the customers on behalf of third parties. The Brokerage Firm must recognize a liability for the amount collected on behalf of third parties included in accounts receivable.

Accounts receivable denominated in foreign currency should be initially recognized in the functional currency, using the historical exchange rate, i.e., the rate at which the Brokerage Firm could have settled the accounts receivable at the transaction date.

Upon their subsequent recognition, accounts receivables must be measured at transaction price pending collection.

Allowance for expected credit losses

Allowance for ECL must be recognized from the outset in accounts receivable, affecting profit or loss for the period under “Other operating income (expense)”.

(Continued)

In subsequent recognition, changes required in the allowance for expected credit losses due to modifications in the expected credit loss expectations arising in each period should be recognized in results for the year under “Other operating income (expense)”.

The allowance for expected credit losses should be determined through the Brokerage Firms professional judgment, considering the assessment of expected losses due to the impairment of accounts receivable, using factors such as historical experience of credit losses, current conditions, and reasonable and sustainable forecasts of different quantifiable future events that could affect the future cash flow to be recovered from accounts receivable.

The allowance for doubtful accounts is recognized at the time revenue is earned, based on expected credit losses.

From initial recognition, the time value of money should be considered, so if the effect of the present value of the accounts receivable is significant in relation to its term, it should be adjusted based on such present value.

Therefore, the Brokerage Firms management has developed the procedure for calculating expected credit losses to establish such an allowance based on the following equation:

$$PE = \sum_{i=1}^{n} EI_{ij} * TP_j$$

Where:

PE:	Loss Given Default;
EI_{ij}:	Exposure at Default of operation *i* in delinquency group *j*;
TP_j:	Loss rate of the delinquency group *j*;
j:	j-th delinquency group;
n:	The number of transactions.

The loss rate is calculated using the analysis of the proportion of balance paid in each delinquency bucket. This way, the concentration of the balance by delinquency bucket is analyzed, thereby defining the impairment threshold and the allocation of 100% loss.

The Brokerage Firm may determine the expected loss individually for debtors with particular characteristics; if impractical, debtors are grouped based on homogeneous or common characteristics.

(Continued)

The Brokerage Firm has developed a methodology in cases where it was deemed impractical to individually assess accounts receivable. Therefore, statistical models were derived from historical data of the accounts receivable, which were classified and grouped based on common and homogeneous characteristics in terms of risk. Key elements for measuring the expected credit loss were used to determine the following variables: Loss Rate (LR) and Exposure at Default (EAD).

To estimate the parameters and apply them collectively, the assets comprising the accounts receivable were grouped according to the number of days past due at the time of estimating the impairment, assigning them a delinquency group. In the particular case of the Brokerage Firm, the period was extended from 90 to 120 days, in accordance with the collection process.

When the Brokerage Firm considers the probability of collection of an account receivable to be nil, it must write off the net carrying amount of the account receivable, applying the account receivable to the allowance for expected credit losses. If the allowance was insufficient, it should be adjusted immediately affecting the profit or loss for the period in “Other operating income (expense)”.

Accounts receivable, if any, are presented net of the allowance for ECL within the statement of financial position under “Accounts receivable (net)”.

Other considerations for the allowance for ECL for other accounts receivable:

- The Brokerage Firm does not constitute an allowance for ECL for:

- Credit balances for taxes,
- Creditable value added tax,
- Client collections on behalf of third parties.

This paragraph does not cover accounts receivable with operational risk, the elimination of which is recognized in “Other operating income (expense)”.

(k) Property, furniture and equipment-

Property, furniture and equipment are recorded at acquisition cost. Until December 31, 2007, they were restated using factors derived from the UDI. Properties acquired in foreign currency are recorded at the historical exchange rate, i.e., at those in effect on the date of acquisition of the asset.

Depreciation is calculated using the straight-line method, based on the estimated useful life of the corresponding property. Furniture and equipment as determined by the Brokerage Firms management. The amount to be depreciated for real property is determined after deducting the acquisition cost thereof from their residual value, and, if applicable, less any accumulated impairment losses. The Brokerage Firm periodically assesses the residual value to determine the depreciable amount of such properties.

(Continued)

The Brokerage Firm periodically assesses the carrying amounts of its property, furniture and equipment to determine whether there are indications that such amounts exceed their recoverable amount. The recoverable value is the higher of the net selling price and the carrying amount. If it is determined that the net carrying values are excessive, the Brokerage Firm recognizes the impairment in profit or loss for the year to reduce them to their recoverable amount. Maintenance and minor repair expenses are recognized in profit or loss as incurred.

(l) Other permanent investments-

Other permanent investments where there is no control, joint control, or significant influence are classified as other investments, which are initially recognized and valued at acquisition cost. If any dividends are received from these investments, they are recognized in results under "Other operating income, net", except when they correspond to profits from periods prior to the acquisition, in which event, permanent investment is reduced.

(m) Advance payments and other assets-

This mainly includes the contributions made to the reserve fund established through the stock exchange guild with self-regulatory status, aimed at supporting and contributing to the strengthening of the securities market. The balance includes contributions, valuation, and accrued interest, the latter being recognized under "Other operating income" in the statement of comprehensive income.

It also includes intangible assets related to internally developed software, where costs incurred during the development phase are capitalized and amortized in results for the year once the software is ready for use, using the straight-line method, based on the estimated useful life determined by the Brokerage Firms management.

If there is any indication of impairment of an asset, the possible impairment loss is determined. If the recoverable amount is less than the net carrying amount, the value of the asset is reduced and the impairment loss is recognized in profit or loss for the year.

Additionally, this item includes the projected net asset of the defined benefit plan (up to the ceiling amount of the plan assets, which is recognized in accordance with the provisions of NIF D-3 "Employee Benefits" and deferred PTU.

(n) Income taxes and employee statutory profit sharing (ESPS)

The income taxes and ESPS payable for the year are determined in accordance with the applicable tax provisions and, labor provisions where appropriate.

Income taxes payable are presented as a liability in the balance sheet, when tax prepayments exceed the income tax payable, the difference corresponds to an account receivable.

(Continued)

Deferred income taxes and deferred ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of income taxes, for operating loss carryforwards.

Deferred ESPS and tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years when those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred ESPS and taxes assets and liabilities is recognized in results of operations in the period enacted.

The asset for income tax and deferred ESPS are evaluated periodically, creating, where appropriate, a valuation reserve for those temporary differences for which recovery may be uncertain.

The deferred ESPS asset is recorded under “Advance payments and other assets”.

Current and deferred income taxes are presented and classified in profit or loss for the period, except for those arising from a transaction recognized in “Other comprehensive income” (OCI). Accrued and deferred ESPS will be included under “Administrative and promotional expenses” in the statement of comprehensive income.

(o) Leases-

Acting as a lessor

Lease classification

The Brokerage Firm classifies each of its leases as either an operating lease or finance lease. All credits granted by the entity for financial leasing operations are considered financial leases, which are those in which the Brokerage Firm transfers substantially all the risks and benefits inherent to the ownership of the underlying asset to the lessee; otherwise, they are considered as operating leases.

As a lessee

At inception, the Brokerage Firm assesses 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 in exchange for consideration. The Brokerage Firm assesses whether a contract conveys the right to control the use of an identified asset, either implicitly or explicitly, in a contract.

At inception or on modification of a contract that contains a lease component, the Brokerage Firm allocates the consideration in the contract to each lease or service component based on their relative stand-alone prices.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Brokerage Firm by the end of the lease term or the cost of the right-of-use asset reflects that the Brokerage Firm 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 those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability such as changes in the amount of the rent due to an 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 Brokerage Firms incremental borrowing rate or the risk-free rate determined by reference to the lease term. Generally, the Brokerage Firm uses its incremental borrowing rate as a discount rate.

Lease payments included in the measurement 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; and
— the exercise price under a purchase option that the Brokerage Firm is reasonably certain to exercise, the lease payments in an optional renewal period if the Brokerage Firm is reasonably certain to exercise an extension option, and the penalties for termination of a lease unless the Brokerage Firm is reasonably certain that it will not terminate early.

The lease liability is valued at amortized cost using the effective interest method. It is revalued when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Brokerage Firm's estimate of the amount expected to be paid under a residual value guarantee, if the Brokerage Firm changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a fixed payment in substance of the modified lease. When the lease liability is revalued in this way, 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.

The Brokerage Firm presents right-of-use assets that do not meet the definition of investment property in the caption "Assets for right-of-use of property, furniture and equipment", and lease liabilities in the caption "Leasing liabilities", both in the statement of financial position.

(Continued)

Short-term leases and leases of low-value assets

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

(p) Employee benefits

Short-term direct benefits

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

Long-term direct benefits

The Brokerage Firm's net obligation in relation to direct long-term benefits (except for deferred ESPS - see note Income taxes and employees' statutory profit sharing), and which the Brokerage Firm is expected to pay after twelve months as from the date of the most recently submitted statement of financial position, is the amount of future benefits that the employees have obtained in consideration of their service in the current and previous years. This benefit is discounted to determine its present value. Remeasurements are recognized in the results of the year as accrued.

Termination benefits

A liability is recognized for termination benefits along with a cost or expense when the Brokerage Firm has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when the conditions that require the recognition of restructuring costs are met, whichever occurs first. If benefits are not expected to be wholly settled within twelve months after the date of the most recent balance sheet presented, then they are discounted.

Post-employment benefits

Defined contribution plans

Obligations derived from contributions to defined contribution plans are recognized in results as accrued, as the related services are rendered by the employees. Contributions paid in advance are recognized as an asset to the extent that such prepayment gives rise to a reduction in the future payments or to a cash reimbursement.

(Continued)

Defined benefit plan

The net obligation of the Brokerage Firm corresponding to the defined benefit plan for retirement the pensions for retirement, post-retirement medical expenses, life insurance, the seniority premiums and legal compensation to which employees are entitled in accordance with the Federal Labor Law, as well as obligations related to corresponding to life insurance for retirees, it is calculated in a separate way for each plan, estimating future benefits amount that employees have earned in the current and in previous periods, discounting such amount and deducting the fair value of the plan assets.

Irrevocable trusts have been established for all plans to manage the respective plan funds and assets, except for severance compensation.

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

The labor cost of the current service, which represents the cost for the period of benefits granted to employees in view of its having completed another year in employment based on the benefit plans, is recognized in administrative and promotional expenses. The Brokerage Firm determines the net interest expense (income) on the net defined benefit liability (asset) for the period, by multiplying the discount rate used to measure the defined benefit obligation by the net defined benefit liability (asset) at the beginning of the annual reporting period, considering any changes in the net defined benefit liability (asset) during the period as result of contributions and benefit payments.

The amendments to the plans that affect past service cost are recognized in income immediately in the year the modification occurs, with no possibility of deferral in subsequent years. Furthermore, the effects of events of liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the population eligible for benefits, are recognized in income of the period.

The remeasurements (before actuarial gains and losses), resulting from any differences between the projected and actual actuarial assumptions at the end of the period, are recognized in the period in which they are incurred as part of the comprehensive income in equity, and subsequently recycled to profit or loss for the period, based on the average remaining service life of the employees.

(Continued)

(q) Revenue recognition-

Interest and premiums on investments in debt securities and repurchase/resale agreements, are recorded in the statement of income on an accrual basis, using effective interest rate method.

The gain on sale of foreign currencies, trading securities and derivatives, is recorded in the statement of income when these are sold.

The favorable effects of valuation (gain) on trading securities and derivatives are recorded in the statement of income when the fair value is recognized.

Financial transactions fees (placement of debt or shares) on transactions with investment companies and the revenue from custody services, are recorded in the statement of income when the service is rendered in "Commissions and fee income”.

Revenues from financial advisory services are recorded as income when the services are rendered under “Financial advisory income”.

(r) Provisions-

The Brokerage Firm recognizes, based on management’s estimates, provisions for those present obligations in which the transfer of assets or the provision of services is probable and arises as a result of past events.

(s) Memorandum accounts-

The memorandum accounts are used to record assets or commitments which do not form part of the Brokerage Firms statement of financial position because the related rights are not acquired or such commitments are not recognized as a liability of the entities until such eventualities occur, respectively.

– *Guarantees granted:*

The balance represents the total commitments that the Brokerage Firm has on a specific date. Once the third party with whom the obligations have been guaranteed settles the commitments, the entity must eliminate said amounts from its records.

– *Contingent assets and liabilities:*

Formal claims received by the Brokerage Firm and that may entail some liabilities are recorded.

(Continued)

– *Assets in custody or under management:*

Cash and securities owned by the clients under custody, collateral, and management are reflected in the respective memorandum accounts and are valued based on the price delivered by the price vendor. Except for cash or virtual assets received for the payment of services on behalf of third parties, which should be presented in the cash and cash equivalents or virtual assets category, as applicable, and the liability arising therefrom in the other accounts payable category.

Securities under custody and management are deposited at S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V.

Revenue from custody or management services recognized in the statement of income will be reported under commission and fee income.

– *Collateral received by the entity:*

This balance represents the total amount of collateral received in repurchase agreements and securities lending agreements when the Brokerage Firm acts as the buyer and borrower.

– *Collateral received and sold or pledged by the entity:*

This balance represents the total collateral received and sold or pledged when the Brokerage Firm acts as the buyer or borrower.

– *Other record accounts:*

As December 31, 2022, the other memorandum accounts show a balance of $2,932, mainly comprised of the notional amounts of options of $2,284, and warrants of $648, from the Brokerage Firm.

