Peña Verde, S.A.B. and subsidiaries

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

INDEPENDENT **AUDITOR'S REPORT**

To the Audit Committee, the Board of Directors and the Shareholders of Peña Verde, S.A.B. and subsidiaries

Opinion

We have audited the consolidated financial statements of Peña Verde, S.A.B. and subsidiaries (the Institution), which include the consolidated balance sheet as of December 31, 2023, and the consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended, as well as the notes to the consolidated financial statements, which include significant accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Peña Verde, S.A.B. and subsidiaries as of December 31, 2023 and for the year then ended have been prepared, in all material respects, in accordance with the accounting standards applicable to insurance institutions in Mexico, issued by the National Insurance and Bonding Commission (the Commission).

Basis of the Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the "Responsibilities of the Auditors for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Institution in accordance with the "International Code of Ethics for Professional Accountants (including International Standards of Independence)" ("IESBA Code"), and the ethical requirements of the Code of Professional Ethics of the Mexican Institute of Public Accountants, A.C. that are relevant to our audits of consolidated financial statements in Mexico, and we have complied with other ethical responsibilities in accordance with the Code of Accounting. IESBA and the ethical requirements of the Code of Professional Ethics of the Mexican Institute of Public Accountants, A.C. We consider that the audit evidence we have obtained provides a sufficient and adequate basis to support our opinion.

Key Audit Matters

Key audit matters are issues that, in our professional judgment, have been of the greatest importance in our audit of the current year's consolidated financial statements. These matters have been considered in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, therefore, we do not express a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Matter
Technical Reserves As described in Note 17 on the consolidated financial statements, the Institution recognizes technical reserves based on the current Single Insurance and Bonding Circular (CUSF by its Spanish acronym). During our audit, we focused on the technical reserves for current risks, for outstanding obligations for incurred but not reported claims and adjustment expenses assigned to claims, as well as on the technical reserves of bonds in force, catastrophic risks and contingencies associated with reinsurance contracts, due to the significance of their value as of December 31, 2023, and because management has used its judgment in determining the internal methodologies used. Particularly, we focus our audit efforts on: (i) the methodologies used and (ii) the completeness and accuracy of the key data used, such as: the amount of premiums issued; coverage amounts; economic assumptions; the general data of the bond contracts of the reinsurance operation such as: type of contract, in force date and premium; the general data of the policies such as: issuance, in force and term dates ; and the general data of the claims such as: date of occurrence, declaration, amount claimed and coverage claimed.	As part of our audit and with the support of our specialists, we performed the following procedures: - We compared the methodologies used by the Institution with those approved by the National Insurance and Bonding Commission (CNSF by its Spanish acronym). - For short-term insurance contracts, we independently determined the current risk reserves and the reserves for outstanding obligations for incurred but not reported claims and adjustment expenses assigned to claims (including long-term) using other commonly accepted valuation models in the market. - For a sample of long-term insurance contracts, we recalculated the current risk reserve based on methodologies approved by the CNSF. - We recalculated the in-force and contingency reserves of the reinsurance contracts, based on approved methodologies. - Using selective testing, we verified the key data used in the determination of reserves, as follows: 1. The amount of written premiums was checked against the customer/reinsurer's policy/contract. 2. The coverage amount and the general data of the policies were checked against the policies issued. 3. The economic assumptions were compared with information from the sources established in the approved methodologies. 4. The general data of the claims were compared with the documentation that covers them, including notice of loss, settlement, appraisal, among others. 5. The general data of the bond contracts of the reinsurance operation were compared with the reinsurance contracts.

Additional information

The Management of the Institution is responsible for the additional information submitted. This additional information includes the Annual Report submitted to the National Banking and Securities Commission (CNBV by its Spanish acronym), which will be issued after the date of this report.

This additional information is not covered by this opinion on the consolidated financial statements, and we will not express any audit opinion on it.

However, in connection with our audit of the Institution's consolidated financial statements, it is our responsibility to read this additional information when it becomes available and to assess whether such information is materially inconsistent with the consolidated financial statements or our knowledge acquired through our audit or appears to contain a material misstatement under other circumstances.

When we read the additional information that we have not yet received, we must issue the declaration on the Annual Report required by the CNBV and if we detect that there is a material error in it, we must communicate it to those in charge of the governance of the Institution and in said report, if applicable.

Responsibilities of Management and Governance Officers in Relation to the Consolidated Financial Statements

The Management of the Institution and subsidiaries is responsible for the preparation of the consolidated financial statements, in accordance with the accounting criteria applicable to insurance institutions in Mexico, issued by the Commission, and such internal control as it considered necessary to allow the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, Management is responsible for assessing the Institution's ability to continue as a going concern; disclosing, where applicable, issues related to going concern and using the going concern accounting basis, unless the Management intends to liquidate the Institution or cease operations, or there is no more realistic alternative to doing so.

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

Other matter

This version of our report is a translation from the original report, which was prepared in Spanish. In all matters of interpretation of information, views or opinions, the original Spanish language version of our report takes precedence over this translation.

Responsibilities of the Auditors for the Audit of the Consolidated Financial Statements

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

As part of conducting an audit in accordance with ISA, we exercise our professional judgment and maintain professional skepticism. We also:

- Identify and evaluate the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and implement audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from an unintentional error, as fraud may involve collusion, forgery, deliberate omissions, intentional 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 under the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.

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

- Evaluate on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.

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

We communicate with those charged with governance of the Institution, among other things, the planned scope and timing of the audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identify during of our audit.

We also provide those in charge of the governance of the Institution with a statement stating that we have complied with the applicable ethical requirements on independence and we communicate to them all relationships and other issues that could reasonably influence our independence, and where appropriate, the corresponding actions taken to eliminate the threats or safeguards applied.

Among the issues communicated to those charged with the governance of the Institution, we identified those that have been of greatest importance in the audit of the consolidated financial statements for the current financial year and that are, therefore, the key issues of the audit. We describe such matters in our audit report unless they are prohibited by law or regulation from being publicly disclosed or, in extremely rare circumstances, we determine that an issue should not be disclosed in our report because it can reasonably be expected that the adverse consequences of doing so would outweigh the public interest benefits.

The name of the partner in charge of the audit is reported below.

PricewaterhouseCoopers, S. C.

C. P. C. Rafael Gutiérrez Lara44
Audit Partner

Mexico City, April 26, 2024

Peña Verde, S.A.B. and subsidiaries

CONSOLIDATED **BALANCE SHEETS**

December 31, 2023 and 2022

Figures in thousands of Mexican pesos (Note 4)

Assets	Balances as of 31 December 2023	Balance as of 31 December 2022
Investments - Note 7		
Securities and derivative trading instruments		
Securities		
Government	$ 15,302,665	$ 13,995,930
Private companies, Known Rate	873,044	1,202,869
Private companies, Equities	2,819,762	2,902,078
Foreign	2,055,104	1,573,295
	21,050,575	19,674,172
Dividend receivable on equity securities	-	-
(-) Impairment of securities	(14,735)	-
Investments in securities given in loans		
Restricted securities	445,223	586,365
Derivative transactions	-	-
	21,481,063	20,260,537
Debtor under repurchase agreement	21,183	39,824
Loan portfolio – Net Note 9		
Current loan portfolio	13,767	10,306
Non-performing loan portfolio	-	-
(-) Preventive credit risk estimates	(260)	(257)
	13,507	10,049
Real estate – Net Note 10	792,263	753,401
Total of investments	**22,308,016**	**21,063,811**
Investments for employee benefits – Note 16	185,485	186,253
Cash and cash equivalents		
Cash and banks	156,690	140,689
Debtors		
Premiums – Note 11	2,187,756	2,426,987
Premium debtor for subsidy property and casualty	4,936	4,939
Federal public administration	-	-
Premiums receivable from bonds issued	-	-
Agents and adjusters	14,542	17,452
Notes receivables	(9)	632
Debtor for liabilities	-	-
Other	335,181	292,187
(-) Estimate for write-offs	(202,991)	(97,659)
	2,339,415	2,644,538
Reinsurance and rebonding companies		
Insurance and bonding institutions – Note 12	2,071,027	2,625,392
Held deposits – Note 12	376,728	275,408
lRecoverable amounts from reinsurers – Note 12	3,168,754	$ 2,463,392
(-) Allowance for loan losses from foreign reinsurers	14,086	3,986
Reinsurance and rebonding intermediaries	1,368	1,540
(-) Estimate for write-offs	(40,528)	(100,318)
	5,644,318	5,462,064
Permanent Investments		
Subsidiaries	-	-
Associates	6,000	-
Other permanent investments	57,294	48,734
	63,294	48,734
Other Assets		
Furniture and equipment, net Note 13	108,549	26,532
Foreclosed assets - Net	608	608
Sundry - Note 13	982,865	525,771
Amortizable assets, net	-	-
Long-lived intangible assets – Note 15	138,979	147,763
	1,231,001	700,674
Total Assets	$ **31,928,219**	$ **30,246,763**

Liabilities	Balances as of 31 December 2023	Balances as of 31 December 2022
Technical reserves - Note 17		
Current Risks		
Life Insurance	$ 888441	$ 828,947
Accidents and health insurance	344,298	456,215
Property and casualty Insurance	4,171,804	3,796,508
Rebonding taken	8,833	-
Bonds in force	634,638	591,229
	6,048,014	5,672,899
Obligations pending to be fulfilled		
Due to expired policies and pending payment claims incurred	4,991,520	4,196,517
For claims incurred and not reported and adjustment expenses allocated to claims	2,275,233	1,983,889
For funds under management	12,755	12,739
For premiums on deposit	54,535	72,335
	7,334,043	6,265,480
Contingency	508,068	412,695
For specialized insurance	-	-
Catastrophic risks	8,172,436	8,309,190
Total of technical reserves	**22,062,561**	**20,660,264**
Reserve for employee benefits - Note 16	228,794	228,055
Creditors – Note 18		
Agents and adjusters	326,541	310,524
Loss management funds	1,862	1,854
Creditors for bond liabilities for liabilities constituted	-	-
Sundry	507,124	273,344
	835,527	585,722
Reinsurers and rebonding companies		
Insurance and bonding Institutions – Note 12	2,963,016	3,538,954
Retained deposits	-	-
Other participations	501,620	259,725
Reinsurance and rebonding intermediaries	822	878
	3,465,458	3,799,557
Trading in derivative products . Fair value at the time of acquisition	-	-
Financing obtained		
Debt Issuance		
For subordinated debentures not convertible into shares	-	-
Other credits titles	-	-
Financial reinsurance agreements	-	-
	-	-
Other liabilities		
Provision for employees' statutory profit sharing - Note 23	19,806	12,914
Provision for the payment of taxes - Note 23	25,910	37,347
Other liabilities – Note 19	412,427	389,165
Deferred credit	675,500	448,580
	1,133,643	888,006
Total liabilities	**27,725,981**	**26,161,604**

Liabilities	Balances as of 31 December 2023	Balances as of 31 December 2022
Stockholders' equity - Note 20		
Contributed capital		
Capital stock paid		
Capital stock	422,608	422,608
(-)Unsubscribed capital or fund	-	-
(-)Undisclosed capital or fund	-	-
(-)Treasury stock repurchased	-	-
	422,608	422,608
Subordinated debentures mandatorily convertible into equity	-	-
Contributions for future capital increases	-	-
	-	-
Earned Capital		
Reserves		
Legal	2,592	2,592
For the acquisition of treasury shares	151	151
Share subscription premium	959,576	959,576
	962,319	962,319
Valuation surplus	242,366	177,455
Conversion Effect	(109,346)	50,890
Profit or loss from prior years	2,438,143	3,194,480
Profit for the year	242,146	(736,356)
Profit from holding non-cash assets	-	-
Employee defined benefit remeasurements	-	-
Controlling participation	4,198,236	4,071,396
Non-controlling participation	4,002	13,763
Total stockholders' equity	4,202,238	4,085,159
Commitment and contingencies		
Subsequent events (Note 29)		
Total liabilities and stockholders' equity	$ 31,928,219	$ 30,246,763

Order Accounts	2023	2022
Funds under administration	$ 11,294	$ 12,146
Liabilities for bonds in force	34,124,801	26,594,317
Reserve to be constituted for labor obligations	86,477	81,568
Tax loss to be amortized	344,967	412,956
Registration Accounts	5,328,393	5,070,801
Guarantees received by repo	37,181	36,763

The 30 notes attached are an integral part of these financial statements.

These consolidated balance sheets were prepared in accordance with the accounting provisions issued by the National Insurance and Bonding Commission, applied consistently, and correctly reflected, as a whole, the operations carried out by the Institution and its subsidiaries as of the above-mentioned dates, such transactions were performed and valued in accordance with best institutional practices, including legal and administrative practices.

These consolidated balance sheets were approved by the Board of Directors under the responsibility of the undersigned officers.

Manuel Santiago Escobedo Conover
Chief Executive Officer

Andrés Hernando Millán Drews
Vice President, Asset Management and Financial Strategy

Marco Antonio Campos Escalona
Deputy Director of Administration and Finance

Peña Verde, S.A.B. and subsidiaries

CONSOLIDATED INCOME **STATEMENTS**

December 31, 2023 and 2022

Figures in thousands of Mexican pesos (Note 4)

Premiums	2023	2022
Written (Note 22)	$ 16,147,428	$ 14,606,938
(-) Ceded	2,994,120	2,597,677
Retained premiums	12,152,308	12,009,261
(-) Net Increase in the current risk reserve and bonds in force	798,298	485,344
Accrued retention premiums	12,355,100	11,523,917
(-) Net Acquisition Cost		
Commissions to agents	473,543	439,778
Additional Agent Compensation	207,573	227,846
Reinsurance and rebanding commissions taken	2,544,713	2,271,483
(-) Ceded reinsurance commissions	(729,615)	(646,141)
Excess of loss coverage	1,134,322	715,590
Other	659,724	606,208
	4,290,260	3,614,764
(-) Net cost claims, bond claims and other obligations pending to comply (Note 25)		
Claims and other obligations pending to comply	7,344,337	6,864,400
Claims recovered from non-proportional reinsurance	(734,285)	(292,073)
Bond claims	272,832	175,007
	6,882,884	6,747,334
Technical Result	1,181,956	1,161,819
(-) Net increase of other technical reserves		
Catastrophic risk reserve	625,750	992,088
Contingency reserve	127,254	103,613
Other reserves	137	191
	753,141	1,095,892
Gross Profit	428,814	65,927
(-) Net Operating Expenses		
Administrative and operational expenses (Note 26)	662,491	512,316
Employees compensation and benefits	691,854	416,317
Depreciation and amortization (Note 13)	56,011	47,476
	1,410,356	976,109
Operating profit (loss)	(981,542)	(910,182)
Comprehensive Financing Result		
Investments	1,011,480	604,674
For sale of investments	244,818	378,848
For valuation of investments	503,410	(908,341)
Premium surcharges	30,737	29,357
(-) Preventive write-offs for reinsurance recoverable amounts	(9,061)	(345)
Preventive write-offs for credit risks	-	238
Other	36,018	35,250
Exchange rate income	(493,583)	(82,130)
	1,323,820	57,551
Participation in the profit or loss from permanent investments	(16,279)	-
Profit (loss) before income taxes	325,999	(852,631)
(-) Provision for the payment of income taxes (Note 23)	72,466	(105,989)
Profit (loss) for the consolidated year	$ 253,533	$ (746,642)
Non-controlling participation	$ (11,387)	$ 10,286
Profit (loss) for the year	$ 242,146	$ (736,356)

The 30 notes attached are an integral part of the financial statements.

These consolidated income statements were prepared in accordance with the accounting provisions issued by the National Insurance and Bonding Commission, applied consistently, and all income and expenses derived from the from the operations carried out by the institution and its subsidiaries for the periods mentioned above , which were carried and valued in accordance with sound institutional practices and the applicable legal and administrative practices.

These consolidated income statements were approved by the Board of Directors under the responsibility of the undersigned officers.