(t) Contingencies-

Liabilities or significant losses for contingencies are carried when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. In the absence of these reasonable elements, their disclosure is included on a qualitative basis in the notes to the financial statements. Contingent revenue, profits or assets are not recognized until realization is assured. At December 31, 2023 and 2022, the Brokerage Firm has no legal proceedings and therefore did not recognize any contingencies in profit or loss.

(4) Fair value of financial instruments-

Fair value hierarchy

At December 31, 2023, the Brokerage Firm determined the fair values of its assets and liabilities, as well as the amount corresponding to each fair value hierarchy level classification as shown on the following page:

(Continued)

(Millions of Mexican pesos)

Type of financial instrument	Level 1	Level 2	Level 3	Total	Valuation technique	Observable inputs	Unobservable inputs
Assets							
Negotiable financial instruments:	**738**	**2,626**	**-**	**3,364**			
Government debt	-	2,611	-	2,611	Valmer price vendor	-	-
Bank debt	-	15	-	15	Valmer price vendor	-	-
Equity financial instruments	738	-	-	738	Valmer price vendor	-	-
Financial instruments to collect or sell:	**-**	**374**	**-**	**374**		-	-
Government debt	-	374	-	374	Valmer price vendor	-	-
Derivative financial instruments for trading purposes:	**-**	**148**	**-**	**148**		-	-
Options	-	148	-	148	-Caps & Floors interest rate options: Cap/Floor Black's	-Valmer price vendor for the provision of prices and market data	-Correlation and volatility of unobservable stock in the market.
					-Binary interest rate options: Internal Model Cap/Floor Black's	-Volatility surface	The leveling methodology for options with target volatility is as follows:
					-European Call Spread index option: Internal Call Spread Option Model	-Quanto correlation	-Ratio = Abs(Correlation Uncertainty*Correlation Risk) +Abs(Vega Uncertainty Factor * Vega Risk) / MTM
					-European Basket Option: Internal Basket Asian AN/Alytic Multi-Factor Model	-Dividend yield curve	-If Ratio >10% then the complete package (Internal + External) will be treated as Level 3, otherwise Level 2.

(Continued)

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Notes to Financial Statements

(Millions of Mexican pesos)

Type of financial instrument	Level 1	Level 2	Level 3	Total	Valuation technique	Observable inputs	Unobservable inputs
					-European equity option: Internal Equity Option Model	-	-
					-Equity Binary Option: Internal Equity Option Model	-	-
					-Single stock Autocall option: Internal EqOpt Autocallable Note Model	-	-
					-Barrier exchange rate option: Merton, Reiner and Rubinstein	-	-
					-European exchange rate option: Garman and Kohlhagen	-	-
					-Binary exchange rate option: Black-Scholes	-	-
					-Index Future Option: Market prices	-	-
					-Simple equity option: Market prices	-	-
Liabilities Derivative financial instruments for trading purposes:	**1,499**	**39**	**-**	**1,538**		-	-
Futures	16	-	-	16	Valmer price vendor	-Exchange rates -Futures prices quoted in the market -Interest rate market -Active prices -Underlying: shares; funds; -Observed market volatilities	-
Options	-	39	-	39	-Caps & Floors interest rate options: Cap/Floor Black's	-Price vendor -Valmer for prices and market data entry	-Correlation and volatility of unobservable stock in the market.

(Continued)

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Notes to Financial Statements

(Millions of Mexican pesos)

Type of financial instrument	Level 1	Level 2	Level 3	Total	Valuation technique	Observable inputs	Unobservable inputs
					-European Call Spread index option: Internal Call Spread Option Model	-Quanto correlation	The leveling methodology for options with target volatility is as follows:
					-European Basket Option: Internal Basket Asian AN/Alytic Multi-Factor Model	-Dividend yield curve	-Ratio = Abs(Correlation Uncertainty*Correlation Risk) +Abs(Vega Uncertainty Factor * Vega Risk) / MTM
					-European equity option: Internal Equity Option Model	-	-If Ratio >10% then the complete package (Internal + External) will be treated as Level 3, otherwise Level 2.
					-Equity Binary Option: Internal Equity Option Model	-	-
					-Single stock Autocall option: Internal EqOpt Autocallable Note Model	-	-
					-Barrier exchange rate option: Merton, Reiner and Rubinstein	-	-
					-European exchange rate option: Garman and Kohlhagen	-	-
					-Binary exchange rate option: Black-Scholes	-	-
					-Index Future Option: Market prices	-	-
					-Simple equity option: Market prices	-	-
					Valmer price vendor	-	-
Warrants	1,483	-	-	1,483			

(Continued)

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As of December 31, 2022, the Brokerage Firm determined the fair values of its assets and liabilities, as well as the amount corresponding to each fair value hierarchy level classification as shown in the following table:

2022							
Type of financial instrument	**Level 1**	**Level 2**	**Level 3**	**Total**	**Valuation technique**	**Observable inputs**	**Unobservable inputs**
Assets							
Negotiable financial instruments:	**1,533**	**3,158**	**-**	**4,691**		-	-
Government debt	-	3,036	-	3,036	Valmer price vendor	-	-
Bank debt	-	17	-	17	Valmer price vendor	-	-
Other debt securities	-	-	-	-	Valmer price vendor	-	-
Equity financial instruments	1,533	105	-	1,638	Valmer price vendor	-	-
Financial instruments to collect or sell:	**-**	**271**	**-**	**271**		-	-
Government debt	-	271	-	271	Valmer price vendor	-	-
Bank debt	-	-	-	-	Valmer price vendor	-	-
Other debt securities	-	-	-	-	Valmer price vendor	-	-
Derivative financial instruments for trading purposes:	**20**	**30**	**-**	**50**		-	-
Futures	20	-	-	20	Valmer price vendor	-Exchange rates -Futures prices quoted in the market -Interest rate market -Active prices -Underlying: shares; funds; -Observed market volatilities	-
Options	-	30	-	30	-Caps & Floors interest rate options: Cap/Floor Black's -Binary interest rate options: Internal Model Cap/Floor Black's	-Valmer price vendor for the provision of prices and market data -Volatility surface	-Correlation and volatility of unobservable stock in the market. The leveling methodology for options with target volatility is as follows:

(Continued)

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Notes to Financial Statements

(Millions of Mexican pesos)

2022							
Type of financial instrument	**Level 1**	**Level 2**	**Level 3**	**Total**	**Valuation technique**	**Observable inputs**	**Unobservable inputs**
					-European Call Spread index option: Internal Call Spread Option Model	-Quanto correlation	-Ratio = Abs(Correlation Uncertainty*Correlation Risk) +Abs(Vega Uncertainty Factor * Vega Risk) / MTM
					-European Basket Option: Internal Basket Asian AN/Alytic Multi-Factor Model	-Dividend yield curve	-If Ratio >10% then the complete package (Internal + External) will be treated as Level 3, otherwise Level 2.
					-European equity option: Internal Equity Option Model	-	-
					-Equity Binary Option: Internal Equity Option Model	-	-
					-Single stock Autocall option: Internal EqOpt Autocallable Note Model	-	-
					-Barrier exchange rate option: Merton, Reiner and Rubinstein	-	-
					-European exchange rate option: Garman and Kohlhagen	-	-
					-Binary exchange rate option: Black-Scholes	-	-
					-Index Future Option: Market prices	-	-
					-Simple equity option: Market prices	-	-
Liabilities							
Derivative financial instruments for trading purposes:	**564**	**62**	**-**	**626**		-	-
Warrants	564	-	-	564	Valmer price vendor	-	-
Options	-	62	-	62	-Caps & Floors interest rate options: Cap/Floor Black's	-Valmer price vendor for the provision of prices and market data	-Correlation and volatility of unobservable stock in the market.

(Continued)

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Notes to Financial Statements

(Millions of Mexican pesos)

2022							
Type of financial instrument	**Level 1**	**Level 2**	**Level 3**	**Total**	**Valuation technique**	**Observable inputs**	**Unobservable inputs**
					-Binary interest rate options: Internal Model Cap/Floor Black's	-Volatility surface	
					-European Call Spread index option: Internal Call Spread Option Model	-Quanto correlation	The leveling methodology for options with target volatility is as follows:
					-European Basket Option: Internal Basket Asian AN/Alytic Multi-Factor Model	-Dividend yield curve	-Ratio = Abs(Correlation Uncertainty*Correlation Risk) +Abs(Vega Uncertainty Factor * Vega Risk) / MTM
					-European equity option: Internal Equity Option Model	-	-If Ratio >10% then the complete package (Internal + External) will be treated as Level 3, otherwise Level 2.
					-Equity Binary Option: Internal Equity Option Model	-	-
					-Single stock Autocall option: Internal EqOpt Autocallable Note Model	-	-
					-Barrier exchange rate option: Merton, Reiner and Rubinstein	-	-
					-European exchange rate option: Garman and Kohlhagen	-	-
					-Binary exchange rate option: Black-Scholes	-	-
					-Index Future Option: Market prices	-	-
					-Simple equity option: Market prices	-	-

(Continued)

Valuation techniques

Fair values of exchange-traded derivatives are based on unadjusted quoted market prices from active market.

Fair values of over-the-counter (OTC) derivatives are determined using pricing models, that take into account observable valuation data, such as the current market and contractual prices of the underlying instruments, as well as the time value and the yield curve or underlying volatility factors of the positions. The determination of the fair value of derivatives includes consideration of credit risk, estimated financing costs, and direct ongoing costs throughout the life of the instruments.

Derivative financial instruments valued using valuation models with observable and unobservable market data can be classified according to the underlying asset into Interest Rate, Equity, and Foreign Exchange Derivatives.

ii. Transfers between levels

The conditions to recognize the transfer from level 1 to level 2 will be considered based on the specific instrument:

Investments in financial instruments: When there are no events or positions for the transactions, and pricing is determined by the movement of similar instruments' prices, the previous period's price is considered, there is no market information on the instrument, it does not meet the minimum required amount, a theoretical adjustment is made to the spread, or the instrument moves to a different range, it is considered that there is a transfer to Level 2 of the hierarchy.

Derivatives: they are considered Level 2, except for derivatives with underlying private indices which can be Level 2 or 3 depending on the result of the quantitative test based on correlation and volatility.

At December 31, 2023 and 2022, there were no transfers between categories to report.

(5) Foreign currency position-

The Central Bank's regulations establish rules and limits for Brokerage Firms holds balanced positions in foreign currencies. At December 31 2023 and 2022, the (short or long) allowed in peso-equivalent currencies is \$325 and \$292, respectively, which is equivalent to a maximum of 15% of the basic capital both in aggregate and in each currency. At December 31, 2023 and 2022, the Brokerage Firm maintains a foreign exchange risk position within the mentioned limit.

The foreign currency position at December 31, 2023 and 2022, expressed in millions of dollars and its valuation in pesos, is analyzed on the following page:

(Continued)

(Millions of Mexican pesos)

		2023		2022	
Position		**Long**	**Short**	**Long**	**Short**
USD		29	29	101	101
Position valued in pesos					
USD	$	499	499	1,964	1,964

The exchange rate in relation to the dollar, at December 31, 2023 and 2022, was $16.9666 and $19.5089 pesos per dollar, respectively, and at the date of approval of the financial statements, it was $17.0543 pesos per dollar.

(6) Cash and cash equivalents-

As of December 31, 2023 and 2022 it comprises the following:

		2023	**2022**
Banks	$	72	25
Other cash and cash equivalents		104	171
Restricted cash and cash equivalents:			
Reserve funds (1)		124	109
	$	**300**	**305**

The restriction on the purchase of foreign currency means that such currencies have not yet been received by the Brokerage Firm and, therefore, the Brokerage Firm cannot dispose thereof at the date of the statement of financial position. The restriction on foreign currency will be on the agreed settlement date of such transactions, which on December 31, 2023, is between December 28, 2023 and January 3, 2024 (December 29, 2022 and January 4 for 2023, for 2022 transactions).

At December 31, 2023 and 2022, the Brokerage Firm held asset (liability) balances for foreign currency purchase or sale transactions payable at a date subsequent to the agreed date of $133 y $(115) y $522 and $(454), respectively, which were recognized in clearing accounts under “Other accounts receivable, net” and “Creditors on settlement of transactions” as follows:

The deposits in banks in the country and abroad as of December 31, 2023 and 2022, are as follows:

		MXN		**Valued currencies**		**Total**	
		2023	**2022**	**2023**	**2022**	**2023**	**2022**
Local banks	$	71	25	71	25	71	25

(1) The aforementioned Reserve Fund Related as of December 31, 2023 and 2022 amounts to $124 and $109, respectively. The contributions as of December 31, 2023 and 2022 amount to $3 and $4, respectively. The interest and valuation generated as of December 31, 2023 and 2022 was $12 and $7, respectively.

(Continued)

(Millions of Mexican pesos)

As of December 31, 2023 and 2022, the foreign currencies to be received and delivered for purchases and sales to settle, respectively, are as follows:

Balance in original currency

	2023		2022	
Currency	**Currencies to receive**	**Currencies to deliver**	**Currencies to receive**	**Currencies to deliver**
USD	7	(8)	23	(27)

Balance valued in pesos

	2023		2022	
Currency	**Currencies to receive**	**Currencies to deliver**	**Currencies to receive**	**Currencies to deliver**
USD	$ 116	(134)	457	(525)

If the offsetting balance of foreign currency to be delivered is greater than that of foreign currency to be received, it is presented under “Sundry creditors and other accounts payable”.

At December 31, 2023 and 2022, the counterparty concentration of the offsetting foreign currency (USD) balance is presented below:

	2023		2022	
Counterpart	**Currencies to receive**	**Currencies to deliver**	**Currencies to receive**	**Currencies to deliver**
BULL	5	(2)	10	(7)
INTL	-	-	1	(2)
XPSEC	1	(4)	1	(10)
SCUSA	1	(2)	11	(8)
	7	**(8)**	**23**	**(27)**

As of December 31, 2023 and 2022, there are overdrafts in bank accounts for $18 and $68, respectively, which are presented under “Sundry creditors and other accounts payable”.

(Continued)

(Millions of Mexican pesos)

(7) Accounts receivable, net-

Other accounts receivable are comprised as follows:

		2023	**2022**
Margin accounts debtors	$	27	2
Sundry debtors		124	114
Taxes recoverable		13	13
		164	129
Allowance for expected credit losses (ECL)		(1)	(5)
	$	**163**	**124**
Borrowers on transaction settlement			
Foreign currency (see note 6)	$	133	522
Investments in financial instruments (see note 8(b))		457	2,569
Derivative financial instruments		1	-
		591	3,091
Total	$	**754**	**3,215**

The allowance for ECL for years ended December 31, 2023 and 2022 is analyzed as follows:

		2023	**2022**
Opening balance	$	(5)	(1)
Creations		(2)	(8)
Cancellations		5	4
Allocations		1	-
Final balance	$	**(1)**	**(5)**

(8) Investment in financial instruments-

a) Book value

On the following page, the analysis of investments in financial instruments by each category and type of instrument as of December 31, 2023 and 2022 is presented; based on the business models determined by the Brokerage Firm.

(Continued)

(Millions of Mexican pesos)

Negotiable financial instruments

2023

		2023		2022	
		Nationals	**Foreign**	**Nationals**	**Foreign**
Negotiable financial instruments (NFI):					
Equity financial instruments	$	410	328	300	1,233
51-SCOTIAG		-	-	105	-
BI CETES		1,178	-	873	-
Federal government development bonds at 20 years (fixed interest rate) (M BONDS)		1,433	-	1,711	-
Federal government UDIBONOS (UDIBONOS S)		-	-	452	-
Promissory note with yield payable upon maturity (PRLV)		15	-	17	-
Total	$	**3,036**	**328**	**3,458**	**1,233**

Debt instruments classified as NFI have interest rates ranging between 5.98% to 11.40% and maturities ranging between 1 month to 20 years for 2023 (10.40% to 10.5% and maturities ranging between 1 to 4 months for 2022).

As of December 31, 2023 and 2022, within the negotiable financial instruments, there are restricted or pledged instruments for the following transactions:

		2023	**2022**
Securities lending (see note 9b)	$	60	364
Repurchase/resale agreements (see note 8b)		15	17
Collaterals		446	2,558
Total	$	**521**	**2,939**

Financial instruments held to collect or sell

At December 31, 2023 and 2022 this item is comprised as follows:

		2023	**2022**
		Nationals	**Nationals**
Financial instruments held to collect or sell (FICS):			
CETES	$	374	271
Total	$	**374**	**271**

(Continued)

(Millions of Mexican pesos)

Debt instruments classified as FICS have interest rates ranging between 11.21% to 11.25% and maturities ranging between 6 months to 1 year for 2023 (10.34% to 10.83% and maturities ranging between 6 months to 1 year for 2022).

As of December 31, 2023 and 2022, the FICS include restricted instruments, mainly collaterals pledged, for $114 and $115, respectively.

The Brokerage Firm does not have any debt instruments classified as Financial instruments to collect principal and interest (FICPI).

b) Transaction with liquidable securities

As of December 31, 2023 and 2022, the Brokerage Firm held asset (liability) balances for transactions with securities settled at a date subsequent to the agreed date of $457 and $(368), and $2,569 and $(2,480), respectively, which were recognized in settlement accounts under “Accounts receivable, net” and “Creditors on settlement of transactions” as appropriate.

c) Category reclassification

During 2023 and 2022, the Brokerage Firm did not make any transfer between categories.

d) Effects recognized in results

Net gain and loss generated by the investments in financial instruments for years ended December 31, 2023 and 2022 is shown below:

		2023	2022
Result of purchase/sale			
NFI	$	135	88
Result of valuation			
NFI	$	97	59

The Brokerage Firm does not have financial instruments classified as Level 3.

During 2023 and 2022, the Brokerage Firm did not have financial instruments that experienced a significant decrease in trading volume due to the existence of disorderly conditions in the markets.

The interest income accrued from investments in financial instruments recognized in the result of the year 2023 and 2022 is presented below:

Interest income		**2023**	**2022**
NFI	$	234	198
FICS		34	31
	$	**268**	**229**

(Millions of Mexican pesos)

e) Impairment

As of December 31, 2023 and 2022, recognized impairment amounted to $0.05 and $0.02, respectively.

f) Traded securities to be settled

As of December 31, 2023 and 2022, the fair value of the securities classified as unsettled securities is analyzed shown below:

Traded securities to be settled		**2023**	**2022**
Value date sales			
BI CETES	$	-	154
M BONOS		-	894
S UDIBONO		-	452
Equity financial instruments		269	1,063
Securities assigned to be liquidated, unrestricted titles	$	**269**	**2,563**

(9) Repurchase/resale agreements-

a) Debtors on repurchase/resale agreements

At December 31, 2023 and 2022 this item is comprised as follows:

2023

Instrument		**Debtors on repurchase/resale agreements**	**Collateral received as guarantee**
Debt instruments			
Government debt			
BONDES	$	11,445	11,441
UDIBONOS		856	858
CETES		1,615	1,614
BONOS		1,662	1,664
IPAB bonds		2,205	2,205
	$	**17,783**	**17,782**

(Continued)

(Millions of Mexican pesos)

2022

Instrument		**Debtors on repurchase/resale agreements**	**Collateral received as guarantee**
Debt instruments			
Government debt			
BONDES	$	7,430	7,428
UDIBONOS		1,933	1,931
CETES		1,461	1,461
BONOS		835	835
Bonos IPAB		608	608
		12,267	12,263
Other debt securities			
CEBUR		52	52
	$	**12,319**	**12,315**

The average terms of repurchase/resale agreements in which the Brokerage Firm acted as buyer that are outstanding at December 31, 2023 are 4 days (3 days for 2022).

Interest and yield on repurchase/resale agreements executed by the Brokerage Firm recognized under “Interest income” amounted to $1,550 for year ended December 31, 2023 (2022: $936)

b) Creditors on repurchase/resale agreements

At December 31, 2023 and 2022, the creditors on repurchase/resale agreements are comprised as follows:

Instrument		**2023**	**2022**
Debt financial instruments			
PRLV	$	15	17

(Millions of Mexican pesos)

Sold/pledged collaterals (credit balance of repurchase/resale agreements):

2023

Instrument		**Collateral pledged as guarantee**
Debt instruments		
Government debt		
BONDES	$	11,445
UDIBONOS		856
CETES		1,615
BONOS		1,662
Bonos IPAB		2,205
	$	**17,783**

2022

Instrument		**Collateral pledged as guarantee**
Debt instruments		
Government debt		
BONDES	$	7,430
UDIBONOS		1,933
CETES		1,461
BONOS		835
Bonos IPAB		608
		12,267
Other debt securities		
CEBUR		52
	$	**12,319**

The average terms of repurchase/resale agreements in which the Brokerage Firm acted as seller that are outstanding at December 31, 2023 are 4 days (3 days for 2022).

Interest and yields payable on repurchase/resale agreements executed by the Brokerage Firm recognized under “Interest expense” amounted to $1,526 for year ended December 31, 2023, ($927 for 2022).

(Continued)

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c) Collateral in repurchase/resale agreements

Collaterals received for repurchase/resale agreements, as well as collaterals received and sold/given as collateral at December 31, 2023 and 2022 are shown below:

2023

Instrument		Collaterals received	Collateral received and sold or pledged as collateral
BONDES	$	11,441	11,441
UDIBONOS		858	858
CETES		1,614	1,614
BONOS		1,664	1,664
Bonos IPAB		2,205	2,205
		17,782	17,872
Other debt securities			
PRLV		15	-
	$	**17,797**	**17,782**

2022

Instrument		Collaterals received	Collateral received and sold or pledged as collateral
BONDES	$	7,428	7,428
UDIBONOS		1,931	1,931
CETES		1,461	1,461
BONOS		835	835
Bonos IPAB		608	608
		12,263	12,263
Other debt securities			
CEBUR		52	52
PRLV		17	-
		69	52
	$	**12,332**	**12,315**

(Continued)

(Millions of Mexican pesos)

The average terms of repurchase/resale agreements in which the Brokerage Firm acted as seller that are outstanding at December 31, 2023 are 4 days (3 days for 2022).

Interest payable on sold and pledged collaterals in repurchase/resale agreements recognized in profit or loss for years ended December 31, 2023 amounted to $1 in both years.

(10) Securities lending-

a) Acting as borrower

At December 31, 2023 and 2022, this item are integrated as follows:

Instrument		**2023**	**2022**
Equity financial instruments			
1I QQQ *	$	4	3
1I SPY *		10	9
1I XLE *		4	5
1I VOO *		42	39
1 GCARSO A1		1	-
	$	**61**	**56**

The average terms of securities lending agreements in which the Brokerage Firm acted as borrower that are outstanding at December 31, 2023, range from 8 to 28 days (28 days for 2022).

Premiums on securities lending agreements entered by the Brokerage Firm recognized under “Interest income” amounted to $9 for the year ended December 31, 2023 ($17 for 2022).

b) Acting as lender

At December 31, 2023 this item is comprised as follows:

Instrument		**2023**	**2022**
Equity financial instruments			
1I QQQ *	$	4	3
1I SPY *		10	9
1I XLE *		4	5
1I VOO *		42	39
1B NAFTRAC ISHRS		-	308
	$	**60**	**364**

(Continued)

(Millions of Mexican pesos)

The average terms of securities lending agreements in which the Brokerage Firm acted as lender that are outstanding at December 31, 2023 are 7 days (15 days for 2022).

The premiums payable on securities lending agreements entered into by the Brokerage Firm recognized under “Interest expense” amounted to $4 for the year ended December 31, 2023 ($5 for 2022).

c) Collaterals in securities lending agreements

Below is a breakdown of the collaterals delivered and received for securities lending agreements, as well as the collaterals received and sold or given as collateral at December 31, 2023 and 2022:

		2023	
Equity financial instruments		**Collateral delivered as guarantee**	**Collateral received as guarantee**
1 GCARSO A1	$	-	1
1I QQQ *		4	4
1I SPY *		10	10
1I VOO *		42	42
1I XLE *		4	4
	$	**60**	**61**

		2022	
Equity financial instruments		**Collateral delivered as guarantee**	**Collateral received as guarantee**
1B NAFTRAC ISHRS	$	308	-
1I QQQ *		3	3
1I SPY *		9	9
1I VOO *		39	39
1I XLE *		5	5
	$	**364**	**56**

(Millions of Mexican pesos)

d) Compensations

The following are the cleared and uncleared securities lending agreements as of December 31, 2023 and 2022:

i. Transactions that met the conditions for compensation:

2023

Instrument		Acting as borrower	Acting as a lender	Offset Net position
1I QQQ *	$	4	4	-
1I SPY *		10	10	-
1I XLE *		4	4	-
1I VOO *		42	42	-
	$	**60**	**60**	**-**

2022

Instrument		Acting as borrower	Acting as a lender	Offset Net position
1I QQQ *	$	3	3	-
1I SPY *		9	9	-
1I XLE *		5	5	-
1I VOO *		39	39	-
	$	**56**	**56**	**-**

ii. Transactions that did not meet the criteria for compensation:

2023

Instrument		Acting as borrower
1 GCARSO A1	$	1

2022

Instrument		Acting as a lender
1B NAFTRAC ISHRS	$	308

(Continued)

(Millions of Mexican pesos)

(11) Derivative financial instruments-

a) For trading purposes

The following is the breakdown of the derivative financial instruments (DFI) for trading purposes at December 31, 2023 and 2022:

2023

			Fair value		Net balance	
Instrument	**Operation**		**Assets**	**Liabilities**	**Debtor**	**Creditor**
Futures	Sales	$	-	16	-	16
Options	Purchases		148	39	148	39
Warrants	Sales		-	1,483	-	1,483
		$	**148**	**1,538**	**148**	**1,538**

2022

			Fair value		Net balance	
Instrument	**Operation**		**Assets**	**Liabilities**	**Debtor**	**Creditor**
Futures	Sales	$	20	-	20	-
Options	Purchases		30	62	30	62
Warrants	Sales		-	564	-	564
		$	**50**	**626**	**50**	**626**

Notional amount

The notional amounts represent the number of units specified in the DFI agreements and not the result associated to the market risk or credit risk of the instruments. The notional amounts represent the amount to which a rate or a price is applied.

To determine the amount of cash flow to be exchanged. The notional amounts of derivative financial instruments by type of instrument and underlying at December 31, 2023 and 2022, are shown on the following page.

(Continued)

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2023					**Fair value**		**Net balance**	
Underlying	**Operation**	**Market**	**Notional amount**		**Assets**	**Liabilities**	**Debt**	**Creditor**
Futures								
IPC								
IPC	Long position	Recognized	406	$	-	16	-	16
Options								
Indexes								
Index	Purchases	OTC	1,980		148	-	148	-
Index	Sales	OTC	1,028		-	39	-	39
Warrants								
Shares	Sales	Recognized	1,392		-	1,483	-	1,483
				$	**148**	**1,538**	**148**	**1,538**

2022					**Fair value**		**Net balance**	
Underlying	**Operation**	**Market**	**Notional amount**		**Assets**	**Liabilities**	**Debt**	**Creditor**
Futures								
IPC								
IPC	Long position	Recognized	428	$	20	-	20	-
Options								
Indexes								
Index	Purchases	OTC	1,201		30	-	30	-
Index	Sales	OTC	1,083		-	62	-	62
Warrants								
Shares	Sales	Recognized	648		-	564	-	564
				$	**30**	**626**	**30**	**626**

(Continued)

(Millions of Mexican pesos)

At December 31, 2023 and 2022, the net valuation effect on financial assets and liabilities related to derivatives for trading purposes amounted to $1,390 and $576, respectively.