Manuel Santiago Escobedo Conover
Chief Executive Officer

Andrés Hernando Millán Drews
Vice President, Asset Management and Financial Strategy

Marco Antonio Campos Escalona
Deputy Director of Administration and Finance

Peña Verde, S.A.B. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES **IN STOCKHOLDERS' EQUITY**

December 31, 2023 and 2022

Figures in thousands of Mexican pesos (Note 4)

	Contributed Capital	Earned Capital								
		Reserves			Results					
Concept	Capital or Paid-in capital stock	Legal	Acquisition of own shares	Premium for share subscription	Results of prior years	Results of the year	Valuation surplus or deficit	Currency Translation Adjustment	Non-Controlling Participation	Total shareholders' equity
Balances as of December 31, 2021	$ 422,608	$ 2,592	$ 151	$ 959,576	$ 2,804,863	$ 429,527	$ 149,539	$ 59,622	$ 24,279	$ 4,828,478
MOVEMENTS INHERENT TO STOCKHOLDER'S DECISIONS										
Share subscription	-	-	-	-	-	-	-	-	-	-
Capitalization of profits	-	-	-	-	-	-	-	-	-	-
Creation of reserves	-	-	-	-	-	-	-	-	-	-
Declared Dividends	-	-	-	-	(39,910)	-	-	-	-	(39,910)
Transfer of prior years' results	-	-	-	-	429,527	(429,527)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	(389,617)	(429,527)	-	-	-	(39,910)
MOVEMENTS INHERENT THE RECOGNITION OF										
Comprehensive result	-	-	-	-	-	-	-	-	-	-
Result for the year	-	-	-	-	-	(736,356)	-	-	(10,286)	(746,642)
Result on valuation of available-for-sale securities	-	-	-	-	-	-	(24,948)	-	(4)	(24,952)
Result from property valuation	-	-	-	-	-	-	35,630	-	213	35,843
Result from valuation of long-term current risks reserves	-	-	-	-	-	-	48,281	-	761	49,042
Effect of deferred taxes	-	-	-	-	-	-	(31,048)	-	(377)	(31,424)
Currency translation adjustment	-	-	-	-	-	-	-	(8,731)	-	(8,731)
Other	-	-	-	-	-	-	-	-	(823)	(823)
Total	-	-	-	-	-	-	27,916	(8,731)	(10,516)	(767,598)
Balances as of December 31, 2022	422,608	2,592	151	959,576	3,194,576	(736,356)	177,454	50,891	13,763	4,085,159
MOVEMENTS INHERENT IN STOCKHOLDER'S DECISIONS										
Share subscription	-	-	-	-	-	-	-	-	-	-
Capitalization of profits	-	-	-	-	-	-	-	-	-	-
Creation of reserves	-	-	-	-	-	-	-	-	-	-
Declared dividends	-	-	-	-	(20,123)	-	-	-	-	(20,123)
Transfer of prior years' results	-	-	-	-	(736,356)	736,356	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	(756,479)	736,356	-	-	-	(20,123)
MOVEMENTS INHERENT TO THE COMPREHENSIVE INCOME										
Comprehensive result										
Result for the year	-	-	-	-	-	242,146	-	-	11,387	253,533
Result on valuation of available-for-sale securities	-	-	-	-	-	-	24,662	-	(5)	24,657
Result from property valuation	-	-	-	-	-	-	26,757	-	41	26,798
Result from valuation of long-term current risks reserves	-	-	-	-	-	-	13,493	-	60	13,553
Employee benefits remeasurements	-	-	-	-	-	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-	-	-	(160,237)	(9,550)	(169,787)
Other	-	-	-	-	142	-	-	-	(11,694)	(11,552)
Total	-	-	-	-	142	242,146	64,912	(160,237)	(9,761)	(137,202)
Balances as of December 31, 2023	$ 422,608	$ 2,592	$ 151	$ 959,576	$ 2,438,146	$ 242,146	$ 242,366	$ 109,346	$ 4,002	$ 4,202,238

The 30 notes attached are an integral part of these financial statements.

These consolidated statements of changes in stockholders' equity were prepared in accordance with the accounting provisions issued by the National Insurance and Bonding Commission, , applied consistently, and all movements in the stockholders' equity accounts derived from the operations carried out by the Institution and its subsidiaries for the periods mentioned above are reflected. These were carried out and evaluated in accordance with sound institutional practices and applicable legal and administrative provisions.

These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the officers who signed them.

Manuel Santiago Escobedo Conover
Chief Executive Officer

Andrés Hernando Millán Drews
Vice President, Asset Management and Financial Strategy

Marco Antonio Campos Escalona
Deputy Director of Administration and Finance

Peña Verde, S.A.B. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2023, and 2022

Figures in thousands of Mexican pesos (Note 4)

	2023	2022
Net income	$ $242,146	$ (736,356)
Adjustments for items that do not involve cash flow:		
Profit or loss valuation associated with investing and financing activities	(503,410)	908,341
Estimate for write-offs or difficult to collect	175,225	(22,849)
Depreciation and amortization	56,011	47,476
Adjustment or increase to technical reserves	(358,135)	1,091,933
Current and deferred income taxes	72,466	105,989
Non-controlling participation	11,387	(10,286)
Participation in profit or loss from non-consolidated subsidiaries and associates	16,279	-
	(288,031)	1,384,248
Operating Activities		
Change in:		
Securities investments	(692,453)	(1,811,280)
Debtors from repurchase agreements	18,641	466,560
Securities lending (asset)	(3,461)	(3,123)
Premiums receivable	239,234	560,113
Debtors	(39,443)	(33,448)
Reinsurance and bonding companies	118,946	(455,072)
Other operating assets	(543,011)	62,075
Contractual obligations and claims related costs	1,068,563	446,249
Other operating liabilities	357,248	(593,554)
Operating activities net cash flows	524,264	22,768
Investment activities		
Payments for the acquisition of:		
Real estate, furniture, and equipment	(15,550)	(9,617)
Other permanent investments	(24,321)	-
Net cash flows from investment activities	(39,871)	(9,617)
Financing activities		
Payments:		
Cash dividends	(20,123)	(39,910)
Associated to subordinated obligations with capital characteristics	-	(230)
Net cash Flows from financing activities	(20,123)	(40,140)
Net Cash Increase or Decrease:	176,238	(26,989)
Effect of changes in the value of cash	(160,238)	(26,989)
Cash and cash equivalents at the beginning of the period	140,689	176,409
Cash and cash equivalents at the end of the period	$ **156,690**	$ **140,689**

The 30 notes attached are an integral part of these financial statements.

These consolidated cash flow statements were prepared in accordance with the accounting provisions issued by the National Insurance and Bonding Commission, applied consistently, reflecting all cash inflows and outflows that occurred in the Institution and its subsidiaries for the periods mentioned above , such transactions were performed and valued in accordance with best institutional practices, including legal and administrative practices.

These consolidated statements of cash flows were approved by the Board of Directors under the responsibility of the officers who sign them.

Manuel Santiago Escobedo Conover
Chief Executive Officer

Andrés Hernando Millán Drews
Vice President, Asset Management and Financial Strategy

Marco Antonio Campos Escalona
Deputy Director of Administration and Finance

Note 1 - History, nature, and activity of the Institution:

Nature and Corporate Purpose

Peña Verde, S.A.B. (Peña Verde and jointly with its subsidiaries, the Institution or the Group), was established and started operations under the laws of the Mexican Republic, on April 16, 1971, with an indefinite duration, with address at Periférico Sur No. 2771, San Jerónimo Lídice, Magdalena Contreras City Hall, Zip Code 10200, Mexico City. Currently, Peña Verde participates mainly in the capital share of companies operating in the insurance and reinsurance industry, as well as companies providing professional services related to the same activity. For regulatory and practical purposes, the Institution defined its normal cycle of operations as running from January 1 to December 31 of each year.

Its main activity is to practice, under the terms of the Insurance and Bonding Institutions Law (the Law or the LISF by its Spanish acronym), insurance and reinsurance in the operations of:

a. Life.

b. Accidents and health in the areas of personal accidents, medical expenses and health.

c. Property and casualty, professional liability and professional risks, marine and transportation, fire, agricultural and animal, credit, automobile, sundries, as well as earthquake and other catastrophic risks.

d. Reinsurance and rebonding operations.

The Institution carries out its operations mainly in the area of: Mexico, Latin America, Caribbean Zone and Overseas.

The consolidated financial statements for the years ended December 31, 2023, and 2022 include those of Peña Verde and its subsidiaries. The activities of Peña Verde's subsidiaries are described below:

- General de Seguros, S. A. (General de Seguros) - Its main purpose is to act as an insurance institution in the operations and branches of life, accidents and health and property and casualty, under the terms of the Law.

- Reaseguradora Patria, S. A. (Reaseguradora Patria) - Its main purpose is to provide reinsurance services in life, accident and health, property and casualty and reinsurance operations, under the terms of the Law.

- General de Salud, Compañía de Seguros, S. A. (General de Salud) - Its main purpose is to act as an insurance institution specialized in the practice of health insurance and medical expenses, under the terms of the Law.

- Servicios Administrativo Peña Verde, S. A. de C. V. (Servicios Peña Verde) - Its purpose is to provide all kinds of services related to the operation and administration of companies, it is part of the Registry of Providers of Specialized Services or Specialized Works (REPSE by its Spanish acronym).

- Patria Corporate Member Limited (PCM or Patria Corporate) - It is a company incorporated under the laws of the United Kingdom, its main purpose was to perform reinsurance activities within the Lloyd's insurance and reinsurance market in the form of a corporate member, underwriting reinsurance policies of different branches, managed by Hamilton Insurance Group, Ltd (formerly Pembroke Managing Agency Limited) within the Special Purpose Syndicate 6125, which was created exclusively for this operation. As part of our process to end the operations of the Lloyd's syndicate in London, which had been on the runoff since November 2020. It is made known that on August 30, 2023, we reported that the "Reinsurance to close" process was satisfactorily concluded, where we have transferred all remaining risk from syndicate 6125, which was our syndicate, to syndicate 3500 managed by Riverstone.

- CCSS Peña Verde, S. A. de C. V. (CCSS) - Its main purpose is to provide Call Center services to customers, suppliers, policyholders and beneficiaries of the Group's subsidiaries.

- Patria Re Inc. US (PRUS) - It is a company incorporated under the laws of the United States of America, its main purpose is to carry out reinsurance activities within the insurance and reinsurance market incorporated during 2023.

Main Operational Guidelines

With respect of investments in "financial instruments", institutions must follow the accounting and valuation criteria established by the National Insurance and Bonding Commission. Investments supporting technical reserves must comply with specific limits and legal proportions applicable to each type of instrument¬ and, together with other assets qualified to cover technical reserves, must be enough to cover the net investment base.

The constituted amount for technical reserves is intended to cover all insurance and reinsurance obligations that the Institution has assumed with respect to its policyholders and beneficiaries through the insurance and reinsurance contracts it has underwritten, as well as the administrative and acquisition expenses related to them.

The amounts of current risk reserves and obligations pending compliance for incurred but not reported claims reserve are valued as the total Best Estimate Liability (BEL), plus a risk margin. This best estimate is equal to the expected value of future flows, that is, the weighted average for the probability of such flows, considering the time value of money based on free of market risk interest rate curves.

The risk margin, on the other hand, is calculated by establishing the net cost of capital corresponding to Admissible Own Funds required to support the Solvency Capital Requirement (RCS, by its Spanish acronym), during the effective period of signed contracts.

The risk margin is determined for each line of business and type of reinsurance, according to the term and currency considered in the calculation of the best estimate of the obligation of the corresponding reinsurance taken contracts.

The net cost of capital rate used for the calculation of the risk margin is 10%, which is equivalent to the additional interest rate, related to the market risk-free interest rate, that an insurance institution would require to cover the cost of capital required to maintain the amount of Admissible Own Funds backing the respective RCS.

The technical reserves are audited by independent actuaries, who on February 22 and 23, 2024, expressed an unqualified opinion on the balances as of December 31, 2023, of the technical reserves shown in the balance sheet. The balances of the technical reserves as of December 31, 2022, were also assessed by independent actuaries, issuing their unqualified opinion on February 20, 2023.

The Commission can order, through general rules, the constitution of additional technical reserves when, in its opinion, it considers them to be necessary to face possible losses or represent future obligations payable by the Institution.

The Institution limits the amount of its liability by distributing risks assumed to reinsurance companies through automatic and facultative contracts, ceding a portion of the premium to the reinsurer. The Institution has a limited retention capacity in all lines of business, for which it contracts non-proportional coverage. Technical reserves are determined and recorded in the balance sheet by the total of risks retained and ceded to reinsurance companies.

The RCS comprises sufficient equity resources in relation to the risks and responsibilities that the Institution has assumed based on its transactions and risks to which it is exposed. The calculation of the RCS considers the assumption of ongoing in the subscription of insurance risks, the institution's profile of its exposure to the risks and responsibilities assumed during the time horizon corresponding to those risks and responsibilities, as well as the unexpected losses arising from those risks and responsibilities assumed.

The RCS is determined by using the general formula for its calculation, contained in the most recent system denominated "System for the Calculation of the Solvency Capital Requirement", revealed by the Commission on its Website, in accordance with article 236 of the Law.

As of December 31, 2023, and 2022, the main subsidiaries have the following credit ratings on the following scales:

National Qualifications

Qualification	Fitch Rating	AM Best
Outstanding High Good	AAA,AA A+,A. A- BB+,BBB,BBB-	mxAAA mxAA+, mxAA, mxAA-

Subsidiary 2023	Scale	Qualification	Qualifier values
General de Seguros, S.A.	National	AA	Fitch Rating
General de Salud, S.A.	National	AA	Fitch Rating
Reaseguradora Patria, S.A.	National	AAA	Fitch Rating

Subsidiary 2023	Scale	Qualification	Qualifier values
General de Seguros, S.A.	National	mxAAA	A.M. Best
General de Salud, S.A.	National	mxAAA	A.M. Best
Reaseguradora Patria, S.A.	National	mxAAA	A.M. Best

International Qualifications

Qualification	Fitch Rating	AM Best
Superior Excellent Very Good/Good Adequate	AAA AA+,AA. AA- A+,A,A- BBB+,BBB,BBB-	A++,A+ A,A- B++,B+

Subsidiary 2023	Scale	Qualification	Qualifier values
Reaseguradora Patria, S.A.	International	BBB+	Fitch Rating

Subsidiary 2023	Scale	Qualification	Qualifier values
Reaseguradora Patria, S.A.	International	A	AM Best

Reform of dignified vacations

On December 27, 2022, the decree reforming articles 76 and 78 of the Federal Labor Law was issued in order to increase the minimum annual vacation period for workers who have more than one year of service. Derived from the assessment made by Management, the implications are not considered significant.

Note 2 - Basis of preparation:

Preparation of financial statements

The accompanying consolidated financial statements have been specifically prepared for presentation to the General Shareholders' Meeting and to comply with the legal and regulatory provisions to which the Group is subject.

Financial information framework and supplementary

The accompanying consolidated financial statements on December 31, 2023, and 2022, fully comply with the provisions established by the framework of general financial information applicable to insurance institutions, established by the Commission, in Chapter 22.1 "The accounting criteria for the estimation of assets and liabilities of institutions and mutual societies", which, in general terms, is comprised as follows:

- The accounting will conform to the basic structure, for the application of the Financial Reporting Standards (NIF), defined by the Mexican Financial Reporting Standards Boards, A.C. (CINIF by its Spanish acronym), in MFRS Series A "Conceptual framework".

- The accounting guidelines of the MFRS will be observed, except when, in the opinion of the Commission, it is necessary to apply a specific accounting standard or criterion, taking into consideration that the institutions carry out specialized operations.

In the case that the Institution considers that there is no accounting criterion applicable to any of the operations it performs, issued by the CINIF or the Commission, it applies the bases for supplementary application outlined in MFRS A-8, considering that:

- In no case, its application should contravene the accounting criteria established by the Commission.

- The standards applied in the supplementary application shall be replaced when a specific accounting criterion is issued by the Commission, or an MFRS, on the subject in which the supplementary application was applied.

- The application of supplementary accounting standards shall not apply to transactions that are not permitted or prohibited or are not expressly authorized.

New Accounting Pronouncements

As of January 1, 2023, and 2022, the Institution prospectively adopted the following improvement to the MFRS, issued by CINIF, became effective as of the aforementioned date. It is considered that no relevant effects on the financial information presented by the Institution. The application of this MFRS did not arise changes in the financial information:

New MFRS 2023

MFRS B-14 "Earnings per share" establishes the basis for the calculation of and the standards for the disclosure of earnings per share (EPS), highlighting the following, among others: a) for the determination of the basic EPS specifications related to dividends and other preferred share rights are made, specifically about the timing and amount that must be considered in the calculation of the attributable profit in various situations; b) for the calculation of the diluted EPS, clarifications are made to better identify whether the effect of the instruments that gives rise to the potential ordinary shares is dilutive or antidilutive and, consequently, whether or not it should be considered in the calculation of diluted EPS; and c) it is specified that those shares that will be issued for the conversion of a mandatory conversion debt financial instrument classified as an equity instrument, in terms of MFRS C-12, must be included in the calculation of the basic EPS from the date in which the financial debt instrument was issued.

Conceptual Framework. The structure of the Conceptual Framework is modified to include in a single MFRS the eight MFRSs previously issued in connection with the Conceptual Framework. Likewise, adjustments/specifications were made related to the restructuring of the hierarchy and description of the qualitative features of the financial statements, the definition of assets and liabilities with matters related to valuation issues, related requirements to ensure that the financial statements are useful to users and with presentation bases regarding the compensation and grouping of items in the financial statements.

Improvement to MFRS 2023

MFRS B-11 "Disposal of non-current assets and discontinued operations" and MFRS C-11 "Stockholders' equity" Incorporates the accounting treatment in the event that, within a distribution of dividends or equity reimbursement through non-current assets, a difference existed between the carrying amount of the non-current assets held for distribution to owners, which will be used to settle such transaction, and the liability recognized on the date the dividends or equity reimbursements are settled. Also, the required disclosures derivative of this transaction are specified.

MFRS B-15 "Foreign currency translation" Modifies the practical expedient to no translate the financial statements from the recording currency into de functional currency, with the purpose of making a clarification about the assumption that if they do not have subsidiaries or parent companies, they must also meet the requirement of not having users who would require financial statements, considering the effects of the conversion to the functional currency.

Likewise, the following MFRS were amended not giving rise to accounting changes; consequently, no effective date is set and those amendment only imply adjustments to the wording and the incorporation of particular concepts

- B-10 "Effects of Inflation".
- C-2 "Investment in financial instruments".
- C-3 "Accounts receivable".
- C-4 "Inventory".
- D-6 "Capitalization of comprehensive gain or loss on financing".

Arising from the promulgation of the new Conceptual Framework, effective as of January 1, 2023, a series of conforming amendments were made throughout the particular standards as well as the Glossary, including indexes, paragraphs and references.