Financial intermediation income		**2023**	**2022**
Valuation on securities	$	(92)	24

Purchase and sale of securities result		**2023**	**2022**
Result of purchase/sale	$	(27)	(22)

b) Impairment

The CVA impairment effects recognized in 2023 and 2022 were $0.3 and $0.1 respectively.

c) Margin accounts

At December 31, 2023 and 2022, margin accounts made up of guarantees pledged in cash for derivative financial transactions executed in recognized markets in the amount of $30 and $29, respectively.

(12) Property, furniture and equipment, net-

Property, furniture, and equipment at December 31, 2023 and 2022 are analyzed as shown below:

		2023	**Annual depreciation rates**
Land	$	9	-
Office buildings		24	2.5%
Transportation equipment		1	Several
Computer equipment		58	Several
Office furniture and equipment		49	10%
Installation improvements		129	Several
Total		270	
Accumulated depreciation		(117)	
Total	$	**153**	

(Millions of Mexican pesos)

		2022	Annual depreciation rates
Land	$	7	-
Office buildings		19	2.5%
Transport equipment		2	Several
Computer equipment		99	Several
Office furniture and equipment		60	10%
Installation improvements		116	Several
Total		303	
Accumulated depreciation		(127)	
Total	$	**176**	

The depreciation amount recognized in results for years ended 31 December 2023 and 2022 amounted to $15 and $23, respectively.

In accordance with the studies carried out by the Brokerage Firm, the residual value of the properties (except for land) is minimal.

		Investment	Accumulated depreciation	Net
Balance at January 1, 2022	$	388	(214)	174
Additions		147	(23)	124
Retirements		(232)	110	(122)
Balance at December 31, 2022		303	(127)	176
Additions		20	(15)	(5)
Retirements		(53)	25	(18)
Balance at December 31, 2023	$	**270**	**(117)**	**153**

Real state selling

During 2023, there were no disposals of real estate properties. During 2022, the Brokerage Firm sold a property on November 8, 2022, by assigning title to an individual for a sale price of $250 plus $26 value-added tax. The gross book value of this property at the date of sale amounted to $185, cancelling depreciation by $104, resulting in income on the sale of $169.

The total profit on the sale of real estate, during 2022 amounted to $169, which was recorded under the heading “Other operating income (expenses)” in the statement of comprehensive income.

(Continued)

(Millions of Mexican pesos)

During fiscal years 2023 and 2022, the Brokerage Firm did not recognize impairment effects, nor reversals thereof.

(13) Assets for right-of-use of property, furniture and equipment, net-

The Brokerage Firms rents offices. Leases are typically executed for periods of 5 years, with an option for one or two extensions of 5 years each. During 2023 and 2022, there are no variable lease payments, residual value guarantees, uninitiated leases, leasehold restrictions or covenants, and sale and leaseback transactions, except for 2022.

Lease payments generally have annual increases based on the NCPI, and every 5 years, rents are renegotiated for market adjustments and others with pre-established increases.

Some leases provide for additional payments to rent, such as maintenance fees, and have certain restrictions on subletting agreements.

During 2023 and 2022, the Brokerage Firm has leases and subleases with contract maturities between the years 2024 to 2034 and 2023 to 2034, respectively.

Until 2022, the Brokerage Firm leased offices under contracts with terms of less than 1 year. These leases were short-term, so the Brokerage Firm decided not to recognize the right-of-use assets and lease liabilities. During 2023, there are no short-term leases.

Certain information on leases for which the Brokerage Firm is acting as lessee is presented below.

Assets under leases (right-of-use assets).

The movement of assets for rights of use is shown below:

		Properties	Computer equipment	Transportation equipment	Total
Opening balance at January 1,	$	41	-	-	41
Accumulated depreciation		(10)	-	-	(10)
Additions		4	-	-	4
Balance at December 31, 2022		35	-	-	35
Remeasurement of right-of-use assets		5	-	-	5
Depreciation for the year		(30)	(8)	(1)	(39)
Additions		229	21	4	254
Retirements		(6)	-	-	(6)
Cancelation of depreciation due to retirements		6	-	-	6
Balance at December 31, 2023	$	**239**	**13**	**3**	**255**

(Continued)

(Millions of Mexican pesos)

Lease liability

The movement of lease liability is shown below:

		2023	2022
Opening balance at January 1,	$	(50)	(41)
Interest expense		(24)	(4)
New contracts		(277)	(4)
Remeasurement of lease liabilities		52	(10)
Disposals		6	-
Payments		35	9
Balance as of December 31	$	**(258)**	**(50)**

The following table shows the lease liability maturities considering the undiscounted contractual payments at December 31, 2023 and 2022.

		2023	2022
Less than one year	$	(1)	(18)
One to three years		(13)	(13)
Three to five years		(20)	(19)
More than 5 years		(336)	(12)
Total lease liability without discounting contractual payments		(370)	(62)
Lease liability at December 31		(258)	(50)
Less than one year		(1)	(2)
Long-term	$	**(257)**	**(48)**

Additional information

		2023	2022
Interest from lease liabilities	$	24	4
Short-term lease expenses		-	9
Sublease income		8	22
Depreciation of right-of-use assets		39	10
Gain on sale and leaseback transactions		-	169

(Continued)

(Millions of Mexican pesos)

(14) Permanent investments-

At December 31, 2023 and 2022, the Brokerage Firms interest in other permanent investments, as well as the ownership percentage, is analyzed as follows:

	2023			2022		
	Holding %		Acquisition cost	Holding %		Acquisition cost
Impulsora del Fondo México, S.A. de C.V.	3.65	$	2	3.65	$	2
Cebur, S.A. de C.V.	2.97		1	2.97		1
		$	**3**		$	**3**

For years ended December 31, 2023 and 2022, the Brokerage Firm did not receive dividends from other permanent investments.

At December 31, 2023 and 2022, there are no indications that other permanent investments could be impaired.

(15) Employee Benefits-

At December 31, 2023 and 2022, employee benefits are comprised as follows:

		2023	2022
Short-term	$	92	91
Long-term (labour obligation)		63	59
Statutory employees' profit sharing (PTU)		67	68
Total of employee benefits	$	**222**	**218**

The Brokerage Firm established a defined contribution plan for pensions and post-retirement benefits. Such plan provides for pre-establishes contributions by the Brokerage Firm, which can be withdrawn in full by the employee when they have retired at least 55 years old and partially when the employment relationship ends according to the defined rights acquisition rules. Additionally, there are employee contributions, which they may withdraw upon termination of the employment relationship.

For year ended December 31, 2023, there were no contributions to the defined contribution plan, and for year ended December 31, 2022, the charge to profit or loss related to the contributions from the Brokerage Firm for the defined contribution plan amounted to $6, under "Administrative and promotional expenses".

The Brokerage Firm also has a defined benefit plan for employee pensions who did not choose to switch to the defined contribution plan, which is based on employees' years of service and compensation amount during the last year.

(Continued)

(Millions of Mexican pesos)

The cost and obligations of defined benefit pension plans, post-retirement medical benefits, seniority premiums, life insurance, and legal indemnities were determined based on calculations prepared by independent actuaries at December 31, 2023 and 2022.

The benefits paid from the funds were as follows:

		Benefits paid from funds	
		2023	**2022**
Seniority premium	$	(1)	(1)
Pension plan		-	(1)
Total	$	**(1)**	**(2)**

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

		Medical Expenses		**Pension plan**		**Seniority premium**		**Life insurance**		**Termination benefits**	
		2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current service cost	$	-	-	1	-	1	1	1	1	1	1
Net interest on DBNL		1	1	-	-	2	1	-	1	2	2
Cost for early settlement of obligations		-	-	-	-	-	-	-	-	6	20
Remeasurement of DBNL to be recognized in equity		-	-	1	1	1	1	-	1	-	(1)
Net cost for the period	$	**1**	**1**	**2**	**1**	**4**	**3**	**1**	**3**	**9**	**22**
Initial balance of DBNL	$	(10)	(9)	(3)	(3)	(21)	(16)	(5)	(3)	(20)	(17)
Defined benefit cost		(1)	(1)	(2)	-	(4)	(3)	(1)	(2)	(9)	(23)
Payments charged to the DBNL		2	-	1	1	1	-	-	-	8	21
Other adjustments:											
Gains recognized in equity		-	-	-	-	-	-	1	-	-	-
Losses recognized losses in equity		-	-	-	(1)	-	(2)	-	-	-	(1)
Final balance of DBNL	$	**(9)**	**(10)**	**(4)**	**(3)**	**(24)**	**(21)**	**(5)**	**(5)**	**(21)**	**(20)**

(Continued)

(Millions of Mexican pesos)

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

		Medical Expenses		Pension plan		Seniority premium		Life insurance		Termination benefits	
		2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Present value of total obligations	$	(10)	(12)	(5)	(5)	(31)	(31)	(16)	(15)	(28)	(26)
Obligation for defined benefits		(9)	(10)	(4)	(3)	(24)	(22)	(12)	(11)	(21)	(20)
Plan assets		-	-	-	-	-	1	7	6	-	-
Financial situation of the obligation	$	**(9)**	**(10)**	**(4)**	**(3)**	**(24)**	**(21)**	**(5)**	**(5)**	**(21)**	**(20)**

During financial years 2023 and 2022, the Brokerage Firm did not transfer resources from the defined benefit plan to cover contributions to the defined contribution plan.

During financial years 2023 and 2022, no contributions were made to the defined benefit plan fund. For 2024, reserve payments are estimated at $17 ($13 for 2023).

Nominal rates and inputs used in actuarial projections for years ended December 31, 2023 and 2022, are as shown below:

	2023	**2022**
Discount rate	10.40%	10.50%
Salary increase rate[1]	4.50%	4.50%
Minimum wage increase rate[2]	3.50%	3.50%
Long-term inflation rate[3]	3.50%	3.50%
Average remaining labor life	8.37 years	9.55 years

(1) (1) 2023: 8.00%, 2024:5.50%, from 2025 onwards: 4.50%
(2) (2) 2023: 20.00%, 2024:15.00% General minimum wage / 8.00% Border minimum wage, 2025 onwards: 3.50%
(3) 2023: 8.00%, 2024: 5.00%, 2025 onwards: 3.50%

The assets of the fund that cover obligations for seniority premium and retiree life insurance benefits consist of 80% debt instruments and 20% equity instruments, held in trusts and managed by a Committee designated by the Brokerage Firm.

The following shows the effect that the DBL would have due to the increase or decrease in significant actuarial assumptions at December 31, 2023 and 2022:

	2023		**2022**	
	(+)	**(-)**	**(+)**	**(-)**
Discount rate (0.50%)	(2)	3	(2)	3
Long-term inflation rate (0.25%)	1	(1)	1	(1)

(Continued)

(Millions of Mexican pesos)

(16) Related party transactions-

For year ended December 31, 2023 and 2022, related party transactions exceeding 1% of the basic capital of the Brokerage Firm are disclosed below:

Other related parties		**2023**	**2022**
Revenue			
Premiums and interest	$	1,444	943
Commissions		774	824
Intermediation financial result		59	40
Rents and maintenance		4	6
Financial advisory		24	24

		2023	**2022**
Expenses			
Premiums and interest on repurchase/resale agreements	$	109	41
Interest paid for bank loans		1	4
Intermediation financial result		26	6
Financial advisory		191	175
Commissions		2	3
Leases and maintenance		11	11

Balances receivable and payable with related parties at December 31, 2023 and 2022, are comprised as follows:

		Balance 2023	**Balance 2022**
Scotiabank Inverlat, S.A.			
Accounts receivables			
Deposits in other Banks	$	71	25
Debtors on repurchase/resale agreements		17,783	12,319
Debtors on transaction settlement		223	1,262
Foreign currency to be received		116	452
Collateral sold or pledged		-	153
Other accounts receivable		38	25
Derivative financial instruments		95	6

(Continued)

(Millions of Mexican pesos)

		Balance 2023	Balance 2022
Accounts payables			
Other accounts payable	$	126	1,204
Foreign currency to deliverable		133	525
Derivatives		40	7
Collateral sold or pledged		3	-
Scotia Fondos, S.A. de C.V.			
Accounts receivables			
Other accounts receivable	$	73	66
Fideicomisos Mexder Propios			
Trade receivables			
Margin accounts	$	67	99
Scotia Inverlat Derivados, S.A. de C.V.			
Trade payables			
Collateral sold or pledged	$	4	-

For year ended December 31, 2023 and 2022, there were no changes in the existing conditions of the balances receivable and payable with related parties, the items that were considered irrecoverable or difficult to collect were subject to measurement of allowances for expected credit losses (ECL).

For years ended December 31, 2023 and 2022, the benefits granted to management personnel amounted to $15 and $14, respectively.

(17) Stockholders' equity-

(a) Structure of capital stock-

As of December 31, 2023 and 2022, the capital stock is made up of 180,961,722 common registered shares divided into two series: 180,937,260 series "F" shares, and 24,462 series "B" shares, fully subscribed and paid, of which 91,367,564 shares correspond to the minimum fixed part of the capital stock and 89,594,158 shares to the variable part thereof. The variable portion of the capital shall never exceed the paid-in capital without withdrawal rights.

The historical minimum fixed capital is fully subscribed and paid at December 31, 2023 and 2022, amounting to $91 on both dates.

(Continued)

Pursuant to article 10 of the sole circular for Brokerage Firms, it is established that the capital stock must amount to at least the equivalent in national currency of 12,500,000 UDIs. At December 31, 2023, net capital and capital stock amount to $2,344 and $346 ($1,947 and $346 in 2022).

(b) Comprehensive income-

Comprehensive income, which is presented in the statement of changes in stockholders' equity, represents the result of the Brokerage Firm activity during the year and is made up of the net income plus the remeasurement of defined employee benefits, net of the deferred tax.

(c) Declared dividends and Spin-off -

At December 31, 2023, no dividends were declared or paid. During the 2022 fiscal year, cash dividends were declared by resolution of the Ordinary General Shareholders' Meeting on October 27, 2022, for $600 and were paid on October 28, 2022.

Through official letters 312-3/0389/2020 and 312-3/2511276/2022 dated December 14, 2020, and April 6, 2022, respectively, the Commission informed the Brokerage Firm of the authorization for the spin-off in its capacity as splinter entity that is not extinguished, in order to carve out a part of its assets, for a total amount of $900 mainly in cash or investments in Federal Treasury Certificates or other government securities, and a part of its stockholders' equity, for a total amount of $900 mainly in a portion of the Brokerage Firm current capital stock, for an amount of $208, and in a portion of the retained earnings attributable to previous years, for an amount of $692, which were contributed to conform the Splinter Company's capital stock. The spin-off became effective on June 30, 2022.

(d) Restrictions on stockholders' equity-

The Banking Commission requires that Brokerage Firm to have a capitalization on risk assets, which are calculated according to the assigned risk.

The net profit for the year is subject to a 5% allocation, to establish the legal reserve, up to 20% of the amount of the paid capital stock. At December 31, 2023 and 2022, the legal reserve amounts to $111, in both years.

In the event of capital reimbursement or distribution of profits to the stockholders, ISR is payable on the amount reimbursed or distributed in excess of the amounts determined for tax purposes.

At December 31, 2023, the capital contribution account (unaudited CUCA) and the net taxable income account (unaudited CUFIN) amounted to $270 and $3,241, respectively.

(Continued)

(Millions of Mexican pesos)

The undistributed profits from the permanent investments in shares cannot be distributed to the shareholders of the Brokerage Firm until the dividends are collected, but they can be capitalized by agreement of the Shareholders' Meeting.

The dividends paid and profits generated from January 1, 2014 to individuals and non-residents abroad are subject to an additional 10% tax, which is definitive.

(e) Capitalization (unaudited)-

The Banking Commission requires Brokerage Firms to maintain a minimum percentage of capitalization on assets at risk, which are calculated by applying specific percentages according to the assigned risk in accordance with the rules established by the Central Bank. The capitalization required by the Banking Commission has been fulfilled by the Brokerage Firm. The following information corresponds to the capitalization of the Brokerage Firm.

Capital at December 31[1]		**2023**	**2022**
Net capital	$	2,344	1,947
Market risk requirements		329	178
Credit risk requirements		48	38
Operational risk requirements		53	51
Total capitalization requirements	$	**430**	**267**
Total assets at risk	$	5,386	3,333
Capitalization index		43.52%	58.41%

[1] Final figures replicate by the Central Bank (may have differences with the calculation due to rounding of figures).

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Assets at risk as of December 31, 2023		**Equivalent assets at risk**	**Capital requirement**
Market risk:			
Transactions with nominal rate in national currency	$	516	41
Positions with shares and on shares		3,604	288
Total market risk		4,120	329
Credit risk:			
Group RC-2 (weighted at 20%)		120	9
Group RC-3 (weighted at 100%)		484	39
Total credit risk		604	48
Operational risk:			
Total operational risk		662	53
Total market, credit and operational risk	$	**5,386**	**430**

Assets at risk as of December 31, 2022		**Equivalent assets at risk**	**Capital Requirement**
Market risk:			
Transactions with nominal rate in national currency	$	237	19
Positions with shares and on shares		1,988	159
Total market risk		2,225	178
Credit risk:			
Group RC-2 (weighted at 20%)		82	7
Group RC-3 (weighted at 100%)		389	31
Total credit risk		471	38
Operational risk:			
Total operational risk		637	51
Total market, credit and operational risk	**$**	**3,333**	**267**

(Continued)

The sufficiency of capital under normal conditions of the Brokerage Firm is assessed monthly through the Capitalization Index, which is in turn presented to the Risk Committee and quarterly to the Board of Directors for monitoring and oversight.

The capitalization notes are incorporated into the financial reports on a quarterly basis. These notes contain, among others, the following information: composition and integration of capital, composition of assets weighted by total risks and by type of risk, as well as Capital Index.

At the close of 2023, the capitalization index levels are within the parameters established by legal limits (>= 10.50%).

The Capitalization Index (ICAP) decreased by 1,489 bps from 58.41% in December 2022 to 43.52% in December 2023, mainly due to higher stock and over-the-counter stock transactions.

Based on the above, it is determined that the Brokerage Firm can face situations which might impair its position, as well as to obtain sufficient capital to cushion potential losses in order to continue its brokerage transactions.

General description of the results obtained in the assessment of the sufficiency of its net capital regarding credit, market, and operational risk requirements.

Since 2016, stress tests have been conducted annually as established by the Banking Commission under various scenarios, with the aim of ensuring that the Brokerage Firm has enough capital levels to continue its operation under adverse macroeconomic conditions.

The Brokerage Firm conducted its capital adequacy assessment for the year 2023. This exercise was carefully planned and executed to assess the sufficiency of capital under stress conditions in regulatory scenarios. The result for the year led to conclude that the Brokerage Firms capital would allow to face the risks derived from the defined stress scenarios, maintaining its capital index above the regulatory minimums. Considering the above, a capitalization plan is not required for the Brokerage Firm, as it complies with the minimum level established by the regulation under all scenarios, even for the sensitivity analysis cases that are part of the sufficiency assessment exercise.

(18) Income taxes (income tax (IT) and employees' statutory profit sharing (ESPS)-

The current IT Law establishes a 30% rate. The determination of current ESPS was made in accordance with the limits set forth in the current Federal Labor Law.

The basis for calculating ESPS is standardized with the basis for determining the IT, with some discrepancies in terms of reducing tax losses, ESPS paid in the fiscal year, and expenses that represent exempt income for workers.

(Continued)

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The expense for income taxes and ESPS, current and deferred, is comprised as shown below:

		2023		2022	
		IT	ESPS	IT	ESPS
Current	$	(146)	(46)	(289)	(48)
Reverse of prior years' provision		4	-	1	-
Deferred		1	8	42	8
	$	**(141)**	**(38)**	**(246)**	**(40)**

The following is an analysis of the effective rate for years ended December 31, 2023, and 2022:

December 31, 2023 – IT		**Basis**	**IT at 30%**	**Effective rate**
Profit before income tax	$	503	(151)	(30%)
Current tax allocation:				
Tax effects of inflation, net		(127)	38	8%
Net results of financial instruments, repurchase/resale agreements and derivatives		(1)	-	-
Difference between accounting and tax depreciation		24	(7)	(2%)
Non-deductible expenses		54	(16)	(3%)
Provisions		2	(1)	-
Net warrants valuation effect		52	(16)	(3%)
ESPS paid in the year		(46)	14	3%
Current and deferred ESPS provision		38	(11)	(2%)
Dividends on investment securities		(14)	4	-
Current tax		485	(146)	(29%)
Adjustment to deferred tax:				
Valuation of negotiable financial instruments		1	-	-
Option valuation, net		1	-	-
Expense accruals and others		(5)	1	-
Deferred taxes		(3)	1	-
	$	**482**	**(145)**	**29%**

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December 31, 2022 – IT		**Basis**	**IT at 30%**	**Effective rate**
Profit before income tax	$	960	(288)	(30%)
Current tax allocation:				
Tax effect of inflation, net		(203)	61	6%
Net result of financial instruments, repurchase/resale agreements and derivatives		31	(9)	(1%)
Difference between accounting and tax depreciation		35	(10)	(1%)
Non-deductible expenses		31	(9)	(1%)
Provisions		67	(20)	(2%)
Net warrants valuation effect		82	(25)	(3%)
ESPS paid in the year		(64)	19	2%
Current and deferred ESPS provision		40	(12)	(1%)
Dividends on investment securities		(14)	4	1%
Current tax		965	(289)	(30%)
Allocation to deferred tax:				
Valuation of negotiable financial instruments		(52)	16	2%
Deductible ESPS		19	(6)	(1%)
Option valuation, net		1	-	-
Expense accruals and others		(108)	32	3%
Deferred tax		(140)	42	4%
	$	**825**	**247**	**(26%)**

December 31, 2023 – ESPS		**Basis**	**ESPS at 8.72%**	**Effective rate**
Profit before income tax	$	503	(44)	(9%)
Allocation to current PTU:				
Tax effect of inflation, net		(127)	11	2%
Net result of financial instruments, repurchase/resale agreements and derivatives		(1)	-	-
Difference between accounting and tax depreciation		24	(2)	-
Non-deductible expenses		47	(4)	(1%)
Provisions		2	-	-
Net warrants valuation effect		52	(5)	(1%)
Current and deferred ESPS provision		38	(3)	-
Dividends on investment securities		(14)	1	-
Current tax	$	**524**	**(46)**	**(9%)**

(Continued)

(Millions of Mexican pesos)

December 31, 2022 – ESPS		Basis	ESPS at 4.70%	Effective rate
Profit before income tax	$	960	(45)	(5%)
Adjustment to current ESPS:				
Tax effect of inflation, net		(203)	9	1%
Net result of financial instruments, repurchase/resale agreements and derivatives		31	(1)	-
Difference between accounting and tax depreciation		35	(2)	-
Non-deductible expenses		22	(1)	-
Provisions		67	(3)	-
Net warrants valuation effect		82	(4)	-
Current and deferred ESPS provision		40	(2)	-
Dividends on investment securities		(14)	1	-
Current ESPS	$	**1,020**	**(48)**	**(4%)**

Deferred income taxes and ESPS:

The temporary differences that give rise to the tax asset deferred at December 31, 2023 and 2022, are detailed below:

		2023		2022	
		IT	ESPS	IT	ESPS
Pre-payments	$	(1)	-	(3)	-
Valuation of negotiable financial instruments and transactions with securities and derivatives		(19)	(6)	(19)	(3)
Remeasurements for employee benefits		4	1	5	1
Deductible ESPS		14	-	14	-
Provisions for expenses and others		70	22	71	11
Deferred income taxes and ESPS in balance sheet	$	**68**	**17**	**68**	**9**

At December 31, 2023 and 2022, the ESPS for deferred asset is recorded under “Advance payments and other assets”, while the deferred ESPS liability is recorded under “Employee benefits liability”.

The effect on results of IT and deferred ESPS for year ended December 31, 2023 and 2022, is integrated as shown on the following page.

(Continued)

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		2023		2022	
		IT	ESPS	IT	ESPS
Deferred tax in profit or loss:					
Valuation of negotiable financial instruments, transactions with securities and derivatives	$	(1)	(2)	16	6
Deductible ESPS		-	-	(6)	-
Provisions for expenses and others		2	10	32	2
Deferred income taxes and ESPS in balance sheet		1	8	42	8
Remeasurements for employee benefits in equity		(1)	-	8	1
Deferred income taxes and ESPS in the income statement and equity	$	**-**	**8**	**50**	**9**

To carry out the estimation of the current ESPS, derived from the labor reform, compliance with the provisions of the Federal Labor Law (LFT) and the Income Tax Law must be met. Therefore, the following should be considered:

a. The Brokerage Firm must apply a 10% tax to the ESPS base profit, based on the provisions of the Income Tax Law.
b. The amount determined in the previous paragraph must be allocated to each employee based on the provisions of the LFT. However, the amount allocated to each employee may not exceed the greater of the following amounts: the equivalent of three months of the employee's current salary or the average ESPS received by the employee in the previous three years.
c. If the ESPS determined in section (a) is greater than the sum of the ESPS allocated to each and every employee according to section (b), the latter must be considered the current ESPS for the period. Based on the LFT, the difference between both amounts is deemed not to generate an obligation for payment in the current period or in the future.
d. If the ESPS determined in section (a) is less than or equal to the ESPS determined in section (b), the ESPS in section (a) must be the current ESPS for the period.

According to technical report 53, to determine the ESPS rate, the current ESPS (LFT) must be divided by the ESPS determined at 10% of the tax profit; the quotient obtained must be multiplied by the statutory ESPS rate of 10%, in order to obtain the current ESPS.

		2023	2022
ESPS allocated to employees based on legal limits	$	46	48
ESPS 10%		52	102
Quotient		0.872	0.470
ESPS Statutory rate		10%	10%
ESPS rate caused		**8.72**	**4.70**

(Continued)

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Other considerations:

In accordance with current tax laws, the authorities have the power to review up to the five previous fiscal years prior to the last IT return filed.

In accordance with the Income Tax Law, companies that carry out transactions with related parties, whether residents in the country or abroad, are subject to tax limitations and obligations regarding the determination of agreed prices, as these should be comparable to those used with or between independent parties in comparable transactions.