New 2022 MFRS

- • MFRS C-15 "Impairment in the value of long-lived assets" Establishes the valuation, presentation and disclosure standards, highlighting the following, among others: a) new examples of evidence are added to assess whether there is impairment, b) the requirement to use a net selling price is changed to fair value less costs of disposal to carry out impairment tests; c) establishes the option of using estimates of future cash flows and a discount rate, in real terms and d) the calculation of impairment through the perpetuity value of intangible assets with indefinite useful lives is removed, modifying the impairment test.

Improvements to MFRS 2022

- MFRS B-7 "Business acquisitions". Incorporates the accounting treatment of business acquisitions among entities under common control, establishing the "book value" method as the appropriate method for the recognition of these transactions, except when a) the acquirer has non-controlling shareholders whose interests are affected by the acquisition, and/of b) the acquirer is listed on a stock exchange.

- MFRS B-15 "Foreign currency translation". Confirms the practical expedient for not converting financial statements from the recording currency to the functional currency, provided they are financial statements exclusively for the Company's legal and tax purposes which a) are individual entities with no subsidiaries or parent company, or users that require complete financial statements prepared considering the effects of the conversion to functional currency, or b) are subsidiaries, associates or joint ventures with no users that require complete financial statements prepared considering the effects of the conversion to functional currency.

- MFRS D-3 "Employee benefits". Incorporates the procedure for the determination of the deferred ESPS and the incurred ESPS rate, when the entity considers the payment of ESPS will be at a rate lower than the current legal rate.

Modifications were also made to the following MFRS, which do not generate accounting changes, consequently, no effective date is established. Those modifications imply only adjustments to the drafting and incorporation of certain concepts:

- MFRS B-1 "Accounting Changes and Correction of Errors"
- MFRS B-10 "Inflation Effects"
- MFRS B-15 "Foreign currency translation" (**)
- MFRS B-17 "Determination of fair value"
- MFRS C-6 "Property, plant and equipment"
- MFRS C-3 "Accounts Receivable"
- CIRCULAR 44 - Accounting treatment for Investment Units is abrogated.

Accounting criteria issued by the CNSF

As of January 1, 2022, the Institution adopted prospectively, the following MFRS, together with the specifications for the adoption of certain MFRS, issued by the Commission. It is considered that such MFRS and specifications to the MFRS did not have a material impact on the financial information presented by the Institution, considering the following:

- MFRS B-17 "Determination of fair value". Establishes the standards for the determination of fair value and its disclosure. It mentions that the fair value must use assumptions that market participants would use when setting the price of an asset or liability under current market conditions at a given date, including assumptions about risk. It states that consideration should be given to the particular asset or liability being valued, whether it is monetary and whether it is used in combination with other assets or on a stand-alone basis, the market in which it would take place for the asset or liability; the appropriate valuation technique or techniques for determining fair value; and maximizing the use of relevant observable inputs and minimizing unobservable inputs.

- MFRS C-3 "Accounts receivable". Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of trade and other accounts receivable and specifies that accounts receivable that are based on a contract represents a financial instrument.

- MFRS C-9 "Provisions, contingencies and commitments". Reduces its scope to relocate the topic related to financial liabilities in MFRS C-19; it also modifies the definition of liabilities, eliminating the concept of "virtually unavoidable" and including the term "likely".
- MFRS C-16 "Impairment of financial instruments receivable". Establishes the standards for valuation, accounting recognition, presentation, and disclosure of impairment losses on financial instruments receivable.

- MFRS C-20 "Financing instruments receivable". Establishes valuation, presentation, and disclosure standards for the initial and subsequent recognition of financial instruments receivable when financing activities are performed. It eliminates the concept of intention to acquire and hold financial instruments as assets to determine their classification. It adopts the concept of management' s business model.

- MFRS D-5 "Leases". Establishes the valuation, presentation, and disclosure standards for leases through a single accounting model by the lessee. Eliminates the classification of operating and finance leases (capital leases) for a lessee and requires the lessee to recognize, from the inception of the lease: a) a lease liability (rentals payable at present value), and b) for the same amount, an asset called a right-of-use asset, which represents its right to use the underlying leased asset. Likewise, modifies the recognition of leaseback by requiring the seller-lessee to recognize as a sale the rights transferred to the buyer-lessor which are not returned.

Series I – Criteria for the General Accounting Scheme:

Series I – Criteria for the General Accounting Scheme:

Application of General Standards (A-3)

- Valuation of the Measurement and Updating Unit (UMA for its Spanish acronym): Establishes that the value to be used will be that of the corresponding measurement and updating unit approved by the National Institute of Statistics and Geography and published in the Official Gazette of the Federation (DOF for its Spanish acronym), applicable on the date of the valuation.

- Financial information disclosure: It establishes that in the disclosure of financial information, the provisions of MFRS A-7 "Presentation and disclosure" must be considered regarding the fact that the responsibility to provide information on the economic entity rests with its Management and must gather said information, determined qualitative characteristics such as reliability, relevance, understandability, and comparability.

Application of Financial Reporting Standards (A-2)

The name of this section, which was previously called "Application of particular standards", has been changed and the following annotations are included:

- Abrogates criterion B-2, "Investments in securities", to establish the application of MFRS C-2 "Investment in financial instruments", issued by the CINIF, for the recording, valuation, and presentation in the financial statements, regarding the investment portfolio and its returns, as well as for the identification and recognition of adjustments for impairment. Based on the foregoing, the term "Business Model" is incorporated, referring to the way in which an Institution manages its risks based on its investment policy to generate cash flows, whose objective is to cover the Technical Reserves, Admissible Own Funds, and Other Related Liabilities.

- MFRS B-15 "Foreign currency translation". Establishes that in the application of this MFRS, the exchange rate to be used to set the equivalence of the national currency with the US dollar will be the exchange rate at the closing of the day on the date of the transaction or the preparation of the financial statements, as appropriate, issued by Banco de México, instead of using the FIX exchange rate.

- MFRS B-17 "Determination of fair value". It states that the institutions must apply this MFRS except for the criteria defined in the CUSF.

- MFRS C-13 "Related parties". Establishes that in addition to the disclosure rules contained in this MFRS and those provided for in Article 71 of the LISF, legal entities that have control or significant influence must be considered as transactions with related parties, these being understood as with the ability to decisively influence the agreements adopted at the shareholders' meetings or sessions of the board of directors or in the management, conduct and execution of the business of the entity in question or of the legal entities that it controls. Specifies additional disclosures for transactions between related parties, among which the generic description of loans granted, transactions with financial instruments in which the issuer and the holder are related parties, repurchase agreements, securities loans, loan portfolio assignments, those carried out through any person, trust, entity, or other legal figure, when the counterparty and source of payment of said transactions depend on a related party; as well as the total amount of employee benefits granted to key management personnel or relevant directors of the entity. Disclosure is only required for transactions with related parties that represent more than 1% of the regulatory stockholders' equity of the previous month.

- MFRS C-16 "Impairment of financial instruments receivable". For the determination of the expected credit loss referred to in paragraph 45.1.1 of MFRS C-16, the effective interest rate used to determine the present value of the cash flows to be recovered must be adjusted when it is decided to modify such rate, as established in number 12 (MFRS C-20), second paragraph of this criterion. It also establishes that the expected credit losses due to impairment of investments in financial instruments as indicated in paragraph 45 of MFRS C-2 should be determined in accordance with the provisions of MFRS C-16.

- NIF C-20 "Financial instruments to collect principal and interest". It clarifies that assets arising from the transactions referred to in criterion B-5 "Loans" are not included as part of this MRFS. It establishes that for the purposes of the initial recognition of a financial instrument to charge principal and interest, the market rate should not be used as the effective interest rate in the valuation of the financial instrument when both rates are substantially different. For the recognition of effective interest, the effective interest rate on receivables may be adjusted periodically to recognize changes in estimated cash flows receivable. It clarifies some exceptions to the irrevocable designation to be subsequently valued at fair value.

Series II – Criteria relating to specific concepts of insurance and bond transactions

As part of the Criteria relating to the specific concepts of insurance and bond transactions (Series II), the following comments were established, among others:

- Cash and cash equivalents (B-1). It establishes that cash should be valued at nominal value and cash equivalents at fair value. In the case of precious metals that by their nature have no observable market value, they should be recorded at acquisition cost.

- Loans (B-5). It establishes that interest recorded in memorandum accounts that is written off or written off must be cancelled from memorandum accounts without affecting the estimate for loan losses.

- Accounts receivable (B-8) Establishes that Institutions must adhere in the first instance to what is established in this criterion, as well as follow the criteria indicated in MFRS C-3 "Accounts Receivable" and MFRS C-16 "Impairment of receivable financial instruments", always and when it is not contrary to what is established in the LISF and in the administrative provisions that arise from it. This criterion does not apply to the following:

    1. B-3 "Securities loan", B-4 "Repurchase agreements" and B-5 "Loans".

2. To the collection rights as defined in criteria B-7 "Debtors", B-9 "Reinsurers and Rebonding Companies", and B-25 "Bond Insurance", and

3. Paragraph 4 of criterion B-23 "Leases", related to accounts receivable from operating leases transactions.

Based on the foregoing, it clarifies that, where appropriate, an estimate must be created that reflects the degree of irrecoverability, applying the provisions of section 42 of MFRS C-16. When the practical expedients referred to in paragraph 42.6 of MFRS C-16 are used, the constitution of estimates must be for the total amount of the debt and must not exceed the terms established by the Commission.

- Inflation effects (B-17). Establishes that in the case of an inflationary environment based on what is provided in MFRS B-10, the initial balance of the main monetary assets and liabilities that were used to determine the monetary position of the period must be disclosed, differentiating, where appropriate, those that affect or not, the financial margin; having to use the value of the Investment Unit (UDI by its Spanish acronym) as a price index.

- Leases (B-23). Establishes the specifications for the application of MFRS D-5 "Leases", regarding the valuation, presentation and disclosure of said transactions, highlighting the following among other aspects:

Finance Leases

- The lease term is considered to cover most of the economic life of the underlying asset if the lease covers at least 75% of its useful life. Likewise, the present value of the lease payments is substantially the entire fair value of the underlying asset, if said present value constitutes at least 90% of said fair value.

- In the case of property lease contracts, they can only be considered as finance when they meet all the requirements identified in MFRS D-5 "Leases".

- Property acquired under finance leases must be valued in accordance with the procedures established in Criterion B-6 "Property" issued by the Commission.

- When the lessee chooses to participate in the sale price of the assets to a third party, the Institution must recognize the corresponding income at the time of sale, as miscellaneous income (expense) from the transaction.

Operating Leases

Accounting to the lessor

- For the amount of amortizations that have not been settled within 30 calendar days following the payment due date, the lessor must create the corresponding estimate, suspending the accrual of rent, keeping its control in memorandum accounts under the caption "Other memorandum accounts".

- The lessor must present the account receivable in the balance sheet under sundry accounts receivable, and the rental income under sundry operating income (expense) in the statement of income.

Accounting for the Tenant

- When the Institution acts as a lessee and, upon the effective date of this criterion, has leases classified as operating leases, it may apply the provisions as provided in numeral (ii), subsection b) of paragraph 81.4 of MFRS D-5 .

Effects of the adoption of the new MFRS and accounting criteria on the financial statements

MFRS C-2 "Investment in financial instruments". Derived from the adoption of this MFRS, management defined that its main business model to generate its cash flows is "Financial instruments to collect or sell" (IFCV by its Spanish acronym) with the objective of maximizing returns through the collection of contractual flows of principal and interest, and negotiable financial instruments (IFN by its Spanish acronym) with the objective of maximizing returns through the management of market risks of some instruments within the portfolio; its main objective is to maintain the currency and duration of assets and liabilities, liquidity requirements, as well as a strict follow up of the authorized investment policy, which allows it to generate cash flows to cover the corresponding Technical Reserves, Admissible Own Funds and Other Liabilities.
As a result of the adoption of this standard, there were no significant effects on the recognition of the valuation of the investment portfolio.

MFRS C-16 "Impairment of financial instruments receivable". For the determination of the expected credit loss referred to in paragraph 45.1.1 of MFRS C-16, the effective interest rate used to determine the present value of the cash flows to be recovered must be adjusted, when it is decided to modify the said rate, in accordance with the provisions of numeral 12 (MFRS C-20), second paragraph of this criterion. It also provides that credit losses expected from the impairment of investments in financial instruments as referred to in paragraph 45 of MFRS C-2 shall be determined in accordance with the provisions of MFRS C-16.

The institution determined the effects as of December 31, 2022, and 2021, concluding that the amounts do not represent amounts that materially affect the financial information presented during those years.

MFRS C-13 "Related Parties".

Regarding MFRS C-13, the corresponding changes were analyzed, and they do not cause any effect in the 2022 financial year.

MFRS D-5 "Leases", the corresponding changes were analyzed, and the effects were not relevant in the context of the 2023 consolidated financial statements.

Authorization of Consolidated Financial Statements

The accompanying consolidated financial statements and their notes as of December 31, 2023 and 2022 were authorized for issuance on April 26, 2024 and April 13, 2023, respectively, under the responsibility of the following officers: Manuel Escobedo Conover, Chief Executive Officer, Mr. Andrés Hernando Millán Drews, Vice President of Asset Management and Financial Strategy and Marco Antonio Campos Escalona, Deputy Director of Administration and Finance.

In accordance with the General Law of Commercial Companies (LGSM) and the bylaws of Peña Verde, S.A.B., the General Assembly of Shareholders, the Board of Directors and the National Banking and Securities Commission (CNBV), have the power to amend the consolidated financial statements after their issuance. The consolidated financial statements will be submitted for approval at the next Shareholders' Meeting.

Retrospective adjustment for correction of errors of subsidiary: Reaseguradora Patria, S.A

During the year ended December 31, 2023, Reaseguradora Patria, restated its financial statements for the year ended December 31, 2022 due to significant errors observed, due to the incorrect recognition of the estimate for write-offs of the items "Premium debtor" and "Insurance and Bond Institutions" in the balance sheet, and the Comprehensive Financing Result from Valuation in the income statement along with other immaterial audit differences, for which the financial statements, as of December 31, 2022, show a decrease in total assets and liabilities of $ 94,743 and $ 32,415 thousand pesos, respectively (0.40% and 0.20% of total assets and liabilities, respectively, previously reported) and a decrease in stockholders' equity of $ 62,328 thousand pesos (2.9% of total capital previously reported). In terms of results, net income increased by 9.7%, previously reported. The correction of financial figures as of January 1, 2022, had the following impacts: decrease in total assets and liabilities of $ 72,808 and $29,122 thousand pesos, respectively (representing 0.4% and 0.2%, respectively, over previously reported figures) and a decrease in stockholders' equity of $ 43,686 thousand (representing 2.9% over previously reported figures).

This restatement had neither quantitative nor qualitative effect on the consolidated financial statements of Peña Verde, as its impacts are not material considering the financial statements as a whole, therefore, its recognition is made in the consolidated financial statements as of December 31, 2023, increasing the estimate for write-offs of the items "Premium debtors" and "Insurance and bond institutions" in the Consolidated Balance Sheet, and an increase in the item "Administrative expenses" in the consolidated income statement. Additionally, the change in the classification of the business model classification from Negotiable Financial Instruments to Financial Instruments to Collect or Sell had no effect as Peña Verde had recognized this impact in the consolidated results for the 2022 financial year, which amounted to $61,452.

Note 3 - Summary of Significant Accounting Criteria:

Following is a summary of the most significant accounting policies, which have been consistently applied in the years presented, unless otherwise specified.

The accounting standards applicable, require the use of certain critical accounting estimates in preparing of the consolidated financial statements. They also require that Management exercises its judgment in determining the Institution's accounting policies. The areas involving a higher degree of judgment or complexity and that the assumptions and estimates are significant to the consolidated financial statements are described in Note 4.

a. Consolidation

Subsidiaries

Subsidiaries are all entities over which the Institution has control to manage their relevant activities, has the right (and is exposed) to variable returns from its share and has the ability to affect those returns through its power. In assessing whether the Institution controls an entity, the existence and effect of potential voting rights that are currently exercisable or convertible were considered. The existence of control in cases is also assessed where the Institution has no more than 50% of voting rights but it may manage its relevant activities.

Subsidiaries are consolidated as of the date they are controlled by the Institution and are no longer consolidated when that control is lost.

The Institution uses the acquisition method to recognize business acquisitions. The consideration of the acquisition of a subsidiary is determined based on the fair value of net transferred assets, assumed liabilities and share capital issued by the Institution. The acquisition consideration also includes the fair value of such contingent amounts receivable or payable as part of the agreement. Acquisition-related costs are recognized as expenses when incurred. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at acquisition date. The non-controlling interest in the acquiree is recognized at fair value at acquisition date.

The consolidation was carried out by including the financial statements of all its subsidiaries.

b. Functional and Reporting Currency

As of December 31, 2023 and 2022, in accordance with the accounting criteria for insurance institutions in Mexico, established by the Commission, the Institution has identified the following currencies:

	Currency Type					
	Registration		Functional		Report	
Entity	2023	2022	2023	2022	2023	2022
Patria Corporate	GBP	GBP	USD	USD	MXN	MXN
PRUS	USD	USD	USD	USD	MXN	MXN
Servicios Peña Verde	MXN	MXN	MXN	MXN	MXN	MXN
CCSS	MXN	MXN	MXN	MXN	MXN	MXN
Reaseguradora Patria	MXN	MXN	MXN	MXN	MXN	MXN
General de Seguros	MXN	MXN	MXN	MXN	MXN	MXN
General de Salud	MXN	MXN	MXN	MXN	MXN	MXN

c. Inflation effects in financial information

According to the guidelines of MFRS B-10 "Effects of inflation", as of January 1, 2008, Mexican economy is not an inflationary environment, since the last three years there has been a cumulative inflation below 26% (threshold to define that an economy should be considered as inflationary); therefore, as of that date, it has been required to discontinue the recognition of inflation effects in the financial information. Accordingly, figures of the accompanying financial statements on December 31, 2023, and 2022 are stated in historical Mexican pesos modified by the inflation effects on the financial information recognized up to December 31, 2007The economy of each country linked to one of the functional currencies previously indicated is assessed in order to identify whether any of those is in an inflationary environment.