(19) Memorandum accounts-

Transactions on behalf of third parties-

The resources managed by the Brokerage Firm, following customers' instructions to invest in various financial instruments, are recorded in memorandum accounts. The resources from these transactions at December 31, 2023 and 2022, are analyzed as follows:

Customer's financial instruments received in custody		**2023**	**2022**
Mutual funds			
Government and banking securities	$	89,592	100,590
Equity shares and other		441,409	394,656
	$	**531,001**	**495,246**

Management transactions

Repurchase/resale agreements on behalf of customers-

At December 31, 2023 and 2022, the repurchase/resale agreements on behalf of customers are comprised as follows:

	2023			**2022**		
	Number of securities		**Fair value**	**Number of securities**		**Fair value**
BPAG28	6,414,668	$	643	1,913,288	$	192
BPAG91	27,301,668		2,751	5,402,446		549
BONOS	35,306,546		3,324	18,074,100		1,669
CETES	343,972,672		3,230	304,069,902		2,923
UDIBONOS	2,213,370		1,712	5,122,764		3,866
CEBURPRIVADOFLT	-		-	1,034,994		104
PRLV	14,778,199		15	16,964,972		17
BPA182	9,851,618		1,016	4,605,512		475
BONDES	228,236,020		22,890	148,200,530		14,857
		$	**35,581**		$	**24,652**

(Continued)

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Securities lending agreements on behalf of clients-

As of December 31, 2023 and 2022, securities lending agreements on behalf of clients are integrated as shown below:

	2023			2022		
	Number of securities		Fair value	Number of securities		Fair value
Equity instruments (shares)	10,440	$	60	10,440	$	56

Collaterals received in guarantee on behalf of customers

The collaterals represented by government, banking, and private debt securities on behalf of clients as collateral in the Brokerage Firm, at December 31, 2023 and 2022, at fair value are analyzed below:

	2023			2022		
	Number of securities		Fair value	Number of securities		Fair Value
Government:						
BONDES	114,118,010	$	11,441	74,100,265	$	7,428
UDIBONOS	1,106,685		858	2,561,382		1,931
CETES	171,986,336		1,614	152,034,951		1,461
BONOS	17,653,273		1,664	9,037,050		835
IPABONOS	21,783,977		2,205	5,960,623		608
			17,782			12,263
Banking:						
PRLV	14,778,199		15	16,964,972		17
Other debt instruments:						
CEBUR				517,497		52
		$	**17,797**		$	**12,332**

Collateral delivered in guarantee on behalf of customers

Collaterals delivered as pledge by clients at fair value, at December 31, 2023 and 2022, are comprised as shown on the following page.

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		2023	2022
Government securities	$	17,782	12,315
Equity shares and holding companies' certificates		76	60
Margin loans		19,164	17,502
	$	**37,022**	**29,877**

For years ended December 31, 2023 and 2022, income corresponding to the activity of assets under management and custody, amount to $104 and $99.

Collaterals received by the entity, own account transactions

The collaterals represented by government debt securities, other debt securities, and equity instruments received by the Brokerage Firm, at December 31, 2023 and 2022, are analyzed below:

	2023			2022		
	Number of securities		**Fair value**	**Number of securities**		**Fair value**
Government:						
BONDES	114,118,010	$	11,441	74,100,265	$	7,428
UDIBONOS	1,106,685		858	2,561,382		1,931
CETES	171,986,336		1,614	152,034,951		1,461
BONOS	17,653,273		1,664	9,037,050		835
IPABONOS	21,783,977		2,205	5,960,623		608
			17,782			12,263
Other debt instruments:						
CEBUR	-		-	517,497		52
Equity instruments: [(1)]						
NAFTRAC	-	$	-	6,371,637	$	39
GCARSO	5,000		1	-		-
QQQ	1,000		4	1,000		2
SPY	1,240		10	3,720		16
XLE	3,000		4	3,000		16
VOO	5,700		42	28,500		722
AMXN	23,695		53	-		-
BABA	10,342		12	-		-
SCOTIA1	300,000		1	-		-
YINN	2,050		1	-		-
			128	-		795
		$	**17,910**		$	**13,110**

(Continued)

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Collateral received and sold or pledged in guarantee by the entity-

The collaterals represented by government debt securities and equity instruments received and sold or pledged by the Brokerage Firm, at December 31, 2023 and 2022, are analyzed below:

	2023		2022	
	Number of securities	**Fair value**	**Number of securities**	**Fair value**
Government:				
BONDES	114,118,010	$ 11,441	74,100,265	$ 7,428
UDIBONOS	1,106,685	858	2,561,382	1,931
CETES	171,986,336	1,614	152,034,951	1,461
BONOS	17,653,273	1,664	9,037,050	835
IPABONOS	21,783,977	2,205	5,960,623	608
		17,782		12,263
Other debt instruments:				
CEBUR			517,497	52
Equity instruments: [(1)]				
GCARSO	5,000	1	-	-
QQQ	1,000	4	500	3
SPY	1,240	10	1,240	9
XLE	3,000	4	3,000	5
VOO	5,700	42	5,700	93
		61		110
		$ **17,843**		$ **12,425**

(1) Corresponding to securities lending agreements (note 8).

(20) Commitments and contingent liabilities -

Administrative services

The Brokerage Firm has executed certain service contracts with related companies, where the related companies undertake to provide any leasing services necessary for its operation. These contracts mature on December 8, 2039. The total payments for this concept were $11, in both years and are included in the administrative expenses in the statements of comprehensive income.

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The Company has decided not to recognize the right-of-use asset and lease liability since the underlying asset being leased does not meet the requirements of a lease.

Judgments and litigation

In the normal course of business, the Brokerage Firm has been subject to some lawsuits and claims, which are not expected to have a significant negative effect on the future financial position and operating results. In those cases that represent a probable loss or the need to make a disbursement, the necessary reserves have been established.

(21) Additional information on results and financial indicators-

(a) Segment information-

The Brokerage Firm has identified the operating segments in which its activities are divided, considering each one as an identifiable component within its internal structure. The following are the profit or loss statement with the classification of their revenues by segments, for years ended December 31, 2023 and 2022.

2023		**On own account**	**Mutual funds**	**On behalf of customers**	**Financial advisory**	**Total**
Commission and fee income	$	-	774	443	-	1,217
Commissions and fee expense		(11)	(14)	(50)	-	(75)
Financial advisory income		-	-	-	229	229
Income from services		(11)	760	393	229	1,371
Profit on purchase and sale of securities, net		105	-	-	-	105
Interest income, net		284	-	-	-	284
Valuation on securities at fair value		1	-	-	-	1
Intermediation financial margin		390	-	-	-	390
Other operating income		-	-	-	-	37
Administrative and promotional expenses		-	-	-	-	(1,295)
Operating income		-	-	-	-	503
Current and deferred income taxes, net		-	-	-	-	(141)
Net income		-	-	-	-	**362**

(Continued)

Scotia Inverlat Casa de Bolsa, S.A. de C.V.,
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Millions of Mexican pesos)

2022		**On own account**	**Mutual funds**	**On behalf of customers**	**Financial advisory**	**Total**
Commission and fee income	$	-	824	552	-	1,376
Commissions and fee expense		(14)	(11)	(57)	-	(82)
Financial advisory income		-	-	-	237	237
Income from services		(14)	813	495	237	1,531
Profit on purchase and sale of securities, net		104				104
Interest income, net		248				248
Valuation on securities at fair value		(34)	-	-	-	(34)
Intermediation financial margin		318	-	-	-	318
Other operating income		-	-	-	-	346
Administrative and promotional expenses		-	-	-	-	(1,235)
Operating income		-	-	-	-	960
Current and deferred income taxes, net		-	-	-	-	(246)
Net income		-	-	-	-	**714**

(b) Income from services

Commissions and fee income-

For years ended December 31, 2023 and 2022, these items are comprised as follows:

		2023	**2022**
Purchase and sale of securities	$	199	271
Custody or wealth management		104	99
Distribution and co-distribution		914	1,006
	$	**1,217**	**1,376**

Commissions and fee expense-

For years ended December 31, 2023 and 2022, these items are comprised as shown on the following page.

(Continued)

(Millions of Mexican pesos)

		2023	2022
Indeval fees	$	42	52
Placement		8	5
Other commissions		25	25
	$	**75**	**82**

Financial advisory income-

		2023	2022
Scotiabank Inverlat	$	49	46
Scotia Capital		5	64
Financial advisory income		118	123
Other advisory income		57	4
	$	**229**	**237**

(c) Brokerage financial margin

Gain (loss) on purchase and sale of securities, net-

For years ended December 31, 2023 and 2022, this item is comprised as follows:

		2023	2022
Investments in financial instruments	$	135	(88)
Transactions with derivative financial instruments for trading purposes		(27)	(22)
Gain (loss) on purchase/sale of foreign currency and metals, net		(3)	6
	$	**105**	**(104)**

Interest income (expense), net-

For years ended December 31, 2023 and 2022, these items are comprised as follows:

		2023	2022
Cash and cash equivalents	$	3	1
Margin accounts		8	5
Investments in financial instruments		279	230
Repurchase/resale agreements and securities lending agreements		33	20
Management account fees		(28)	(8)
	$	**284**	**248**

(Continued)

(Millions of Mexican pesos)

Result on valuation of financial instruments at fair value-

For years ended December 31, 2023 and 2022, this item is comprised as follows:

		2023	2022
Investments in financial instruments	$	1	34

(d) Other operating income (expense)-

For years ended December 31, 2023 and 2022, these items are comprised as follows:

		2023	2022
Lease income	$	8	22
Unclaimed liability cancellation		3	139
Sale of property, furniture and equipment		-	169
Write-offs		(4)	(3)
Other income and expenses		30	19
		37	346

(e) Financial ratios (unaudited)

The main Brokerage Firms financial indicators by quarter for years 2023 and 2022 are shown below:

	2023			
	Fourth	**Third**	**Second**	**First**
Solvency (Total assets / Total liabilities)	1.12	1.12	1.16	1.09
Liquidity (Current assets / Current liabilities)	1.1	0.9	1.0	.09
Leverage (Total liabilities / Stockholders' Equity)	8.1	8.3	6.3	11.1
ROE (annualized quarterly net income / average stockholders' equity)	11.6%	15.1%	21.1%	12.6%
ROA (annualized quarterly net income / earning assets)	1.5%	2.4%	2.7%	1.4%
ICAP (Capitalization Index)	43.52%	46.63%	38.15%	39.99%
Financial margin / Total operating income	25.7%	11.7%	25.1%	23.1%
Profit before income taxes / Total operating income	24.2%	28.0%	35.2%	23.2%
Net income / Administrative expenses	131.9%	138.9%	154.4%	130.3%
Administrative expenses / Total operating income	75.8%	72.0%	64.8%	76.8%
Net income / Administrative expenses	20.5%	30.7%	37.9%	23.4%
Personnel expenses / Total operating income	33.6%	42.8%	38.6%	47.5%

(Continued)

(Millions of Mexican pesos)

	2022			
	Fourth	**Third**	**Second**	**First**
Solvency (Total assets / Total liabilities)	1.12%	1.17%	1.07%	1.18%
Liquidity (Current assets / Current liabilities)	0.9%	1.0%	0.8%	1.0%
Leverage (Total liabilities / Stockholders' Equity)	8.7%	6.0%	14.4%	5.4%
ROE (annualized quarterly net income / average stockholders' equity)	18.2%	36.2%	30.3%	20.1%
ROA (annualized quarterly / earning assets)	2.7%	4.3%	3.8%	5.4%
ICAP (Capitalization Index)	58.41%	53.48%	43.04%	57.97%
Financial margin / Total operating income	20.1%	10.0%	14.0%	15.4%
Profit before income taxes / Total operating income	31.9%	50.7%	48.4%	40.4%
Net income / Administrative expenses	146.8%	203.0%	193.7%	167.9%
Administrative expenses / Total operating income	68.1%	49.3%	51.6%	59.6%
Net income / Administrative expenses	35.7%	77.5%	67.2%	51.3%
Personnel expenses / Total operating income	41.6%	29.2%	30.8%	38.7%

(22) Comprehensive risk management (unaudited)-

Certain amounts and/or percentages calculated in this note may slightly vary from the same amounts or percentages stated in any other note to the financial statements due to rounding of the figures.

The comprehensive risk management process aims to identify risks, measure them, monitor their impact on transactions, and control their effects on profitability and capital value, through the application of the most appropriate mitigation strategies and the integration of risk culture into daily operations.

In accordance with the General Provisions applicable to Brokerage Firm in terms of risk management issued by the National Banking and Securities Commission, the Board of Directors assumes responsibility and periodically approves the objectives, guidelines, and risk management policies of the Brokerage Firm, as well as the limit structure for the different types of risk.

The Board of Directors delegates to the Risk Committee and the Comprehensive Risk Management Unit (UAIR) the implementation of risk policies and the establishment of specific limits by risk factor, as well as the responsibility for implementing procedures for the measurement, management, and control of risks, in accordance with established policies.

Moreover, the Risk Committee delegates to the Assets and Liabilities Committee the responsibility of monitoring compliance with policies and procedures in market risks, liquidity, etc. Similarly, the UAIR has policies to report deviations from established limits, in this case, it must report to the Risk Committee and the Board of Directors about such deviations.

(Continued)

The Institution’s UAIR is represented by the Deputy General Risk Department (“DGA Risks”) and relies mainly on expert teams for the management of each type of risk (i.e., credit, liquidity, interest rates, market, and operational, among others). This is to ensure proper risk management so that it complies with the desired risk profile as defined by the Board of Directors, as well as to improve the quality, diversification, and composition of the various portfolios, thereby optimizing the risk-return relationship.

The UAIR is also responsible for reviewing and presenting to the Risk Committee and/or the Board of Directors the various methodologies used to manage the risks to which the institution is exposed, as well as the risk appetite framework, management policies for different types of risk, global and specific exposure limits, and corresponding risk tolerance levels. Also, provide senior management with reliable and timely information for decision-making, monitoring, and management of business lines.