Inflation rates are shown as follows:

	December 31	
	2023	2022
Annual inflation rate	4.66%	7.82%
Cumulative in the last three years (not considering base year)	19.39%	13.34%
Cumulative in the last three years (considering base year)	21.14%	18.33%

d. Fair value

Assets and liabilities valued at fair value are classified as levels based on the availability of the relevant input and the subjectivity of the valuation techniques used.

The Institution classifies its assets and liabilities valued at fair value at Level 1 when the evidence of the input is available in the main market of the asset and/or liability, and when the Institution can carry out a transaction for that asset and/or liability at market price at the valuation date.

Assets and liabilities at fair value presented in Level 1 must be transferred to a lower Level when: i) similar assets and liabilities valued at fair value have a price quoted in an active market, but this is not observable; ii) a price in an active market does not represent the fair value at valuation date, or iii) the fair value of a liability or equity instruments is determined using a price quoted in an active market and that price requires adjustment by specific factors.

The Institution classifies its investments in financial instruments measured at fair value at Level 2 when: (a) inputs are different from those available in the market, but are substantially observable the whole term of the life of the asset; (b) quoted prices are identical or similar in markets with infrequent transactions and of sufficient volumes; (c) Inputs other than quoted prices are used but they are observable, and (d) the inputs can be corroborated by the market. For this classification, the institution considers financial instruments such as: certificates of deposit of development banking institutions and in foreign currency, low-market stocks, and low-market government securities.

Assets and liabilities at fair value presented in Level 2 should be transferred to a lower hierarchy when the adjustments made to unobservable inputs are relevant and significant for the full valuation.

The Institution classifies its assets and liabilities valued at fair value at Level 3 when there is a minimum market activity at the valuation date of the asset and/or liability and, therefore, inputs are not observable for the valuation.

e. Investments in financial instruments

Investments in securities are classified according to the business model used by the Institution, based on the way in which risks are administered and/or managed based on the investment policy approved by the Board of Directors to generate cash flows in order to cover Technical Reserves, Admissible Own Funds and Other Liabilities when administering financial instruments to generate cash flows. The business model determined by the Institution for the management of its investments in financial instruments, as well as the judgments used in the designation of investments in securities when defining accounting policies, are as follows:

The business model of the Institution's investment portfolios will be to generate a return higher than the market through the collection of contractual cash flows and the management of market risk of some instruments that comprise the portfolio, maintaining as main objective the matching by currency and duration of assets and liabilities, liquidity requirements, as well as a strict adherence to the authorized investment policy, which allows it to generate cash flows to cover the corresponding Technical Reserves, Admissible Own Funds and Other corresponding Liabilities.

Classification is as follows:

i. Financial instruments held for trading (IFN by its Spanish acronym), whose objective is to invest with the purpose of obtaining a profit between de purchase price and the sale price, that is, depending on the Management of the market risks of said instrument.

ii. Financial instruments held to collect or sell (IFCV by its Spanish acronym), whose objective is to collect contractual cash flows for collection of principal and interest, or to obtain a profit from its sale, when it is convenient.

The market valuation of these instruments based on their notional value will be reflected in the equity accounts surplus-deficit and the valuation already known between the notional value and the market value will be reflected in Profit- Loss from valuation in the statement of income.
In this way, stability is provided to the income statement, reflecting the valuation of debt instruments in the accounting accounts equity surplus-deficit.
Interest flows will always be reflected in the income statement in the Interest account.

Both IFN and IFCV are initially and subsequently recognized at fair value as determined by the price providers. The price provider is a specialist in the calculation and provision of prices to value portfolios of securities, authorized by the National Banking and Securities Commission.

The difference between the previous carrying amount and the current fair value affects the net profit (loss) for the period for IFN, except in those investments in equity instruments that are not traded in the short term for which the Institution exercised the irrevocable option to recognize changes in fair value through the comprehensive income (RI by its Spanish acronym). Changes in the fair value of these instruments are recognized in RI since the beginning. In the case of the financial instruments held to collect or sell, items mentioned below affect the net profit or loss and the value of the instrument before affecting other comprehensive income:

a. Accrued Interest based on its effective interest rate;

b. Currency fluctuations at the time they occur, and

c. The decreases in value that are attributable to an impairment due to expected credit losses in the IFCV.

When making an investment in IFN, any transaction cost is immediately recognized in the net profit or loss. In the case of transaction costs in the acquisition of IFCV, they are recognized as an implicit part of the amortized cost of those instruments and is applied to the net profit or loss in the expected life of the IFCV, based on its effective interest rate.

In transactions involving two or more accounting periods, the amount reflected as a valuation result is the difference between the last book value and the new value determined based on market (or equivalent) prices at the time of valuation. Valuation results that are recognized before the investment is redeemed or sold are considered unrealized and, consequently, are not eligible for capitalization or distribution of dividends to stockholders until they are realized in cash.

Transactions with financial instruments are recorded on the date on which they are arranged, regardless of the date on which they are settled; therefore, in such cases, the corresponding account receivable or payable is recorded.

In the case of transactions involving investments in securities, when they reach maturity and the corresponding settlement is not received, as agreed in the respective contract, the number of overdue operations receivable or payables are recorded in settlement accounts (debtors or creditors by the settlement of operations).

Securities acquired that are agreed to be settled on a date after the conclusion of the purchase and sale transaction and that have been allocated, i.e., that have been identified, are recognized as restricted securities (to be received) at the time of conclusion of the transaction, while securities sold are recognized as an outflow of investment securities (to be delivered). The offsetting entry is recognized in a credit or debit clearing account, as appropriate.

Valuation gains and losses recognized before investments in securities are redeemed or sold will be considered unrealized and, consequently, will not be eligible for capitalization or distribution of dividends to stockholders until they are realized in cash.

IFCV denominated in foreign currency or in another exchange unit (such as UDI) are initially recognized at their fair value in the corresponding currency or exchange unit and translated at the historical exchange rate. Subsequently, they are translated at the closing exchange rate. Changes in the amount derived from variations in exchange rates are recognized in the comprehensive income (RI by its Spanish acronym) for the period in which they occur.

Transfer of investments

The transfer between the categories indicated in the preceding paragraphs is recognized when there is a change in the business model, and they must have authorization by the Board of Directors and in written by the Commission.

At the date of the financial statements, there have been no changes or modifications in the business model of the financial instruments.

During fiscal years 2023 and 2022, the institution did not transfer investments between the different categories.

Impairment

The Institution carries out an impairment analysis of its investments, based on objective evidence of one or more events that occurred subsequent to the initial recognition of each security and that could have had an impact on its estimated future cash flows.

For debt financial instruments, expected credit losses (PCE By its Spanish acronym) are assessed from their initial recognition, which must be determined by considering the level of exposure at the moment of default by the issuer.

The percentage determined to constitute the reserve of each issuer will be the result of multiplying the Probability of Default (Pi by its Spanish acronym) by the Severity of Loss (SE by its Spanish acronym)), by the exposure to default:

The values of these variables are obtained through an internal methodology.

In the case that there are favorable changes in the credit quality of the instruments, the PCE already recognized must be reversed in the period in which such changes occur.

Securities Loans

Securities loans are recognized at the original value of the security and are considered restricted securities. The amount of the accrued premium is recognized in the results of the year, through the effective interest method during the term of the loan, affecting the debtor by corresponding interest.

Securities loans are recorded on the date of their agreement, regardless of the date on which they are settled, in such cases the corresponding account receivable or payable is registered and once they reach maturity and until the corresponding settlement is received, as agreed in the respective contract.

In cases where the amount receivable is not made within 30 calendar days from the date on which it was registered in settlement accounts, it will be reclassified as Past Due Portfolio and an estimate for doubtful accounts or difficult to collect is constituted simultaneously for the total amount thereof.

Financial assets received as guarantees are recognized in memorandum accounts. In case of breach of the conditions established in the contract by the debtor, the Institution recognizes the entry of the guarantees, according to the type of asset in question, derecognizing the value of the previously restricted loan.

f. Repurchase agreements

Initially, they are recorded at the agreed price, which represents the right to recover the cash delivered and subsequently they are valued at amortized cost, by recognizing the award in the results of the year as it accrues, according to the effective interest method, affecting the balance account during the term of the operation. Financial assets received as a guarantee or collateral are recorded in memorandum accounts.

The repurchase agreements are recorded on the date of their agreement, regardless of the date on which they are settled, the corresponding account receivable or payable is recorded. Likewise, when repurchase mature, regardless of the date on which they are settled, the expired transaction is recorded in the corresponding receivable or payable account.

In the case of noncompliance with the conditions established in the contract by the reported party, the Institution recognizes the entry of the guarantees, according to the type of asset in question.

g. Credit portfolio

The Institution grants the following loans: unsecured loans and loans with mortgage guarantee. The balance recorded as loan or loans represents the amount effectively granted to the borrower, the insurance that has been financed and the interest that, in accordance with the loan payment schedule, is accrued.

Unsecured loans

Unsecured loans represent amounts actually delivered to borrowers plus accrued interest, in accordance with the contractually agreed payment schedule.

Mortgage-backed loans

Mortgage loans represent amounts actually delivered to borrowers plus accrued interest, in accordance with the contractually agreed payment schedule.

Interest collected in advance

Interest collected in advance is recognized as a prepayment under the caption Deferred credits and prepayments and is amortized over the life of the loan on a straight-line basis against income for the year, under the caption Interest on loans.

Fees charged for the initial granting of credit

Fees charged for the initial granting of the loan are recorded as a deferred credit and are amortized on a straight-line basis over the life of the loan, against income for the year as interest income.

Fees recognized after the initial granting of the loan, as part of the maintenance of such loans, or any other type of fees not included in the preceding paragraph, are recognized on the date they are generated in the results of the year as part of the item Commissions and fees charged.

Associated Costs and Expenses

Costs and expenses associated with the initial granting of credit are recognized as a deferred charge and amortized against income for the year as an interest expense, during the same accounting period in which income from commissions collected is recognized.

Any other costs or expenses, such as those related to promotion, advertising, potential customers, administration of existing loans (follow-up, control, recoveries, etc.) and other ancillary activities related to the establishment and monitoring of credit policies are recognized directly in the results of operations as they are accrued, under the appropriate caption according to the nature of the cost or expense.

Reclassification of past due portfolio

The outstanding balance in accordance with the conditions established in the loan agreements is recorded as past due portfolio when:

1. The borrower is declared in bankruptcy, in accordance with the Bankruptcy Law (Ley de Concursos Mercantiles), law, or

2. Its amortization has not been liquidated totally in original committed terms, considering the following:

    a. If is related with credits with only one payment of interest and principal on term and have over 30 days of past due;

    b. If is related to credits with one-time payment at term for capital and periodical interest payments and has 90 or more days of past due for the interest payments, or over 30 days of past due in the capital;

    c. If is related with credits of periodical partial payments of capital and interests and has 90 or more days of past due.

Past due portfolio restructured is considered as past due portfolio until sustained payment is evidenced.

Credits over one year with a single payment of principal and interest at maturity that are restructured during the term of the credit are considered past due.

Renewals in which the borrower does not pay in time the full accrued interest in accordance with the terms and conditions originally agreed and 25% of the original amount ¬of the credit, are considered as overdue as long as there is no evidence of sustained payment.

In those renewals in which the extension of the term is made during the term of the credit, 25% of the overdue and collected interest is calculated on the original amount of the credit that should have been covered at that date.

Suspension of interest accrual

The accrual of accrued interest is suspended when the unpaid balance of the credit is considered to be overdue. Likewise, the amortization of accrued financial income in profit or loss for the year is suspended.

As long as the credit remains in the past due portfolio, the control of accrued interest or financial income is recognized in memorandum accounts. In the event that such overdue interest or financial income is collected, it is recognized directly in the results for the year under interest income.

Interests recorded in memorandum accounts and written off from memorandum accounts are removed from memorandum accounts without affecting the estimate for credit risks.

Accrued interests uncollected

The uncollected accrued interest or financial income corresponding to the past due portfolios estimated in its entirety at the time the loan is transferred as a non-performing loan. In the case of overdue receivables in which the restructuring of the capitalization of the accrued interest not previously recorded in suspense accounts is agreed, an estimate is created for all of these. Such estimate is cancelled when there is evidence of sustained payment.

Preventive Estimate for Credit Risks

The unsecured and mortgage loan portfolios are rated on a monthly basis, applying a methodology that considers the probability of default, loss severity and exposure to default, and the effect on the estimate is recognized in the results of operations under "Comprehensive financing income" the effect on the reserve.

The Commission may order the constitution of preventive reserves for credit risk, in addition to those referred to in the preceding paragraph, for the total balance of the debt in the following cases:

i. When the corresponding files do not contain or do not contain the documentation considered necessary in accordance with the regulations in force, in order to exercise the collection action. This reservation may only be released when the Institution corrects the deficiencies observed.

ii. When a report issued by a credit information company on the borrower's history has not been obtained, this reserve is only cancelled three months after obtaining the required report.

Write-offs, deletions and recoveries of loan portfolios

The Institution periodically evaluates whether an overdue loan should remain on the balance sheet or be written off. The write-off is performed by canceling the unpaid balance of the loan against the estimate for loan losses. When the loan to be written off exceeds the balance of its associated estimate, before the write-off, the estimate is increased by up to the amount of the difference.

Any recovery derived from previously written off or eliminated credits is recognized in the results of the year under the heading of other income (expenses).

Take

Write-offs, condemnations, rebates and discounts, i.e., the amount forgiven of the credit payment, partially or totally, are recorded against the Estimate for credit risks.

h. Real estate

Real Estate for own use is initially recorded at their acquisition cost, which is updated based on annual appraisals. The real estate was updated based on appraisals carried out on December 29, 2023, and December 30, 2022.

The increase or decrease due to the valuation of real estate is recorded in the account of " Real estate valuation surplus" in the stockholders' equity and at the time of realization of the property, this effect is recycled into the income statement.

Depreciation of the real estate is calculated on the construction value, based on both its historical cost and its corresponding valuation, in function whit real state probable life indicated in the appraisals.

Depreciation is calculated by the straight-line method based on the useful life of the property, applied to property values.

i. Cash and cash equivalents

Include mainly bank deposits in checking accounts in local currency and sterling pounds with immediate availability and subject to insignificant risks of changes in value. They are presented at nominal value.

Checks that have not been effectively cashed more than two business days after having been deposited, and those that have been deposited and returned, should be recorded against the balance of sundry accounts receivable. Forty-five days after the checks have been recorded in sundry accounts receivable and if they have not been recovered or cashed, they should be charged directly to income. In the case of checks issued prior to the date of the financial statements that are pending delivery to the beneficiaries, they must be reincorporated to the cash and cash equivalents line item without giving accounting effect to the issuance of the check.

j. Premium Debtor

For Insurance Operations

The premium debtor represents accounts receivable from customers, based on the insurance premiums established in the contracts entered into, and is recognized as an account receivable when the related insurance policy is issued.

The premium or the correspondent fraction thereof that has not been paid within 30 calendar days after its due date, or where appropriate, within the agreed period for collection in the insurance contract, it is cancelled for accounting purposes within a maximum of 15 calendar days after the incomes of the year, including, where appropriate, technical reserves and relative ceded reinsurance.

Premium debt generated by liability insurance contracts that by law has the character of binding, cannot cease to be effective nor be terminated prior to the termination date. Management determines and records an estimate by debtors whose aging is 90 days or more.

For reinsurance operations

This item presents the receivable balances arising from non-proportional reinsurance contracts, corresponding to the minimum and deposit premium, which establish different collection periods that can be quarterly, semi-annual or annual.

The minimum and deposit premium are recognized at the time of signing the contracts.

The Institution creates an estimate on the balances that are more than 36 months old for the totality of the accounting balances from those periods, additionally the Institution generates an estimate for the balances on the ages between 1 month and 36 months through estimates of last collection in accordance with the standards of professional actuarial practice.

k. Other debtors

The other accounts receivable that make up the heading of "Debtors", represent amounts owed by employees and insurance agents, originated by sales of goods or services provided in the normal course of the operations of the Institution.

The accounts considered uncollectible are written off when all means of collection have been legally exhausted and/or when there is a practical impossibility of collection.

Losses generated by other accounts receivable, as well as reversals thereof, are presented under the heading to which such receivables relate.

The Institution defined a practical solution to determine the estimate for expected credit losses, which consists of the probability of default and the severity of the loss of accounts receivable based on historical experience, current conditions and reasonable forecasts observed in the behavior of the receivables, taking into account the following characteristics: :

I. 60 calendar days following their initial registration, where they correspond to unidentified debtors, and

II. 90 calendar days following their initial registration, when they correspond to identified debtors.

The existing expected credit losses, as well as the differences arising from the cancellation of such credit losses, are presented in the statement of income under the caption "Administrative and operating expenses".

l. Reinsurers

Operations carried out with reinsurers are recorded based on the conditions established in the reinsurance contracts previously entered into and following the guidelines and principles established by the Commission. Reinsurers´ accounts receivable and payable (current account) result from the reconciliation of the operations carried out quarterly by the Institution, which includes:

i. Ceded premiums and commissions: these refer to accounts payable from the premiums written by the Institution and ceded to reinsurance companies and commissions.

ii. Claims: these correspond to benefits and claims that the Institution is entitled to recover from the reinsurers. The account receivable is recorded at the moment of the claim, considering that the contingencies materialized, and its origin was validated.