Finally, risk management is based on international best practices, as there is a regulatory framework that complies with local regulations and with standards and corporate guidelines established by BNS.

(a) Credit risk-

Credit risk is that which arises from a potential default by the issuer of a financial instrument or a counterparty of the Brokerage Firm, under the terms established in the purchase agreement or in the prospectus for the issuance of a financial instrument.

Credit risk on financial instruments

The Brokerage Firm has developed and implemented an internal, robust, and institutionally used tool for measuring and controlling the credit risk of the different segments of its money market portfolio. This methodology allows for the estimation of expected and unexpected losses based on measures of the probability of credit events occurring.

Particularly, the credit risk associated with money market positions derives from holding securities and corresponds to the expected loss represented as an estimate of the impact on the portfolio value derived from defaults or downgrades in ratings of the instruments or portfolios, and assumptions are also made about the severity of the loss. Also, unexpected loss is a measure of dispersion around the expected loss and represents the economic capital required in the event of a large adverse event impacting the portfolio.

As of December 31, 2023 and 2022, the expected and unexpected loss on the financial instrument portfolios of the Brokerage Firm is as follows:

	2023	
	December	**December**
Expected loss	0.02%	0.02%
Unexpected loss	0.40%	0.40%

(Continued)

(Millions of Mexican pesos)

	2022	
	December	**Average Q4 2022**
Expected loss	0.01%	0.02%
Unexpected loss	0.47%	0.76%

1 Include titles in negotiable financial instruments and instruments to collect or sell, as well as instruments to collect principal and interest.

2 Exclude direct sales positions, value date sales, shares, and investment funds.

At December 31, 2023 and 2022, the total exposure of the financial instruments portfolio is as follows:

Exposure of the financial instruments portfolio[1]		**December 2023**	**Average Q4 2023**	**December 2022**
Corporate	$	-	-	-
Banking		15	44	17
Government		2,985	3,107	1,806
Other [2]		469	416	577
	$	**3,469**	**3,567**	**2,400**

Exposure of the financial instruments portfolio[1]		**December 2022**	**Average Q4 2022**	**December 2021**
Corporate	$	-	-	-
Banking		17	44	13
Government		1,806	1,970	4,235
Other [2]		577	640	991
	$	**2,400**	**2,654**	**5,239**

1 Includes titles in negotiable financial instruments and instruments to collect or sell; as well as instruments to collect principal and interest. It does not include setoffs made for the presentation and disclosure of the financial statements.

2 Includes shares and investment funds

At December 31, 2023 and 2022, a summary of the exposures, credit quality, and concentration by risk level of the investments in securities is presented on the following page.

(Continued)

(Millions of Mexican pesos)

December 2023		Financial instruments held to collect or sell	Negotiable financial instruments[1]	Total risk	Concentration %
mxAAA[2]	$	374	2,626	3,000	86%
w/o rating[3]		-	469	469	14%
Total	$	**374**	**3,095**	**3,469**	**100%**
Concentration		**11%**	**89%**	**100%**	

December 2022		Financial instruments held to collect or sell	Negotiable financial instruments[1]	Total risk	Concentration %
mxAAA[2]	$	271	1,849	2,120	88%
No rating[3]		-	280	280	12%
Total	$	**271**	**2,129**	**2,400**	**100%**
Concentration		**11%**	**89%**	**100%**	

1 Includes direct sales and repurchase/resale positions. It does not include setoffs made for the presentation and disclosure of the financial statements.

2 Local S&P ratings.

3 Includes shares and investment funds.

Credit risk in derivative transactions

The Brokerage Firm quantifies its credit exposures in order to control the use of facilities granted to its counterparties for the operation of derivative financial instruments. This control is carried out by calculating the potential future exposure (PFE) at counterparty level through specialized tools, incorporating risk mitigating elements such as compensation agreements, guarantee contracts, and collaterals. There are established counterparty risk and limit monitoring policies that contemplate the procedures to be followed in the event of any excess limits.

At December 31, 2023 and 2022, the counterparty credit risk exposure (potential future exposure) in transactions with derivative financial instruments is entirely with financial institutions.

		December 2023	December 2022
Exposure	$	162	54

(Continued)

(b) Market risk-

Market risk management involves identifying, measuring, monitoring, and controlling risks arising from changes in interest rates, exchange rates, stock market prices, indexes, and other risk factors in money, exchange, capital, and derivative markets to which the trading positions belonging to the Brokerage Firms own account are exposed.

The Brokerage Firms risk positions include fixed and floating rate money market instruments, stocks, foreign exchange positions and derivatives, such as interest rate futures, futures, forward contracts, and currency options, interest rate swaps, interest rate options, and foreign currency swaps. Limits are established and approved for each of the portfolios.

The market risk limit structure includes volumetric or notional amounts of value at risk, sensitivity, concentration, stress limits, and maturity, among others.

Market risk management includes monitoring that risk mitigating elements are up to date and accurate; in this regard, the limits established and approved for each of the portfolios are reviewed annually and monitored daily. The models used for market risk management are reviewed at least bi-annually, and periodic reports on the performance of limits and indicators in market risk are provided to the Risk Committee and the Board of Directors. The limits approved by the Risk Committee and Board of Directors are aligned with the Brokerage Firms risk appetite.

Market risk is managed through specialized systems where estimates are made, such as value at risk, sensitivities, and stress testing.

The Brokerage Firms trading activities are aimed at serving clients, and for that purpose, an inventory of financial instruments such as equities, interest rates, and currencies is maintained. Market liquidity access is maintained through purchase offers to other intermediaries. Additionally, Group Treasury positions are invested in the money market so that cash surpluses generate the maximum return in the Brokerage Firms results. Trading instruments portfolio (fixed income, equity, and derivatives) is valued at market daily, and this information is included daily in the corresponding market reports.

Value at Risk (VaR)

It constitutes an estimate of potential loss, based on a certain level of statistical confidence and over a specific period (observed horizon), under normal market conditions. This is calculated daily for all instruments and portfolios at risk of the Brokerage Firm.

For VaR calculation, the historical simulation methodology with 300 days is used. The Brokerage Firms policy for calculating VaR uses a 99% confidence level and a one-day holding period as a reference.

The Broker Firms average overall one-day Value at Risk (VaR) during the fourth quarter of 2023 was $4.94; as a percentage of its net capital ($2.537 at November 2023 close, last available) at the close of the period, it amounts to 0.19%. The one-day global VaR of the Brokerage Firm at the close of December 2023 was $4.23.

(Continued)

(Millions of Mexican pesos)

The average VaR broken down by risk factor during the fourth quarter of 2023 and 2022 is as follows:

Risk Factor		**December 2023 Average VaR 1 day**	**December 2022 Average VaR 1 day**
Interest rates	$	3.82	4.01
Equity shares		3.21	9.81
VaR		4.94	11.19

Interest rates

The distribution of market risk exposure (Position vs Value at Risk) for the Broker Firms portfolios as of December 31, 2023 and 2022 was as follows:

2023		**Position**		**VaR**	
		Closing	**Average**	**Closing**	**Average**
Money market	$	2,267	2,343	-	-
Market portfolio of interest rates and interest rate derivatives	$	**2,267**	**2,343**	**4.14**	**3.82**

2022		**Position**		**VaR**	
		Closing	**Average**	**Closing**	**Average**
Money market	$	1,309	1,640	-	-
Market portfolio of interest rates and interest rate derivatives	$	**1,309**	**1,640**	**1.90**	**4.01**

Equity shares

The distribution of market risk exposure (Position vs Value at Risk) for the Broker Firms equity stock exchanges portfolios at December 31, 2022 and 2023 was as follows:

2023		**Position**		**VaR**	
		Closing	**Average**	**Closing**	**Average**
Cash equity	$	425	363		
Equity derivatives		6,219	5,837		
Stock portfolio	$	**6,644**	**6,200**	**2.21**	**3.21**

(Continued)

(Millions of Mexican pesos)

2022		**Position**		**VaR**	
		Closing	**Average**	**Closing**	**Average**
Cash equity	$	433	441		
Equity derivatives		4,452	4,692		
Stock portfolio	$	**4,885**	**5,133**	**9.52**	**9.81**

During December 2023, the MexDer IPC futures position for the equities desk was $(409.4) and $(0.000721) for short and long contracts, referenced to the agreed-upon levels.

It is important to note that listed capital options (i.e. stocks and indices) are primarily used to hedge the market risk of the positions of option securities (warrants) issued to clients. However, the Front-Office strategy for the 2023 fiscal year focused on foreign underlying assets with higher liquidity, aiming to diversify internal portfolios to make them more competitive and, in turn, offer customers better returns. Among the new underlying assets, including indices and stocks, are MEXBOL, AAPL, AMZN, BABA.N, BNPUI5, CRWD, CVS.N, DAL.N, DIS.N, GOOG, ICLN, MELI, META, MSFT, QQQ, SHELL.AS, SOXX, SPXSR5, VLO.N.

Since the VaR measure is used to estimate potential losses under normal market conditions, stress testing is conducted daily to determine the risk exposure considering large abnormal fluctuations in market prices. The Risk Committee has approved the stress limits. The maximum loss under extreme stress testing conditions during the fourth quarter of 2023 was $36,216, the limit is 130 million Canadian dollars (CAD) at group level. The hypothetical scenarios used for this test are based on 3 relevant systemic scenarios: the 2008 crisis for emerging markets, Mexico 1994 due to the so-called “December Mistake”, and Mexico 1997 because of the “Ruble Crisis” and the Asian financial crisis.

Back-Testing for the period October-December 2023 shows efficiency levels in the green zone under the approach established by the Bank for International Settlements (BIS).

The limit structure mainly includes volumetric or notional amounts, VaR, concentration, sensitivity, and stress limits, among others.

For the valuation and risk models, references are used for updated prices, interest rate curves, and other risk factors from price vendor called Valuación Operativa y Referencias de Mercado, S.A. de C.V.; the adopted criteria are determined based on technical and statistical aspects, as well as on valuation models authorized by the Banking Commission.

(Continued)

Sensitivities

Qualitative information on sensitivities

The Brokerage Firm has a specialized area for trading risk analysis that maintains a methodical and continuous supervision of the valuation processes, risk measurement, and sensitivity analysis. This area maintains permanent contact with the responsible operators in the different markets.

The Risk area estimates, daily, market risk sensitivities for each portfolio to which the Brokerage Firm is exposed. During the quarter, there were no changes made to the assumptions, methods, or parameters used for this analysis.

Below is a description of the methods, parameters, and assumptions used for shares, currency, interest rate, and derivative products portfolio.

<u>*Interest rate portfolio*</u>

The sensitivity measures that occur for fixed income instruments (bonds) are based on estimating the performance of the portfolio value in response to a change in market interest rates.

The sensitivities of the fixed income instrument portfolio are based on durations and convexities depending on the type of instrument involved. In all cases, two types of measurements are made: (i) the expected change in the value of portfolio against a change of 1 base point (0.01%) in the yield curve, and (ii) the expected change in the portfolio value against a change of 100 base point (1%) in the yield curve. For the purpose of this disclosure, only changes in 1 basis point are reported.

The estimated values based on the duration and convexity methodology is a good approximation to the values obtained using the complete valuation methodology or known as “full-valuation”.

In the case of floating rate bonds, two types of sensitivities are calculated: that related to the risk-free rate and the sensitivity to the spread.

In zero-coupon bonds, the calculation of the sensitivity of instruments without coupons, such as duration, uses their time to maturity, expressed in years.

<u>*Interest rate derivatives*</u>

TIIE and CETE futures: This type of derivative instrument is modelled for sensitivity calculation purposes as the future of a zero-coupon rate, and therefore its duration is considered to estimate its sensitivity.

M Bond Futures: Sensitivity considers the duration and convexity over the deliverable bonds of these contracts.

(Continued)

Interest rate swaps: For the purposes of determining the sensitivity to changes in the yield curve of TIIE Swaps, a change of 1 base point (bp) is made at each relevant point of the yield curve, as well as a parallel change of 1 and 100 bp, valuing the portfolio with the different curves and calculating the change in the portfolio value with each of these changes. For the purpose of this disclosure, only changes in 1 bp are reported.

Stock portfolio and IPC derivatives

Stock equity

For the purposes of stock position, sensitivity is obtained by calculation the Delta per issue within the portfolio; Delta is defined as the change in the portfolio value in the event of a 1% change in the value of the underlying asset.

Equity derivatives

The sensitivity of the IPC futures traded on MexDer is calculated using the Delta. This portfolio has limits expressed in notional terms. In the over-the-counter (OTC) market, the Brokerage Firm participates with warrants on the IPC and with options on the IPC.

Delta is defined as the change in the value of a derivative with respect to changes in the underlying asset. Delta risk is defined as the change in the option’s value due to a predetermined change in the underlying asset’s value (e.g. 1%). The calculation is performed by valuing the option using different levels of the underlying asset (one original and one with a +1% shock), while keeping all other parameters constant. For futures, the calculation of sensitivity is Delta, which is defined as the change in the value of a derivative with respect to changes in the underlying asset.

For non-linear products such as warrants and options, sensitivity measures include Delta and other measures known as “Greeks”. The sensitivity calculations are based on the futures option’s valuation model, known as Black 1976.

Dividend risk the valuation of options on indices or stocks involves a known continuous compounded dividend yield. However, dividends are an estimate and therefore an unknown variable, representing a risk factor for the valuation and subsequent analysis of the gains (losses) on option transactions.