Debtor balances from reinsurers balances (current account) that are older than one year and do not have the supporting documentation specified by the Commission, are cancelled.

Additionally, the Institution performs a quarterly analysis of the estimate of doubtful recovery items of reinsurance debit balances.

This analysis consists of carrying out an actuarial study on the historical behavior of the current asset account versus its application to results and collections, in accordance with the standards of actuarial professional practice.

Deposits withheld

Withheld deposits represent the amounts of premium and claims reserves held by the reinsurers under the terms of the respective contracts.

Recoverable amounts from reinsurers

Recoverable balances are determinate based on the celebrated contracts that include insurance risk reclassification, in accordance with Article 230 of the Law.

It is considered that there is a "certain risk transfer", when in the reinsurance contract it is agreed that the reinsurer will pay, obligatorily and indiscriminately, a proportion of each future claim arising from the risks transferred, the claim that exceeds a certain amount, or risk by risk (working cover); provided that certain conditions defined by law are met.

For reinsurance operations, non-proportional contracts, the expected value is determined according to the best estimate of future loss obligations, in accordance with the principles established for the constitution and valuation of technical reserves provided for in the Law and in the CUSF.

The recoverable amounts of reinsurance are adjusted according to their probability of recovery based on the rating of the reinsurer published by the corresponding rating agency and the default factor established by the Commission.

Therefore, this caption recognizes the participation of the reinsurers, in accordance with the transfer percentages established in the reinsurance contracts, in:

- Current risk reserve.
- The reserve for claims pending adjustment and settlement reserve.
- The reserve for obligations pending fulfillment for claims incurred and not reported.

Reinsurance transactions taken are accounted for in the month in which the information is received from the ceding institution.

m. Furniture & equipment

Furniture and equipment are expressed as follows: (i) acquisitions made on or after 1 January 2008, at their historical cost, and (ii) acquisitions made up to 31 December 2007, at their restated values, determined by applying to their acquisition cost factors derived from the National Consumer Price Index (INPC by its Spanish acronym) up to 31 December 2007. Consequently, these are expressed at their modified historical cost, minus accumulated depreciation.

The depreciation of furniture and equipment is calculated by the straight-line method, based on the useful lives, estimated by the administration of the Institution. The total useful lives and annual depreciation rates of the major asset groups are mentioned below:

	Tasas
Transportation Equipment	25%
Office furniture and equipment	10%
Computer equipment	30%
Sundry	10%

Improvements to leased premises are amortized over the useful period of the improvement or the term of the contract, whichever is shorter

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

n. Leasing

The Institution, in its capacity as lessee, has leases with the following characteristics:

The Institution generally leases offices for a period of 5 years, with external lessors and a period of 10 years with related parties, with an option to renew the lease after that date. Lease payments are negotiated each year to reflect the rental market. Some leases provide for additional rent payments that are based on changes in local price indexes. For certain leases, the Institution is restricted from entering into sublease agreements.

The Institution leases IT equipment with contract terms of one to three years. These leases are short-term leases and/or leases of low-value items. The Institution has decided not to recognize the right-of-use assets and lease liabilities of these leases because the amount is not material.

o. Long-Lived Assets

Long-term assets, such as furniture and equipment and amortizable expenses are considered to have a definite and indefinite useful life. Definite useful life assets are subject to impairment, only when there are signs thereof; in the case of indefinite useful life assets, they are subject to annual impairment testing.

As of December 31, 2023, and 2022, there were no signs of impairment of definite life long-lived assets, and therefore, the required annual tests were not performed.

p. Other Assets - Salvage

The asset or assets that the Institution recovers or acquires as salvage, including those pending reinsurance taken out, are recognized at the value determined by an appraiser in the matter in question, or if applicable, at the price agreed between the Institution and the insured or beneficiary, as an asset (inventory of salvage to be realized) under the caption Other assets against income for the year as part of the net cost of claims, as a recovery of claims.

These are recognized at the time when the Institution becomes aware of the existence of the salvage, has the corresponding contractual evidence or, where appropriate, when it recovers the salvage, subsequent the settlement.

The portion of salvage pending sale in favor of reinsurers is recognized as a liability for salvage pending sale against income for the year, as part of net claim cost

q. Accruals

Liability accruals represent current obligations for past events for where it is probable (it is more likely than not) the outflow of economic resources in the future. These provisions have been recorded based on Management's best estimation.

r. Technical Reserves

The Institution establishes and assesses the technical reserves established in the Law, in accordance with the general provisions issued by the Commission in Title 5 of the Single Circular.

Technical reserves are established and valued in relation to all insurance and reinsurance obligations assumed by the Institution with respect to policyholders and beneficiaries of insurance and reinsurance contracts, administration expenses, as well as acquisition expenses, if any, incurred in connection with them.

Actuarial methods will be used for the constitution and valuation of technical reserves based on the application of the standards of actuarial practice established by the Commission through the general provisions and taking into account the information available in the financial markets, as well as the information available on technical risks of insurance and reinsurance. The valuation of these reserves is determined by an independent actuary registered with the Commission itself.

In the case of technical reserves relating to catastrophic risk insurance and other reserves determined by the Commission in accordance with the law, the actuarial methods of constitution and valuation used by the Institution were validated by the Commission and in accordance with the general provisions.

Technical reserves are determined and recorded on the balance sheet by the total risks retained and those ceded to reinsurers. The technical reserves determined based on actuarial methodologies are valued on a monthly basis and the corresponding liabilities are adjusted to the last determined value, affecting the result of the year.

The following are the most important aspects of its determination and accounting:

Current risks reserve

For insurance operations

The Institution filed with the Commission the technical notes and the actuarial methods by which it establishes and values the reserve for current risks, in accordance with Chapter 5.5. of the Single Circular.

The purpose of this reserve is to cover the expected value of future obligations (best estimate), arising from the payment of claims, profits, guaranteed securities, dividends, acquisition and administration expenses, as well as any other future obligations arising from insurance contracts, plus a risk margin.

The best estimate will be equal to the expected value of future flows, considering income and expenses, of obligations, understood as the probability-weighted average of such flows, considering the time value of money based on the market risk-free interest rate curves for each currency or monetary unit provided by the independent price vendor, at the valuation date. The assumptions and procedures used to determine the future flows of obligations, based on which the best estimate will be obtained, were defined by the Institution in its own method for calculating the best estimate.

For the purposes of calculating future income flows, premiums that at the time of valuation are past due and pending payment are not considered, nor are installment payments that are recorded under the "Premium receivable" caption in the unconsolidated balance sheet.

Long-term life insurance

For long-term life insurance, the variations generated in the valuation due to differences between the interest rates used for the original calculation (Agreed Technical Rate) and the market interest rates used for the monthly valuation, are recorded under the caption "Result in the Valuation of the Long-Term Current Risk Reserve due to Variations in the Interest Rate". The corresponding effects on the reinsurance recoverable amounts are recorded under the asset "Due to Participation of Foreign Institutions or Reinsurers for risks in progress (Variation at Agreed Technical Rate)".

The amount of the valuation generated between using the market risk-free rate and the technical interest rate is recognized in stockholders' equity, as part of the Comprehensive Income, as well as the corresponding deferred tax.

Multi-year policies

For multi-year policies, the current risk reserve represents the best estimate of future liabilities of the current year, plus premiums corresponding to future cumulative annuities with the corresponding yield, during the valid policy period, plus risk margin. Premiums corresponding to future annuities are reduced by the acquisition cost, which in its case, for accounting effects, must be recorded at the moment of issue separately from the reserve.

Multi-year policies are considered to be insurance contracts whose valid period is over a year, where the future premiums are contingent and are not expected to be refunded when the risk is extinguished.

For reinsurance operations

Reaseguradora Patria registered with the Commission the technical notes and actuarial methods by which it constitutes and values the current risks reserve.

The purpose of this reserve is to cover the expected value of future obligations (best estimate), arising from the payment of claims, profits, acquisition and administration expenses, as well as any other future obligations arising from reinsurance contracts, plus a risk margin.

The best estimate will be equal to the expected value of future flows, considering income and expenses, of obligations, understood as the probability-weighted average of such flows, considering the time value of money based on the market risk-free interest rate curves for each currency or monetary unit provided by the independent price vendor, at the valuation date. The assumptions and procedures used to determine the future flows of obligations, based on which the best estimate will be obtained, were defined by the Institution in its own method for calculating the best estimate.

Catastrophic Risk Insurance

Reaseguradora Patria determines the balance of the current risk reserve for earthquake, hurricane and other hydrometeorological risks, with the unearned part of the annual risk premium, considering the technical bases described in the methodology for calculating reserves for catastrophic risks, earthquake and hydrometeorological risks and the calculation of the Maximum Probable Loss (PML by its acronym) for the Institution based on the catastrophic risk assessment model Risk Management Solutions (RMS by its Spanish acronym).

Risk Margin

It is calculated by determining the net cost of capital corresponding to the Admissible Own Funds required to support the RCS, necessary to meet the reinsurance obligations taken from the Institution, during its term of validity. For the purposes of valuing the current risk reserve, the corresponding RCS at the end of the month immediately preceding the valuation date is used.

The risk margin is determined for each line of business and type of reinsurance, according to the term and currency considered in the calculation of the best estimate of the obligation of the corresponding reinsurance taken out contracts.

The net cost of capital rate used for the calculation of the risk margin is 10%, which is equivalent to the additional interest rate, in relation to the market risk-free interest rate, that an insurance institution would require to cover the cost of equity required to maintain the amount of Admissible Own Funds backing the respective RCS.

Reserve for obligations pending compliance

For insurance operations

Reserves for obligations pending compliance cover the expected value of claims, benefits¬, guaranteed securities, or dividends, once the eventualities foreseen in the insurance contracts have occurred and have not yet been settled or paid.

In the case of occurred claims and expired policies, the increase to the reserve is made upon becoming aware of the occurred claims or acquired benefits based on the insured amounts in the case of the life operation and with the estimates of the amounts claimed in the accident and health and property and casualty operations.

When the claim arises, the Institution sets up the provisional reserve corresponding to the claim, until the respective adjustment is made, jointly recording the participation of reinsurers for outstanding claims for the proportion ceded and charging the differential to results within the net cost of claims.

By its nature, this reserve is made up of the balances estimated by the adjusters and the expenses related to it, such as adjustment expenses, interest on arrears, premium refunds and penalties.

The Institution is obliged to set up specific technical reserves ordered by the Commission and/or by CONDUSEF. As of December 31, 2023 and 2022, the Institution has recognized specific technical reserves of $ 8,703 and $7,692, respectively.

For reinsurance operations

The constitution, increase, valuation and recording of the reserve for pending fulfillment obligations is carried out through the estimation of obligations, which is performed using the actuarial methods that the Institution has registered for this purpose with the Commission.

The purpose of this reserve is to cover the expected value of claims, benefits, once the eventuality foreseen in the insurance contract has occurred, plus a risk margin.

The amount of the reserve for pending fulfillment obligations will be equal to the sum of the best estimate and a risk margin, which are calculated separately and in terms of the provisions of Title 5 of the Single Circular.

Reserve for obligations pending compliance due to claims and other obligations of known amount.

For reinsurance operations

These are the obligations at the end of the fiscal year that are pending payment for the reported claims, whose amount to be paid is determined at the time of valuation and is not susceptible to adjustments in the future, the best estimate, for the purposes of the constitution of this reserve, is the amount that corresponds to each of the obligations known at the time of the valuation.

In the case of retroceded reinsurance operations, the corresponding recovery is recorded simultaneously.

Reserve for obligations pending compliance for claims incurred but not yet reported and adjustment expenses assigned to the claim.

For insurance operations

The purpose of this reserve is to recognize the estimated amount of claims and adjustment expenses that have already occurred, but have not yet been reported by policyholders. The estimation of this reserve is made based on the experience of market claims and in accordance with the actuarial method established by the Commission, jointly constituting the participation of the reinsurers, through the recoverable amounts of reinsurance and charging the differential to profit or loss within the net cost of claims.

This reserve corresponds to the liability that arises when claims occur at a certain time and for several reasons are claimed by policyholders at a later date, with the consequent obligation to recognize them in the financial statements in the period in which they occur, regardless of when they become known.

For reinsurance operations

These are the obligations arising from claims that, having occurred at the valuation date, have not yet been reported or have not been fully reported, as well as their adjustment expenses, salvage and recoveries. The reserve at the time of valuation is determined as the best estimate of future obligations, brought to present value using discount rates corresponding to the market risk-free interest rate curve, plus the risk margin calculated in accordance with the technical notes recorded in force. In the case of retroceded reinsurance operations, the corresponding recovery is recorded simultaneously.

For the purposes of calculating the reserve, it is defined that a claim has not been fully reported, when having occurred on dates prior to the valuation, such loss may result in future complementary claims or adjustments to the estimates initially made.

Risk Margin

It is calculated by determining the net cost of capital corresponding to the Admissible Own Funds required to support the Solvency Capital Requirement (RCS by its Spanish acronym), necessary to meet the reinsurance obligations taken from the Institution, during its term of validity. For purposes of valuation of the reserve for obligations pending fulfillment, the corresponding RCS at the close of the month immediately prior to the valuation date is used.

The risk margin is determined for each line of business and type of reinsurance, according to the term and currency considered in the calculation of the best estimate of the corresponding insurance obligation.

The net cost of capital rate used for the calculation of the risk margin is 10%, which is equivalent to the additional interest rate, in relation to the market risk-free interest rate, that an insurance institution would require to cover the cost of capital required to maintain the amount of Admissible Own Funds backing the respective RCS.

Catastrophic Risk Reserve

For insurance operations

This estimate is intended to cover the value of the maximum probable loss derived from the occurrence of catastrophic losses and is constituted for those risks that are characterized by the fact that their occurrence can simultaneously affect several assets and may bring with them economic losses of great importance for the Institution, since the premium collected would not be sufficient to cover the cost of the claims. The most common risks that may have catastrophic effects are: earthquake, hurricane, hail, fire, flood, among others.

This reserve is cumulative until the claim occurs or until it reaches the probable maximum loss expected in the event of a catastrophic event.

For reinsurance operations

Earthquake and/or volcanic eruption coverage

The purpose of this reserve is to cover the value of the maximum probable loss derived from the occurrence of catastrophic claims of the obligations contracted by the Institution for earthquake insurance of the risks retained, it is cumulative and may only be affected in the event of claims and under certain situations contemplated in the regulations in force with the prior authorization of the Commission. The increase to this reserve is made with the release of the current risk reserve of retention of the earthquake line of business and by the capitalization of financial products. The balance of this reserve will have a maximum limit, determined by the technical procedure established in the rules issued by the Commission.

Coverage for hurricanes and other hydrometeorological risks

This reserve is intended to cover the value of the maximum probable loss derived from the occurrence of catastrophic claims of the obligations contracted by the Institution for hurricane insurance and other hydrometeorological risks, it is cumulative and may only be affected in the event of claims and under certain situations contemplated in the regulations in force, with the prior authorization of the Commission. The increase to this reserve is made with the release of the retained current risk reserve for hurricane and other hydrometeorological risks line of business and by the capitalization of financial products. The balance of this reserve will have a maximum limit, determined by the technical procedure established in the rules issued by the Commission.

Catastrophic risk reserve for agricultural and animal insurance

The purpose of this reserve is to cover the value of the maximum probable loss derived from the occurrence of catastrophic claims of the obligations contracted by the Institution of the risks retained by agricultural and animal insurance, it is cumulative and may only be affected in the event of claims and under certain situations contemplated in the regulations in force with the prior authorization of the Commission. The increase to this reserve is made on a monthly basis as 35% of the accrued portion of the retained rate premium plus the financial product. The balance of this reserve will have a maximum limit, determined by the technical procedure established in the rules issued by the Commission.

Catastrophic risk reserve of credit insurance

This reserve is intended to cover the value of the maximum probable loss derived from the occurrence of catastrophic losses of the obligations contracted by the Institution of the risks retained by the credit insurance, it is cumulative and may only be affected in the event of losses and under certain situations contemplated in the regulations in force, with the prior authorization of the Commission. The increase to this reserve is constituted with an annual contribution which is calculated as 75% of the difference between the retained portion of the risk premium earned and the retained portion of the claims recorded during the year. The balance of this reserve will have a maximum limit, determined by the procedure registered with the Commission.

Bonds in force and contingency reserves

In accordance with the rules established for the constitution, increase and valuation of the technical reserves of bonds in force and contingency, certain components must be considered in the valuation, such as: the rate of claims paid by the bonding company at the line of business level and the amount of liabilities for each line of business. On the basis of the information provided by the bonding institutions, the Institution determines the reserves of bonds in force and contingency with the procedure disclosed to the authority.

In accordance with the Institution's methodology, the bond in force reserve was calculated by applying the factor of 0.87 to the reinsurance premiums taken minus the basic reinsurance fees, net of reinsurance.

The reserve of bonds in force is released by the eighths method, except for the reserve that is constituted on premiums taken in Mexico. This reserve can only be released when the liability covered in the respective bond policy has been extinguished.

Contingency Reserve

In fiscal years 2023 and 2022, the Institution determined this reserve by applying the factor of 0.13 to the retained premium of the reinsurance taken minus the basic reinsurance fees. This reserve is cumulative.

Insurance Fund in Administration

They represent the contractual obligations arising from the life insurance plans operated by the Institution on behalf of third parties. The investment and related yields are managed in accordance with the policy conditions and maturities previously stipulated.

Premiums on deposit

They represent cash inflows from insurance premium payments (premium debtors) received in advance or pending application. It includes all those deposits recognized in bank accounts that correspond to the collection of premiums, but whose origin has not been identified.

Reserve for dividends on policies

It represents the estimated distributable profit to policyholders and/or contractors resulting from the positive difference between premiums earned and claims incurred at the valuation date, when such distributable profit has been agreed in the insurance contracts, and based on factors determined with the experience of the contracts or portfolios involved.

s. Employees' benefits

The benefits granted by the Institution to its employees, including defined benefit plans, are described below:

Direct short-term benefits

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

Direct long-term benefits

The net obligation of the Institution in relation to long-term direct benefits (except for deferred ESPS see subsection v) and income tax and employee profit sharing see subsection u), which the Institution is expected to pay after twelve months from the most recent balance sheet date presented, is the amount of future benefits that the single employee has obtained in exchange for his or her service in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in income in the period in which they are accrued.

Termination Benefits

A liability for termination benefits and a cost or expense is recognized when the Institution has no realistic alternative other than to make the payments or is unable to withdraw the offer of those benefits, or when it meets the conditions to recognize the costs of a restructuring, whichever occurs first. If they are not expected to be settled within 12 months after the end of the annual period, then they are discounted.

Post-Employment Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans are recognized in profit or loss as related services are provided by the employee. Prepaid contributions are recognized as an asset to the extent that the advance payment results in a reduction in future payments or a cash refund.

Defined Benefit Plans

The Institution's net obligation corresponding to defined benefit plans for pension plans, seniority premiums and statutory severance benefits is calculated separately for each plan, estimating the amount of future benefits that the employee has earned in the current and prior periods, discounting such amount and deducting the fair value of plan assets.

Defined benefit plan liabilities are calculated annually by certified actuaries in labor liabilities, using the projected unit credit method. When the calculation results in a potential asset for the Institution, the recognized asset is limited to the present value of the economic benefits available in the form of future plan repayments or reductions in future plan contributions. To calculate the present value of economic benefits, any minimum funding requirements must be considered.

The labor cost of the current service, which represents the cost of the employee's benefit period for an additional year of employment under the benefit plans, is recognized in operating expenses.

The Institution 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 liability by the defined net liability (asset) at the beginning of the annual reporting period, taking into account changes in the net defined benefit liability (asset) during the period as a result of estimates of contributions and benefit payments. The net interest is recognized in consolidated results.

Modifications to the plans that affect the cost of past services are recognized in the results immediately in the year in which the modification occurs, without the possibility of deferral in subsequent years. Likewise, the effects of settlement events or reduction of obligations in the period, which significantly reduce the cost of future services and/or significantly reduce the population subject to benefits, respectively, are recognized in the results of the period.

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

t. Sundry creditors

This item includes obligations to third parties for the purchase of goods or services acquired in the normal course of the Institution's operations. They are initially recognized at the transaction price for the goods and services received, plus taxes and any other amounts that the third party has transferred to the Institution. This item includes the transitional obligation for the coverage of the Laguna Verde Nuclear Power Plant.

u. Caused and deferred Income Tax (ISR, by its Spanish acronym)

Current and deferred income tax is recognized as an expense in the income statement, except when arising a from transaction or event that is recognized outside of the result of the period as other comprehensive income, or an item directly recognized in the stockholders' equity.

Interest, penalties, and surcharges related to the income tax incurred are recognized in the income tax line item.

Deferred income tax is recorded based on the assets-and-liabilities method with a comprehensive focus, which consists of recognizing the calculated deferred tax for all temporary differences between the accounting and tax values of assets and liabilities that are expected to be materialized in the future (e.g., tax losses, provisions, etc.), at rates enacted in the tax regulations in effect at the date of the consolidated financial statements.

The deferred income tax identified with other comprehensive items that have not been identified as realized, continues to be presented in stockholder´s equity and it is re-allocated to the fiscal year results as they are accomplished. See Note 23.

The Institution recognizes in the caused and deferred income tax the effect of the uncertainties of its uncertain tax positions when they affect the determination of tax profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, low the following assumptions:

a. If the Institution concludes that it is not probable that an uncertain tax position would be accepted by the tax authority, the Institution reflects the effect of the uncertainty when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates.

Under this assumption, the Institution reflects the uncertainty effect for each uncertain tax position using one of the following methods, the method that provides better predictions of the resolution of the uncertainty: i) the most likely amount, corresponding to the single most probable amount in a range of possible outcomes; ii) the expected value, which corresponds to the sum of the amounts weighted by their probability in a range of results.

b. Under this assumption, the Institution reflects the uncertainty effect for each uncertain tax position using one of the following methods, the method that provides better predictions of the resolution of the uncertainty: i) the most likely amount, corresponding to the single most probable amount in a range of possible outcomes; ii) the expected value, which corresponds to the sum of the amounts weighted by their probability in a range of results.

At the date of the financial statements the Institution did not identify any uncertain tax positions in determining taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

v. Deferred Employees' Statutory Profit Sharing (ESPS or PTU by its Spanish acronym)

Deferred ESPS is recognized under the comprehensive asset-and-liability method, which consists in recognizing a deferred ESPS for all temporary differences between accounting and tax values of the assets and liabilities in which their payment or recovery is likely.

When the ESPS payment is at a rate lower than the legal rate in effect, because the payment is subject to the limits established in the applicable legislation, the ESPS rate for the current year is applied to the temporary differences resulting from dividing the ESPS determined in accordance with current tax legislation by the taxable income for ESPS for the year to determine the deferred ESPS.

The deferred ESPS identified with other integral balances that have not been identified as realized, is presented in the stockholder's equity, and reclassified to the result of the period as it is performed. See Note 23.

At the date of the financial statements, the Institution did not identify any uncertain position when determining the ESPS tax base.

w. Shareholders' equity

Capital stock, legal reserves, contributions for future equity increases, net premium in placement of shares, retained earnings deficit are expressed as follows: i) movements done as of January 1, 2008, at historical cost, and ii) movements done before January 1, 2008, at restated values determined through the application of factors derive from the NCPI up to December 31, 2007, to their originally determined values. Accordingly, the different stockholders' equity concepts are expressed at modified historical cost.

Contributions for future capital increases are recognized in a separate item of contributed capital when: a) there is a commitment through a Shareholders' Meeting; b) the fixed number of shares is specified for the exchange of the fixed amount contributed; c) they do not have a fixed return as long as they are capitalized, and d) they are non-refundable.

x. Comprehensive income

Comprehensive income (CI) is comprised of changes in the fair value of IFCVs, the valuation of real estate, the valuation of the current risk reserve at risk-free interest rate, the result from translation of foreign operations, as well as deferred income taxes related to comprehensive items.

The CI represents incomes, costs, and expenses that, although they are already accrued, are pending realization, which is expected in the medium and long term and their value may vary due to changes in the fair value of the assets or liabilities that gave rise to them, and thereof it is possible that they will not come to be realized in part or in full. The items comprising the CI are recycled when they are carried out and are no longer recognized as a separate element within stockholders' equity to be recognized in the consolidated net profit or loss for the period in which the assets or liabilities that gave rise to them are realized. The items comprising the CI are presented in the statement of changes in stockholders' equity, as part of the Comprehensive Income balance.

y. Revenue

For insurance operations

- Risk premium income is recorded based on the issuance of policies contracted on an annualized basis, regardless of the form of payment.

- Premium income with a savings component, related to flexible products, represents the contributions that policyholders make to their policies at the time the policy is issued. The financial yields generated by such investments are recognized in income as they are accrued as part of the Comprehensive Financial Income (RIF by its Spanish acronym).

- Income from short-term endowment insurance premiums is recognized in income at the time the policy is issued, or the collection receipt is issued, provided that it comes from a contribution by the insured; if at maturity of the policy the insured decides that such investment remains in the Institution, the corresponding amount is transferred to an administration fund for the management of dividends and maturities. The financial yields generated by such investments are recognized in income as they accrue, as part of the RIF.

- Policy rights income derived from policy issuance expenses is recorded in income as part of operating cost at the time the related premiums are recorded.

- Income from surcharges on premiums for payment in instalments is initially recorded as a liability and is allocated to income is made monthly as the premium is accrued, under the caption "Premium surcharges", as part of the RIF.

- Advance premiums correspond to insurance policies that are issued for commercial reasons in the fiscal year, but their validity begins in the following fiscal year.

- The profit share of ceded reinsurance is recorded in income for the year as accrued.

- The income generated by reinsurance operations taken through automatic contracts is recorded in the accounting records in the following month in which they were effected.

For reinsurance operations

Reinsurance taken and retroceded

The main revenues and costs of the Institution are derived from various automatic contracts and facultative acceptances of reinsurance taken and retrocession, which are concluded with ceding companies and reinsurers, both domestic and foreign.

The operations derived from the reinsurance taken are accounted for, in the case of facultative business, based on the acceptance of the business or when the guarantee of payment of the premium is received; regarding automatic contracts, through the account statements received from the ceding companies, which have a quarterly and semiannual reporting date, aspects that cause a deferral of at least one quarter in the recording of premiums, claims, commissions, etc., additionally, in accordance with the regulations in force, the Institution determines an estimate in the recording of premiums, claims, commissions, etc., based on its own experience of the above-mentioned concepts, in accordance with the methodology and accounting records proposed by specialists of the Institution and disclosed to the Commission.

Non-proportional reinsurance

Income for this concept is recognized at the time of signing the corresponding contracts (minimum and deposit premium), and the adjustment to such premium at the time of determining the technical result of the contract; on the other hand, reinstatement premiums are recognized at the time of any claim from the ceding companies.

Salvage revenue from reinsurance taken

Salvage revenues are recognized for accounting purposes as an asset and a decrease in the cost of loss on the date they are known and recorded at their estimated realized value.

Profit sharing in reinsurance operations

The profit sharing corresponding to reinsurance taken and retroceded is determined and recorded as income or cost until the technical result of the contracts is known, which generally occurs in the year in which the contracts expire.

Recoverable reinsurance amounts

The Institution records the reinsurers' participation in the reserves for current risks and for obligations pending fulfillment for unreported claims incurred and adjustment expenses allocated to claims, as well as the expected amount of future obligations arising from reported claims.

The Institution's management determines the estimate of the recoverable amounts for the reinsurers' participation in the reserves mentioned in the preceding paragraph, considering the temporary difference between reinsurance recoveries and direct payments and the probability of recovery, as well as the expected losses due to noncompliance by the counterparty. The methodologies for the calculation of this estimate are filed with the Commission, and the effect is recognized in the statement of income for the year under the caption "Claims and other obligations pending fulfillment".

In accordance with the provisions of the Commission, recoverable amounts from reinsurance contracts with counterparties that do not have an authorized registration are not eligible to cover the Investment Base, nor may they form part of the Admissible Own Funds.

z. Net Acquisition Cost

For insurance operations

Acquisition costs consist mainly of commissions and bonuses to agents, fees for the use of facilities, other acquisition expenses and excess loss coverage, among others, reduced by recoveries of expenses from reinsurance operations (commissions for ceded reinsurance).

Acquisition costs of contracted policies are recognized in income on the date of issuance of the policies. Costs related to excess of loss coverage contracts are recorded as accrued. The cost of non-proportional reinsurance coverage is recognized in income on a monthly basis as of the effective date of the reinsurance contract giving rise to it in accordance with the cost of the coverage contract, regardless of the agreed minimum premium and deposit payments.

Commissions recovered on premiums ceded in reinsurance are recorded in income at the time of recording the insurance contracts that gave rise to them.

For reinsurance operations

Acquisition costs (commissions paid and brokerages) are accounted for at the time the premiums taken reported by the ceding companies are recognized. Likewise, the allocation of the fees earned in the profit for the year is made together with the corresponding retroceded premium.

Costs related to excess loss hedging contracts are recorded on an accrual basis.

Acquisition costs of contracted policies are recorded in the income statement at the date of issuance of the policies. Costs related to an excess of loss coverage contracts are recorded as they accrue.

The cost of nonproportional reinsurance coverages is recognized in the income on a monthly basis as of the date of validity of the origin reinsurance contract, according to the coverage contract cost, with the independence of the agreed minimum premium and deposit payments.

Commissions recovered on reinsurance premiums ceded are recorded in income at the time the insurance contracts giving rise to them are recorded. Commissions on reinsurance premiums retroceded are recorded in income in the month in which the information is received.

aa. Net cost of claims

Net cost of claims represents the amount of realized expenses related to occurred eventualities covered by insurance contracts (claims, maturity, redemptions, and adjustment expenses), decreased from the recoverable from reinsurance operations and salvages.

bb. Net Cost of Operation

Operating costs are comprised of fees for professional services, personnel salaries and benefits, sundry taxes paid by the Institution, among others, reduced by rights or policy proceeds, sundry income, income from the sale of furniture and equipment and recoveries of loss management expenses.

cc. Analogous and related services

They represent services provided by the administration of medical services, administration of payments to service providers, management of discount cards or memberships, legal assistance, automobile services, among others.

The income obtained and expenses incurred for the provision of these services are recognized in the income statement as they are received or provided.

dd. Foreign exchange

Transactions and assets and liabilities in foreign currencies are initially recorded in the recording currency, applying the closing exchange rate published by the Bank of Mexico on the date of the transaction or the date of preparation of the financial statements, as applicable.

Foreign exchange arising from fluctuations in the exchange rates between transaction and settlement dates, or valuation at the year-end are recognized in the comprehensive income statement as they accrue, as a component of RIF, with exception of those exchange differences that are capitalized with other RIF components in the cost of qualifying assets

ee. Contingent commissions

Contingent commissions represent payments or compensation to individuals or legal entities that participate in the intermediation or contracting of insurance products, both for membership and non-membership, in addition to the straight commissions or compensation considered in the design of the products.

ff. Comprehensive Financial Income (RIF by its Spanish acronym)

Financial income and expenses are summarized as follows:

- Interest income;
- Dividend income;
- Net gain or loss on financial assets at fair value through profit or loss;
- Gain or loss on the sale of investments in financial instruments;
- Losses (and reversals) for impairment in the fair value of financial instruments;
- Foreign currency gain or loss on financial assets and financial liabilities;
- Allowance estimates for credit risk for loans granted and recoverable reinsurance amounts.

Interest income or expense is recognized using the effective rate method. Dividend income is recognized in income on the date on which the Institution's right to receive the payment is established.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to:

The gross carrying amount of a financial asset; or

The amortized cost of a financial liability.

When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets with credit impairment after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer impaired, the interest income calculation reverts to the gross basis.

Transactions in foreign currencies are recorded at the exchange rate in effect at the dates of execution or settlement. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position. Exchange differences incurred in connection with assets or liabilities contracted in foreign currencies are taken to income for the year.

Note 4 - Accounting estimates and critical judgments

The Institution and its subsidiaries perform estimates and projections about future events to recognize and measure certain financial statement items, therefore, the resulting recognized accounting estimates may differ from actual results or events. Estimates and projections that have a significant risk of material adjustments on assets and liabilities recognized during next year are detailed below.

Actuarially estimated technical reserves

Management uses various methods, models, and assumptions for the valuation of the obligations assumed, which represent the balances of the actuarially determined technical reserves. These balances are material to the financial statements, are highly detailed and require Management's judgment in the establishment of certain assumptions, for the application of the valuation methodology authorized by the regulator and in the establishment of assumptions.

The annual review and evaluation of assumptions includes a detailed evaluation of the assumptions to confirm that it is justifiable whether there is any change in the current assumptions and models.

For insurance operations

Management also conducts back-testing to verify the efficiency of the models and assumptions used to determine actuarial technical reserves, based on a previously established confidence interval.

The significant assumptions for the determination of actuarially determined technical reserves are as follows:

	Long Term Life		Accidents and health	
Significant assumptions[1]	RRC	SONR	RRC	SONR
Morbidity	X			
Caducity	X			
Claim factor	X	X	X	X
Accrual factor		X		X

[1] An assumption is considered significant if the actuarially determined balances are highly sensitive to changes in such assumptions determined based on management's judgment.

For reinsurance operations

The assumptions used by the Institution to determine reserves comply with the Commission's requirements, such as the presentation of technical notes and backtesting, and are based on the Institution's procedures and controls, including reviews by certain management support committees, as well as internal audits and external actuarial reviews.

The significant assumptions for the determination of actuarially determined technical reserves are derived from the incurred claims data of the Institution. This claim experience is valued at the line of business level.

Deferred Income Tax

The Institution is subject to the payment of income taxes. Significant judgments are required to recognize the accrued and deferred income tax. There are operations ¬and calculations for which the exact determination of the tax is uncertain.

The Institution recognizes a deferred tax asset based on its financial and tax projections that allow it to consider that it will probably result in the realization of the deferred tax asset gradually over an estimated period of 5 years. The main assumptions used by the Institution to estimate the realization of the deferred tax asset are the projection of future profits, based on:

a. An estimated annual growth rate of 15.55%.
b. b. A claim rate based on its experience and future interest rates of 54.96%.

If the final result of these projections were significantly favorable to the Institution, the deferred tax asset could be realized in a shorter period than expected. On the contrary, if the final result of these projections is significantly unfavorable to the Institution, the deferred tax may not be fully realized.