The dividend risk does not have an associated “Greek” letter for its sensitivity, and in the case of options on indices and the Brokerage Firms stock, the measurement is carried out by increasing the dividend rate by 1% (i.e. from 1% to 1.01%).

(Continued)

(Millions of Mexican pesos)

Quantitative information on sensitivities

Interest rates

The following table shows the 1 bp sensitivity at December 31, 2023 and 2022

Sensitivity 1bp	December 2023
Money market	0.252
Market portfolio of interest rates and interest rate derivatives	**0.252**

Sensitivity 1bp	December 2022
Money market	0.101
Market portfolio of interest rates and interest rate derivatives	**0.101**

At December 2023, the Brokerage Firm presented an interest rate sensitivity of 0.252 million Canadian dollars and did not engage in interest rate derivatives transactions.

Sensitivities for the equity and capital derivatives portfolio.

The following table shows the sensitivity (Delta) at the end of December 2023 and 2022:

Delta		December 2023
Naftrac	$	409.381
IPC futures		(421.988)
Warrants		(71.461)
Total	$	**(84.068)**

Delta		December 2022
Naftrac	$	416.643
IPC futures		(407.311)
Warrants		0.000
Total	$	**9.332**

Regarding positions on the IPC, a dynamic hedge strategy is followed between the Naftrac ETF, which replicates the IPC to a large extent, and PCI futures.

The Brokerage Firms equity portfolio consists of stocks and equity derivatives. At the end of December 2023, the Brokerage Firm reported an open Delta sensitivity of $(84.068) for all underlying assets, due to market movements.

(Continued)

(Millions of Mexican pesos)

The following are the figures for the fourth quarter of 2023:

Delta		December 2023	December 2022
Options	$	646.924	264.731
Warrants		(646.466)	(264.660)
Equities		7.980	1.300
IPC Portfolio		(84.068)	9.332
Total	$	**(75.630)**	**10.703**

The following table presents the sensitivity measures for non-linear instruments for the end of December 2023. It is important to highlight that the informative report includes Bonds and Warrants.

Underlying	Delta EQ	Vega EQ	Gamma EQ
MEXBOL.INDX	(22.87)	0.67	1.87
AAPL.OQ	-	-	-
AMZN.OQ	-	-	-
BABA.N	-	-	-
BNPUI5.INDX	-	-	-
CRWD.OQ	-	-	-
CVS.N	-	-	-
DAL.N	-	-	-
DIS.N	-	-	-
GOOG.OQ	-	-	-
ICLN.OQ	-	-	-
MELI.OQ	-	-	-
META.OQ	-	-	-
MEXIPC.INDX	-	-	-
MSFT.OQ	-	-	-
QQQ.OQ	-	-	-
SHELL.AS	-	-	-
SOXX.OQ	-	-	-
SPXSR5.INDX	-	-	-
VLO.N	-	-	-
Total	**(22.87)**	**0.67**	**1.87**

Sensitivities for warrants and IPC options, "Greeks"

Greeks	Delta	Gamma	Vega	Dividend risk	Rho
Total	(22.42)	0.68	1.98	0.06	0.01

(Continued)

(c) Liquidity and interest rate risk-

The Brokerage Firm manages its liquidity and interest rate risk exposure according to applicable regulatory provisions and best market practices, taking into consideration positions for the structural management of the statement of financial position.

For liquidity and interest risk management, limits have been established, which are reviewed at least annually and monitored periodically at Financial Group level in order to ensure that risk mitigators are up-to-date and accurate. Among the applicable limits are those related to liquid assets, liquidity gaps, margin sensitivity, and economic value sensitivity, which are aligned with the risk appetite of the Brokerage Firm. The liquidity risk and interest limit structure include notional amounts, as well as term and concentration limits; periodic reports are provided to the Assets and Liabilities Committee, Risk Committee, and the Board of Directors on the performance of these limits, as well as liquidity and interest rate risk indicators.

For liquidity and interest rate risk management, information is extracted from the various applications and systems available to the Brokerage Firm. Additionally, specialized systems are used to make estimates related to liquidity and interest rate risk.

Additionally, it is worth mentioning that for the management of liquidity risk and interest rate risk, tests are conducted under extreme scenarios. It is worth noting that the models used for liquidity and interest rate risk management are reviewed at least bi-annually.

The Brokerage Firm assumes liquidity risks as an intrinsic part of its intermediation function. Liquidity risk is the result of mismatches in cash flows. The objective of the liquidity risk management process is to ensure that the Brokerage Firm can cover all its obligations as they become due, for which the Brokerage Firm estimates the contractual flows to be delivered and demanded in order to have a calculation of liquidity gaps, monitors key liquidity indicators, maintains diversified funding sources, sets limits, and maintains a minimum percentage of liquid assets.

Liquidity risk is monitored and controlled through accumulated liquidity gaps. These gaps are built through the maturities and cash flows from the different instruments in the statement of financial position, both assets and liabilities, thus creating a daily gap that corresponds to the difference between payment obligations and receivables generated day by day. The cash flows include the Brokerage Firms contractual maturity cash flows (cash inflows and outflows).

To measure liquidity risk, the liquidity gaps at December 31, 2023 and 2022 and the annual average are as follows:

	December 2023	**Average position**
Liquid Assets (Under regulatory metrics)	2,912	2,945

	December 2022	**Average position**
Liquid Assets (Under regulatory metrics)	3,353	1,348

(Continued)

(Millions of Mexican pesos)

For the Brokerage Firm, the gap at December 31, 2023 was zero, considering that the fair value position of financial instruments to collect or sell for the Brokerage Firm was zero within the 30-day window. Therefore, at December 31, 2023, the Brokerage Firm does not have any financial instruments to collect or sell.

The liquidity risk limit structure includes volumetric or notional amounts, liquid assets, deposit concentration, and liquidity gaps.

Interest rate risk of the structural balance arises as a result of funding, placement, and investment activities of the Brokerage Firm, and derives from the uncertainty in profit or loss and/or value of the portfolio as a result of movements in interest rates that occurs when there are mismatches (gaps) in the review of assets and liabilities with contractual maturity or subject to interest rate review within a specified period of time, or when there are different reference rates for assets and liabilities.

For the measurement of interest rate risk of the structural balance, indicators such as economic value sensitivity and margin sensitivity are used. For the calculation of these indicators, repricing gaps are used, constructed based on the reference rates of assets and liabilities; for fixed-rate positions, they are modelled according to their amortizations and contractual maturities, while those positions referenced to a floating rate are modelled based on their next re-pricing date.

Both economic value sensitivity and margin sensitivity consider a ± 100 basis point impact on interest rates and consider the maximum expected loss per currency.

The sensitivity of the economic value incorporates the impact of changes in interest rates on the total expected flows and provides a measure of the long-term impact of these variations, while the time frame for estimating margin sensitivity is 12 months.

The sensitivity of the Brokerage Firm in the estimated economic value and the estimated variation in the financial income of the Financial Group at the close of December and on average for 2023 and 2022 is shown below:

		December 2023	Average
Economic value (+100bps)			
Financial Group [(1)]	$	(1,563)	(1,214)
Bank		(1,540)	(1,196)
Brokerage Firm input		(23)	(18)
Margin sensitivity (-100bps)			
Financial Group [(1)]	$	(281)	(407)
Bank		(215)	(330)
Brokerage Firm input		(6)	(8)

(Continued)

(Millions of Mexican pesos)

		December 2022	Average
Economic value (+100bps)			
Financial Group [1]	$	(1,067)	(855)
Bank		(1,066)	(854)
Brokerage Firm input		(1)	(1)
Margin sensitivity (-100bps)			
Financial Group [1]	$	(281)	(407)
Bank		(277)	(398)
Brokerage Firm input		(4)	(9)

[1] Includes Bank, Brokerage Firm, and Scotia Funds.

Treatment for financial instruments held to collect or sell

At December 31, 2023 and 2022, the Brokerage Firm holds $374 and $271 in financial instruments held to collect or sell. As this position is part of the balance management, it is included in the economic value and margin sensitivity metrics.

(d) Operational risk-

Operational risk is a non-discretionary risk defined as the potential loss due to failures or deficiencies in internal controls, due to errors in the processing and storage of transactions or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft, and includes, among others, technological risk and legal risk.

The Brokerage Firm has implemented policies and procedures that allow for an adequate operational risk management process, which are mentioned below:

The Brokerage Firm determines its capital requirement by the basic indicator method.

Policies for the operational risk management

The purpose of these financial statements is to establish the principles and management framework to identify, measure, monitor, limit, control, disclose, and manage the operational risks inherent to their daily activities, as well as to promote a risk management culture in the Brokerage Firm.

Operational risk assessment

The Brokerage Firm has a structured methodology for assessing operational risk, which allows it to identify, assess, and mitigate the risks inherent to its processes and business activities. This methodology is applied throughout its structure, and the assessment is based on the identification of inherent operational risk and the assessment of the effectiveness of controls for such risks. This determines a level of residual risk, based on which mitigation actions are established for the identified risks.

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Manual for operational risk data gathering and classification

Contains the requirements for reporting the information that supports the measurement processes, as well as the scope of the information collection process, the functions and responsibilities of the business units to collect and report loss data, and the specific requirements therefor.

At the close of fiscal year 2023, the Brokerage Firm recorded operational risk losses of $0.5, which were $0.5 less than those recorded in 2022 $(1.0). Also, at December 31, 2023, the operational risks that, if materialized, would impact the profit or loss of the Brokerage Firm amount to $0.6, which corresponds to legal risk; the exposure is covered by allowances.

Operational risk tolerance levels

It is a tool for managing operational losses, which allows each area of the Brokerage Firm to know the levels of loss tolerance applicable to each assumed loss event, as well as to encourage improvements in the operational risk management process and to take necessary actions to minimize the risk of future losses.

Key risk indicators

This process allows the Brokerage Firm to establish indicators based on variables extracted from the processes, whose behavior is related to the level of risk assumed. By monitoring each indicator, trends are identified that allow the values of the indicator to be managed over time. Maximum thresholds are established for each of the selected indicators.

Legal risk.

Legal risk is defined as the potential losses due to failure to observe applicable legal and administrative provisions, and the handing down of unfavorable administrative and court rulings and applying penalties.

With the purpose of having policies and procedures that ensure the proper implementation of the agreements and contracts in which the Brokerage Firm participates, the established policies in the legal department's manual are followed. This allows for providing security to the Brokerage Firms operations, safeguarding its interests, and preventing and reducing legal risks and contingencies.

Technological risk

Technological risk is defined as the potential loss due to damages, interruption, disruption or faults arising from the use of hardware, software, systems, applications, networks, and any other distribution channel of information while providing services to the Brokerage Firms customers.

The management of technological risk is documented in the Technology Risk Management and Cybersecurity Policy and the Cybersecurity and Information Technology Risk Management Framework, which describe the guidelines and general principles for managing and monitoring risks associated with Information Technology and Cybersecurity, including the functions, responsibilities, and obligations of the interest parties, as well as the supervision of the various bodies in each line of defense and the tools, practices, and deliverables required for effectively managing risk activities.

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Additionally, the routine audits carried out on the different IT management domains by a specialized, independent, and experienced internal audit team in information technologies include reviews of the design, implementation, and operation of the internal control systems in all business and support areas, new products and systems, and the reliability and integrity of data processing operations.

Generic description of valuation techniques

Derivative financial instruments are assessed according to the provisions of the Financial Information Standard FRS C-10 Derivative financial instruments and hedging relationships.

The assessment methodology for positions held for trading purposes is carried out in (a) organized markets where the valuation is done at the market price in question, the prices are provided by the price vendor contracted by the Brokerage Firm; and (b) OTC markets in which the present value of the estimated future cash flows is obtained.

In all cases, the Brokerage Firm carries out valuations of its positions and records the obtained value.

(23) Recently issued financial reporting standards-

2024 FRS Revisions

In December 2023, CINIF issued the following Improvements to the FRS 2024, containing precise modifications to some of the existing FRS.

FRS A-1 “Conceptual Framework for Financial Reporting” – Becomes effective for years beginning on or after the 1st. January 2025, allowing its early application as of 2024 if the disclosures of the particular FRS applicable to the corresponding type of entity in question are adopted early. It 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 non-public interest entities), and ii) additional disclosures mandatory only for public interest entities. Any change that it generates 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 “Fair value determination”/ FRS C-2 “Investment in financial instruments”/ FRS C-16 “Impairment of financial instruments receivable”/ FRS C-20 “Financial instruments for principal and interest receivables”/ MFRS 24 “Recognition of the effect of applying new reference interest rates” - Effective for fiscal years beginning on or after January 1, 2024, and early application in 2023 is permitted. It changes the term financial instruments to collect or sell for financial instruments to collect and sell. Any accounting changes generated must be recognized under the terms of FRS B-1 “Accounting changes and error correction”.

FRS C-6 “Property, plant and equipment” - This comes into effect for years beginning January 1, 2024, and early application in 2023 is permitted. Any changes generated must be recognized under the terms of FRS B-1 “Accounting changes and error correction”.

FRS C-10 “Derivative financial instruments and hedging relationships” - This comes into effect for years beginning January 1, 2024, allowing early application in 2023. It includes the accounting treatment of a hedging of capital financial instruments whose fair value valuation is recognized in OCI. Any changes generated must be recognized under the terms of FRS B-1 “Accounting changes and error correction”.

FRS D-4 “Income taxes” - Effective for fiscal years beginning on or after the 1st. January 2024, allowing its 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 change it generates must be recognized in accordance with FRS B-1 Accounting changes and error corrections.

The management is in the process of evaluating the impact of adoption of improvements to FRS on the financial statements.