Estimate for Write-offs of Accounts Receivable from Premium Debtors and Insurance and Bonding Institutions

The Institution developed an internal methodology to calculate the write-off estimate for premium debtors that considers the year of issuance, outstanding balances, age and collection date through the historical behavior of the account. This methodology was developed in accordance with actuarial professional practice standards.

Regarding the balances of Insurance and Bond Institutions older than one year, the Institution developed an internal methodology to calculate the estimate for write-offs of this account, which considers the historical behavior of the balances of the current asset account against its application to results and collection in accordance with the standards of practice.

Legal Contingencies

For insurance operations

As of December 31, 2023 and 2022, the Institution has $476,057 and $448,615 of legal contingencies, respectively, of which 5% are reserved, based on different percentages of loss established according to the possibility that the Management and the Institution's attorneys estimate will be won or lost, depending on the procedural stage of each lawsuit; however, this may be subject to change according to the progress in the procedural stages of each case:

c. 28% is considered likely to be lost, of which 10% is reserved. In the event that the appeals filed are not successful, this reserve should be increased by 22%.

d. 2% are considered to have some possibility of loss. In the case that 100% of these contingencies were rated with a high probability of loss, the increase to the reserve would amount to $1,500 in the results of the year would be slightly significant over the financial statements.

Employee Benefits

The present value of the pension obligations depends on the number of assumptions that are determined on an actuarial basis using a number of assumptions. Any changes to these assumptions would affect the liability recognized. At year-end, the Institution estimates the discount rate for determining the present value of estimated future cash flows to settle the pension obligations, based on interest rates of government bonds, denominated in the same currency as pension benefits and that have similar terms to maturity.

Other assumptions used to estimate pension obligations are based on current market conditions.

The main premises used were:

	Nominal discount*** rate used to reflect present value of obligations		Nominal increase rate in future salary levels		Nominal expected rate of yield on plan Assets		Inflation rate	
	2023	2022	2023	2022	2023	2022	2023	2022
Peña Verde	9.18%	9.27%	9.50%	5.00%	9.50%	5.00%	8.00%	5.00%
Reaseguradora Patria	9.42%	9.46%	10.50%	5.00%	9.46%	9.46%	8.50%	5.00%
General de Seguros	9.43%	9.43%	5.00%	5.00%	8.20%	8.20%	4.00%	4.00%
General de Salud	9.44%	9.44%	5.00%	5.00%	8.29%	8.29%	4.00%	4.00%
CCSS Peña Verde	9.74%	7.75%	5.00%	5.00%	7.75%	9.74%	4.00%	4.00%
Servicios Peña Verde	9.41%	9.43%	5.00%	5.00%	8.13%	9.43%	4.00%	4.00%

Assumptions regarding future mortality are based on public statistics and past experience of each country. The average expected life in years of an employee retired at the age of 65 is 11.5 years.

Note 5 - Financial risk management

As part of the corporate governance system, the Group has established a comprehensive risk management system, which includes the definition and categorization of the risks to which the Group may be exposed, considering, at least, those that represent the greatest impact:

i. Market risk - reflects the potential loss from changes in risk factors that influence the value of assets and liabilities, such as interest rates, exchange rates, price indexes, among others. The Group does not have derivative financial instruments.

ii. Liquidity risk - reflects the potential loss from the early or forced sale of assets at unusual discounts to meet obligations, or the fact that a position cannot be timely disposed of or acquired.

iii. Credit risk - reflects the potential loss arising from non-payment, or impairment in the solvency of counterparties and debtors in the transactions carried out by the Group, including the guarantees they provide. This risk considers the potential loss arising from non-compliance with contracts intended to reduce risk, such as reinsurance/retrocession and reinsurance contracts, as well as accounts receivable and other credit risks that cannot be estimated with respect to the level of the risk-free interest rate.

iv. Concentration risk - reflects the potential losses associated with an inadequate diversification of assets and liabilities, arising from exposures caused by credit risk, market risk, underwriting risk, liquidity risk, or by the combination or interaction of several of them, by counterparty, type of asset, area of economic activity or geographic area.

Risk Management Policies

The Group's Board of Directors has overall responsibility for the establishment and supervision of comprehensive risk management policies. The Board of Directors has implemented a comprehensive risk management system that is part of the organizational structure of its subsidiaries, which is integrated into the decision-making processes and is supported by the internal control system, for which purpose it has designated a specific area that is responsible for designing, implementing and monitoring the comprehensive risk management system (Risk Management Area), in addition, Risk Management Committees have been implemented, which are responsible for overseeing the risk management policies of the subsidiaries, and regularly report to the Board of Directors on their activities.

Risk management policies are established to identify and analyze the risks faced by subsidiaries, establish appropriate risk limits and controls, and monitor risks and compliance with limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and subsidiary activities.

The purpose of the Risk Management Area is to:

I. Monitor, manage, measure, control, mitigate and report on the risks to which the Institution are exposed, including those that are not perfectly quantifiable.

II. To ensure that the operations of the Institutions are carried out in accordance with the limits, objectives, policies, and procedures for comprehensive risk management approved by the Board of Directors.

Risk exposure and sensitivity

The following sensitivities are made based on the Solvency Ratio, which must be equal to or greater than 100%, indicating that the Group has sufficient resources to support its operation. A higher Solvency Ratio, greater than 100%, indicates greater financial strength and a better capacity to cover unexpected deviations related to the Group's risks.

At the year-end of 2023 and 2022, Reaseguradora Patria had a solvency ratio of 125% and 137%, respectively.

At the year-end of 2023 and 2022, General de Seguros had a solvency ratio of 162% and 168%, respectively.

At the year-end of 2023 and 2022, General de Salud had a solvency ratio of 148% and 115%, respectively.

Market Risks

i. Exchange rate risk

Exposure

The Group's exposure to foreign exchange risk of assets and liabilities due to having operations in foreign currencies is as follows:

	2023	SONR
Assets	$ 19,279,215	$ 17,228,339
Liabilities	(16,201,033)	(13,894,781)
Net active position	$ 3,078,182	$ 3,333,558

During fiscal years 2023 and 2022, $493,583 and $82,130 of foreign exchange loss were recorded, respectively.

As of December 31, 2023, and 2022, the reserves of each of the Group's subsidiaries in foreign currency are in line with respect to its assets.

Sensitivity

The sensitivity of the solvency index, in percentage points (pp), to a variation, appreciation or depreciation of the dollar-peso exchange rate is shown below.

	Impact on Solvency Ratio	
	2023	2022
5% increase in the dollar exchange rate	-0.03 pp	+0.46 pp
5% decrease in the dollar exchange rate	-0.51 pp	-0.64 pp

ii. Interest Rate Risk

Exposure

The Group's main interest rate risk arises from investments in financial instruments, which exposes the Institution to cash flow interest rate risk. In general, the Group acquires investments in financial instruments to cover its liabilities and working equity at fixed and variable rates.

Sensitivity

Below is the sensitivity to changes, increases, or decreases in interest rates.

	Impact on Solvency Ratio	
	2023	2022
Increase by 25 basis points	-1.28 pp	-1.31 pp
Decrease by 25 basis points	+1.54 pp	+1.31 pp

* Basis Points with Respect to UMS (United Mexican States Bonds) Bond Rate

iii. Risk of a fall in the stock market

Exposure

The Group's exposure to the risk of falling in the stock market from investments in shares is as follows:

	Impacto en Índice de Solvencia	
	2023	2022
Amount of shares	$ 3,222,363	$ 2,973,054
% share of total investment portfolio	15%	15%

Sensitivity

The sensitivity to changes in the stock market, taking as a reference the IPC (by its Spanish acronym) of the Mexican Stock Exchange, is as follows:

	Impact in Solvency Ratio	
	2023	2022
10% increase	+4.49 pp	+3.74 pp
10% decrease	-4.54 pp	-3.50 pp

Credit Risk

Exposure

Credit risk represents the potential loss that an issuer of financial instruments may cause to the counterparty by not meeting its obligations, and arises mainly from accounts receivable, premium debtor and investments in debt instruments.

	2023	2022
Fixed income	$ 18,294,616	$ 16,701,118
Premium debtor	$ 2,192,692	$ 2,426,987
Other debtors	$ 136,349	$ 217,551

Counterparty Credit Impairment Loss

The estimated credit impairment losses of the counterparty in the asset portfolio are shown below:

	2023	2022
Impairment of values	$ 14,735	$ -
Allowance for write-offs for premiums debtors	$ 202,991	$ 97,659

Concentration risk

Exposure

As of December 31, 2023, and 2022, the Group shows the following levels of concentration in its investment portfolio:

	2023		%	2022		%
Fixed income	$	18,294,616	85	$	16,701,118	85
Variable Income	$	3,222,363	15	$	2,973,054	15

According to the Herfindahl and Hirschman concentration index, the investment portfolio is concentrated in the following issuers:

- Nacional Financiera S.N.C. and the Federal Government

Sensitivity

The sensitivity of the solvency ratio when carrying out a rebalancing of the portfolio, considering a de-concentration of assets of Nacional Financiera and the federal government and the acquisition of corporate instruments for $2,000,000 would be -6 pp.

Note 6 - Assets and liabilities in foreign currency and investment units.

Foreign currency

As of December 31, 2023, and 2022, the Institution had monetary assets and liabilities in thousands of dollars (Dls.), as shown below:

	2023	2022
Assets	Dls. 1,136,304	Dls. 884,798
Liabilities	(954, 878)	(713,596)
Net long position	Dls. 181, 426	Dls. 171, 202

As of December 31, 2023, and 2022, the day-end exchange rate published by Banxico and used by the Institution to value its assets and liabilities in foreign currency was $16.9666 and $19.4715, per dollar, respectively.

As of the date of issuance of the financial statements, the closing exchange rate published by Banxico was $17.1098 per dollar.

As of December 31, 2023, and 2022, the Institution has not contracted any hedge over foreign exchange risks.

UDIS Investment Units

As of December 31, 2023, and 2022, the Institution had monetary assets and liabilities in UDIS, as shown below:

	2023	2022
Assets	UDIS 69,879	UDIS 59,398
Liabilities	(9,693)	1,387
Net Long Position	UDIS 0,186	UDIS 0,785

The value of the UDI is associated with the value of the INPC (by its Spanish acronym). On December 31, 2023, and 2022, the value of the UDI published by Banco de México and used by the Institution to value its assets and liabilities was $7.981602 and $7.646804.

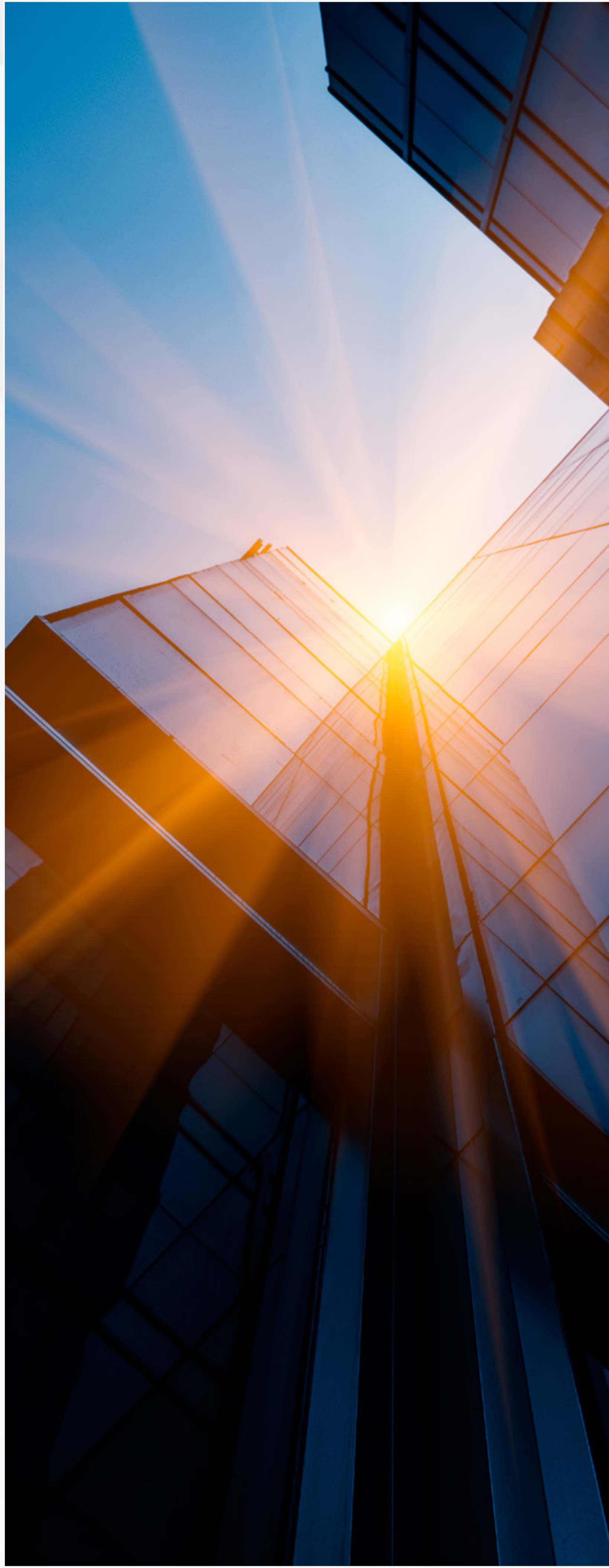
As of the date of issuance of the financial statements, the value of the UDI was 8.134415.

Note 7 - Investments in securities:

As of December 31, 2023, and 2022, the position in securities investments in each category is integrated as follows:

	December 31, 2023				December 31, 2022			
	Amount	Increase (decrease) due to valuation of securities	Interest debtors	Total	Amount	Increase (decrease) due to valuation of securities	Interest debtors	Total
GOVERNMENT VALUES:								
Negotiable	$ 4,597,000	$ 37,250	$ 63,121	$ 4,697,371	$ 3,348,497	$ (69,599)	$ 30,328	$ 3,309,226
To collect or sell	10,407,052	(9,075)	207,317	10,605,294	10,634,968	(22,371)	74,107	10,686,704
	$ 15,004,052	$ 28,175	$ 270,438	$ 15,302,665	$ 13,983,465	$ (91,970)	$ 104,435	$ 13,995,930
PRIVATE COMPANIES VARIABLE RATE								
Negotiable	$ 102,296	$ 3,418	$ 2,106	$ 107,820	$ 1,179,144	$ (99,773)	$ 4,577	$ 1,083,948
To collect or sell	810,776	(51,034)	5,482	765,224	118,674	182	65	118,921
	$ 913,072	$ (47,616)	$ 7,588	$ 873,044	$ 1,297,818	$ (99,591)	$ 4,642	$ 1,202,869
PRIVATE COMPANIES VARIABLE RATE								
Negotiable	$ 1,013,111	$ 1,806,651	$ -	$ 2,819,762	$ 1,381,407	$ 1,520,671	$ -	$ 2,902,078
To collect or sell	-	-	-	-	-	-	-	-
	$ 1,013,111	$ 1,806,651	$ -	$ 2,819,762	$ 1,381,407	$ 1,520,671	$ -	$ 2,902,078
FOREIGN SECURITIES								
Debt securities:								
Negotiable	$ -	$ -	$ -	$ -	$ 1,343,640	$ (46,909)	$ 9,012	$ 1,305,743
To collect or sell	1,783,243	(3,418)	10,874	1,790,699	201,600	(5,379)	355	196,576
	1,783,243	(3,418)	10,874	1,790,699	1,545,240	(52,288)	9,367	1,502,319
Capital securities:								
Negotiable	266,349	(1,944)	-	264,405	97,564	(26,588)	-	70,976
To collect or sell	-	-	-	-	-	-	-	-
	266,349	(1,944)	-	264,405	97,564	(26,588)	-	70,976
	$ 2,049,592	$ (5,632)	$ 10,874	$ 2,055,104	$ 1,642,804	$ (78,876)	$ 9,367	$ 1,573,295
RESTRICTED VALUES								
Negotiable	$ -	$ -	$ -	$ -	$ 225,091	$ (8,019)	$ 1,040	$ 218,112
To collect or sell	295,425	9,272	2,328	307,025	207,042	15,675	1,185	223,902
	$ 295,425	$ 9,272	$ 2,328	$ 307,025	$ 432,133	$ 7,656	$ 2,225	$ 442,014
Capital securities:								
Negotiable	127,670	10,528	-	138,198	163,224	(18,873)	-	144,351
	$ 423,095	$ 19,800	$ 2,328	$ 445,233	$ 595,357	$ (11,217)	$ 2,225	$ 586,365
DEBTORS UNDER REPURCHASE AGREEMENTS	$ 21,170	$ -	$ 13	$ 21,183	$ 39,812	$ -	$ 12	$ 39,824

As of December 31, 2023, PCM has $445,223 in restricted securities, it cannot be used freely due to limitations imposed by external regulations.



Investments in securities are subject to different types of risks, the main ones that may be associated¬ with them are related to the market in which they operate, the interest rates associated with the term, exchange rates and the inherent risks of credit and market liquidity.

The average maturity of investments in debt financial instruments in their various classifications is as follows:

	December 31	
	2023	2022
IFN	2 days - 28 years	2 days and 36 years
IFCV	1 - 2 days - 35 years	2 days and 9 years

The rates of investments in debt financial instruments in their various classifications are as follows:

	December 31	
	2023	2022
IFN	-0.1% - 11.4%	-0.3 - 12.1%
IFCV	0.1% - 12.6%	.06% - 12.7%

As of December 31, 2023, the Institution recognized an impairment loss of $14,735. As of December 31, 2022, the Institution did not recognize any impairment losses. As of April 24, 2024, the Institution's Management is not aware of any events after year-end that should be disclosed.

Investments in securities representing 3% or more of the Institution's total portfolio are shown below:

As of December 31, 2023					As of December 31, 2022				
Issuer	Series	Cost	Market value	%	Issuer	Series	Cost	Market value	%
MEXG29	260121	1,201,930	1,235,234	5.8		GCC*	126,807	723,868	3.6
GCC	*	104,163	975,493	4.5					
NAFI567	240308	920,229	923,770	4.3					
MEXJ98	250427	634,537	642,307	3.0					
MEXCC46	270328	625,239	639,449	3.0					
		$ 3,486,098	$ 4,416,253				$ 126,807	$ 723,868	

Note 8 - Fair value

Fair value at period-end and hierarchy level of assets and liabilities are shown below:

2023

Instrument Type	Level 1	Level 2	Level 3	Level 4
Government Values:				
To negotiate	$ 4,515,575	$ 181,796	$ -	$ 4,697,371
To collect or sell	2,033,213	8,572,081	-	10,605,294
	$ 6,548,788	$ 8,753,877	$ -	$ 15,302,665
Private Securities, Known Rate:				
To negotiate	$ 81,551	$ 26,269	$ -	$ 107,820
To collect or sell	708,013	56,459	752	765,224
	$ 789,564	$ 82,728	$ 752	$ 873,044
Private Securities, Variable Rate:				
To negotiate	$ 2,381,482	$ 438,278	$ -	$ 2,819,760
To collect or sell	-	-	-	-
	$ 2,381,482	$ 438,278	$ -	$ 2,819,760
Foreign Debt and Equity Securities:				
To negotiate	$ 262,706	$ 1,702	$ -	$ 264,408
To collect or sell	1,626,143	164,553	-	1,790,696
	$ 1,888,849	$ 166,255	$ -	$ 2,055,104
	Level 1	Level 2	Level 3	Level 4
Restricted values:				
To negotiate	$ 138,198	$ -	$ -	$ 138,198
To collect or sell	297,749	9,276	-	307,025
	$ 435,947	$ 9,276	$ -	$ 445,223
Repurchase agreement	$ 19,875	$ 1,308	$ -	$ 21,183
Total	$ 12,064,503	$ 9,451,720	$ 752	$ 21,516,981

2022

Instrument Type	Level 1	Level 2	Level 3	Level 4
Government Values:				
To negotiate	$ 2,053,685	$ 1,255,542	$ -	$ 3,309,227
To collect or sell	601,173	10,085,530	-	10,686,703
	$ 2,654,858	$ 11,341,072	$ -	$ 13,995,930
Private Securities, Known Rate:				
To negotiate	$ 1,083,948	$ -	$ -	$ 1,083,948
To collect or sell	-	100,227	18,644	118,921
	$ 1,083,948	$ 100,227	$ 18,644	$ 1,202,869
Private Securities, Variable Rate:				
To negotiate	$ 2,417,546	$ 484,532	$ -	$ 2,902,078
To collect or sell	-	-	-	-
	$ 2,417,546	$ 484,532	$ -	$ 2,902,078
Foreign Debt and Equity Securities:				
To negotiate	$ 1,371,924	$ 4,795	$ -	$ 1,376,719
To collect or sell	196,577	(1)	-	196,576
	$ 1,568,501	$ 4,794	$ -	$ 1,573,295
	Level 1	**Level 2**	**Level 3**	**Level 4**
Restricted values:				
To negotiate	$ 362,463	$ -	$ -	$ 362,463
To collect or sell	207,725	16,177	-	223,902
	$ 570,188	$ 16,177	$ -	$ 586,365
Repurchase agreement	$ 2,735	$ 37,089	$ -	$ 39,824
Total	$ 8,297,776	$ 11,983,644	$ 18,644	$ 20,300,369

Note 9 - Loan portfolio

The classification of the current and past due loan portfolio as of December 31, 2023, and 2022 is as follows¬:

	Credit Portfolio					
	Current		Expired		Total	
	2023	2022	2023	2022	2023	2022
Credits:						
Loans policies	$ -	$ -	$ -	$ -	$ -	$ -
Unsecured credit	13,767	10,306	-	-	13,767	10,306
Mortgage loans	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-
Total current loan portfolio	$ 13,767	$ 10,306	$ -	$ -	$ 13,767	$ 10,306
Precautionary estimation					$ 260	$ (257)
Net loan portfolio					$ 13,507	$ 10,049

Preventive estimation of credit risks

The movements in the precautionary estimate for credit risks carried out in 2023 and 2022 are presented below:

	December 31	
	2023	2022
Balance at the beginning of the year	$ (257)	$ (161)
Increase to the estimate	(3)	(96)
Balance at the end of the year	$ (260)	$ (257)

Note 10 - Real Estate

Real estate investment is comprised as follows:

	December 31	
	2023	2022
Land	$ 101,592	$ 101,592
Construction	123,549	123,549
Special facilities	1,293	1,293
	226,434	226,434
Net valuation	630,700	587,522
Minus-accumulated depreciation	(64,871)	(60,555)
Total	$ 792,263	$ 753,401

During fiscal years 2023 and 2022, the Institution carried out appraisals on its real estate, resulting in an increase of $43,178 and $35,844, respectively. The calculation of depreciation is performed based on the remaining useful life on the updated value of the buildings, determined with the latest appraisals performed, the applicable depreciation rates for the year 2023 were 2.08% and 1.20%, respectively and for the year 2022 it were 2.04% and 1.11% respectively. During the 2023 and 2022 fiscal years, an amount of $4,315 and $4,045, respectively, was recorded for depreciation, in the income statement under the heading of "Depreciation and amortization".

Note 11 - Premium debtor

Following is the integration of the Premium debtor:

Line of business	2023	2022
	As of December 31,	
Life:		
Individual	$ 42,610	$ 53,658
Group and collective	99,075	131,091
	141,685	184,749
Accidents and health	606,941	688,785
Property and casualty		
	21,739	9,345
Civil Liability	49,868	308,894
Transport	180,833	147,151
Fire	436,634	401,008
Earthquake	60,441	82,837
Agricultural	542,882	485,610
Motor	1,945	1,411
CreditSundry	95,089	79,846
	1,389,431	1,516,102
Bonds	49,699	37,352
	$ 2,187,756	$ 2,426,987

As of December 31, 2023, and 2022, the Premium Debtors item represents 6.86% and 9.36% of total assets, respectively.

As of December 31, 2023, and 2022, there are no Premium Debtors whose balance represents 5% of the total assets of the Institution.

During fiscal year 2023, an increase of $105,332 was made to the write-offs estimate, so the final balance as of December 31, 2023, amounts to $202,991. During fiscal year 2022, an increase of $4,742 was made, so the balance as of December 31, 2022, amounts to $97,659.

Note 12 - Reinsurers and rebonding - Net

Below is an integration of the main balances with reinsurers:

As of December 31, 2023

	Current account		Deposits Retained		Recoverable Amounts		
Institución	Deudor	Acredor	Primas retenidas	Siniestros retenidos	Riesgos en curso	Siniestros pendientes	Otros conceptos
Country	$ 191,856	$ 175,017	$ 8,504	$ 257	$ 49,440	$ 149,401	$ 466,229
From abroad	1,879,171	2,787,999	166,926	201,041	172,024	1,240,197	1,091,463
	$ 2,071,027	$ 2,963,016	$ 175,430	$ 201,298	$ 221,464	$ 1,389,598	$ 1,557,692

As of December 31, 2022

	Current account		Deposits Retained		Recoverable Amounts		
Institución	Deudor	Acredor	Primas retenidas	Siniestros retenidos	Riesgos en curso	Siniestros pendientes	Otros conceptos
Country	$ (131,324)	$ 265,572	$ 6,620	$ 296	$ 102,245	$ 147,078	$ 400,937
From abroad	2,756,716	3,273,382	204,777	63,715	541,617	571,769	699,746
	$ 2,625,392	$ 3,538,954	$ 211,397	$ 64,011	$ 643,862	$ 718,847	$ 1,100,683

As of December 31, 2023, and 2022, the institution has a preventive credit risk estimate of foreign reinsurance of $14,086 and $3,986 respectively.

In accordance with the requirements of the Commission, premiums ceded to reinsurers that do not have an authorized registration will be considered as retained for the calculation of the minimum guarantee capital and certain reserves.

Reinsurers have the obligation to reimburse the Institution for claims reported based on their participation.

As a result of the above, in fiscal years 2023 and 2022, the Institution determined in the balance sheet under the caption “Estimate for write-offs” an amount of $40,528 and $100,318, respectively, having as a debit (credit) effect, the item of “Administrative and operating expenses” for an amount of $59,790 and ($10,532), respectively, in the income statement.

Note 13 - Other assets

a) Furniture & equipment:

Furniture and equipment, as of December 31, 2023, and 2022, is analyzed as shown below:

Furniture & equipment	As of December 31, 2023	As of December 31, 2022
Office furniture and equipment	$ 49,058	$ 49,666
Computer equipment	81,173	85,039
Transportation equipment	44,766	45,647
Leased assets	100,466	-
Sundry	2,707	2,707
Artwork	1,104	1,104
Total furniture & equipment	279,274	184,163
Accumulated depreciation	(170,725)	(157,631)
Total Net furniture and equipment	$ 108,549	$ 26,532

During the 2023 and 2022 fiscal years, an amount of $16,226 and $16,499, respectively, was recorded for depreciation in the income statement under the caption of "Depreciation and amortization".

b) Sundry:

	As of December 31, 2023	As of December 31, 2022
Salvage Inventory	$ 26,949	$ 21,527
Insurance premiums and bonds	496	148,954
Licenses and software and development	7,607	46,864
Advance payments	201,648	-
Right-of-use assets	-	51,520
Taxes to be recovered	244,793	134,831
Payments made on account of annual income tax	85,131	71,386
Deferred income tax	95,110	46,836
Deferred ESPS	22,220	12,355
Reinsurance payments	252,412	-
Others	46,499	(8,502)
	$ 982,865	$ 525,771

Note 14 - Leases:

The following relevant information regarding the contracts of leases in effect as of December 31, 2023, and 2022 is shown below:

The depreciation/amortization charge for right-of-use assets, by asset class is shown below:

	Year Ending December 31 2023	Year Ending December 31 2022
Sundry assets	$ 1,862	$ 3,779
	$ 1,862	$ 3,779

Note 15 - Intangible assets:

The integration of amortizable intangible assets is presented below:

Description	Amount 2023	Amount 2022	Annual amortization rate 2023	Annual amortization rate 2022
With defined life:			%5	5%
Installation expenses	$ 5,561	$ 5,561	%5	5%
Software	161,575	156,715		
Other items to be amortized	40,474	27,770		
	207,610	190,046		
Accumulated amortization	(68,631)	(42,283)		
Total intangible assets with defined lives	$ 138,979	$ 147,763		

Amortization recorded in the results of 2023 and 2022 amounts to $28,379, respectively, which is part of net operating expenses.

Note 16 - Employee Benefits:

a. The value of OBDs as of December 31, 2023, and 2022 amounted to $228,794 and $228,055, respectively.

b. The value of APs as of December 31, 2023, and 2022 amounted to $185,485 and $186,253, respectively.

c. Due to the above, the entity presents a Net Liability for Defined Benefits in the balance sheet as of December 31, 2023, and 2022 of $64,192 and $59,628, respectively.

The financial position between the OBD present value and the AP fair value, and the Net Asset/ Liability for Defined Benefits (PNBD, by its Spanish acronym) recognized in the statement of the financial position is presented as follows:

	Severance December 31,		Pension December 31,		Other benefits Post-employment December 31,	
PNBD	2023	2022	2023	2022	2023	2022
Defined Benefits:						
OBD	$ 74,233	$ 61,802	$ 140,531	$ 149,178	$ 19,794	$ 17,080
AP	-	-	(136,866)	(141,158)	(32,969)	(27,273)
Balance of PNBD	$ 74,233	$ 61,802	$ 3,665	$ 8,020	$ (13,175)	$ (10,193)

d. Reconciliation of the OBD, AP and PNBD.

Reconciliation of the opening and closing balances of the PNBD:

	Severance December 31,		Pension December 31,		Other benefits Post-employment December 31,	
PNBD	2023	2022	2023	2022	2023	2022
OBD at the beginning of the period	$ 61,802	$ 37,220	$ 149,178	$ 174,923	$ 17,080	$ 12,268
Current service cost	$ 5,751	$ 3,384	$ 4,498	$ 3,491	$ 2,361	$ 1,633
Cost for past services	627	444	744	158	582	130
OBD Interest cost	5,270	2,763	13,337	13,683	1,504	945
Benefit payments	(1,395)	(43)	(16,468)	(17,242)	(239)	(2,589)
Experience effect of the plan	(7,920)	(3,053)	(11,136)	(12,206)	(2,522)	1,531
Experience effect on demographic hypotheses	10,038	19986	-	(6,584)	997	545
Effect of experience on Financial hypotheses	50	1,101	378	(7,045)	30	2,617
OBD at the end of the period	74,233	61,802	140,531	149,178	19,794	17,080

Contributions to the plan for the year ended December 31, 2022, amounted to $7,338. In fiscal year 2023, no contributions were made.

e. AP

	Severance December 31,		Pension December 31,		Other benefits Post-employment December 31,	
PNBD	2023	2022	2023	2022	2023	2022
Assets at the beginning of the period:	$ -	$ -	$ 141,158	$ 161,015	$ 27,273	$ 9,474
Expected yield	-	-	12,687	12,603	2,474	725
Contributions	-	-	-	5,759	-	1,579
Benefit payments	-	-	(16,468)	(16,868)	-	(2,906)
Profit (or loss) on Plan assets	-	-	3,881	(17,265)	3,222	18,401
Transfer for Increase in Maximum obligation	-	-	(4,392)	(4,086)	-	-
Fund at the end of the period	$ -	$ -	$ 136,866	$ 141,158	$ 32,969	$ 27,273

f. Net Cost for the Period (CNP By its Spanish acronym)

Below is an analysis of the CNP by plan type:

	Severance December 31,		Pension December 31,		Other benefits Post-Employment December 31,	
CNP	2023	2022	2023	2022	2023	2022
Cost of present service	$ 5,751	$ 3,384	$ 3,649	$ 3,149	$ 2,899	$ 1,790
Cost per past service	627	444	608	95	718	176
Net interest on PNBD	5,270	2,763	1,048	1,315	(1,369)	16
Recognized remediation	784	17,990	(11,993)	(7,466)	(7,288)	(14,667)
CNP recognized in net profit or loss	$ 12,432	$ 24,581	$ (6,688)	$ (2,907)	$ (5,040)	$ (12,717)

Note 17 - Analysis of technical reserves:

The following is the analysis of movements in technical reserves:

	Balance As of January 1, 2022	Movements	Balance As of December 31, 2022	Movements	Balance As of December 31, 2023
Ongoing Risk					
Life	$ 852,737	$ (23,790)	$ 828,947	$ 59,494	$ 888,441
Accidents and health	347,530	108,685	456,215	(111,917)	344,298
Property and casualty	3,468,059	328,685	3,796,508	375,296	4,171,804
Reinsurance taken	-	-	-	8,833	8,833
Bond and force	575,192	16,037	5,672,899	43,409	634,638
	5,243,518	429,381		375,115	6,048,014
For obligations to be fulfilled by:					
Past-due policies and claims incurred pending payment	$ 3,519,109	$ 677,408	$ 4,196,517	$ 795,003	$ 4,991,520
Claims occurred and not reported	2,006,899	(23,010)	1,983,889	291,344	2,275,233
Insurance funds under management	13,098	(359)	12,739	16	12,755
Premiums on deposit	69,910	2,425	72,335	(17,800)	54,535
	5,609,016	656,464	6,265,480	1,068,564	7,334,043
Contingency	335,387	77,307	412,695	95,373	508,068
Catastrophic Risks	7,580,638	728,552	8,309,190	(136,754)	8,172,436
	7,916,025	805,859	8,721,885	(41,381)	8,680,504
Total	$ 18,768,559	$ 1,891,709	$ 20,660,264	$ 1,402,298	$ 22,062,561

Note 18 - Creditors:

The integration of the Creditors line item is presented below:

	As of December 31,	
Concept	2023	2022
Agents:		
Commissions to accrue	$ 141,882	$ 145,243
Compensation and bonuses payable	109,660	105,494
Current account	74,999	59,787
	326,541	310,524
Loss Management Funds	1,8862	1,854
Sundry:		
Checks issued but not cashed	7,251	12,631
Provisions	63,253	66,519
Accounts payable to suppliers	86,166	144,029
Dividends payable on shares	9,600	11,497
Creditors Pool Atómico Mexicano	115,846	122,161
Creditors under lease agreements	77,725	-
Other	147,283	(83,493)
	507,124	273,344
	$ 835,527	$ 585,722

Note 19 - Other obligations:

The following is the integration of Other Obligations:

	As of December 31,	
Concept	2023	2022
Value Added Tax Payable	$ 249,956	$ 235,180
Taxes withheld from third parties (VAT and ISR)	27,584	28,577
Rent guarantee deposits	922	922
Other taxes and benefits	133,965	124,486
	$ 412,427	$ 389,165

Note 20 - Stockholders' equity:

As of December 31, 2023, and 2022, capital stock amounts to $422,608, represented by 476,678,213 common, nominative, single series shares, without nominal value.

Restrictions on stockholders' equity

In accordance with the provisions of the Law, applicable to Reaseguradora Patria, General de Seguros and General de Salud, at least 10% of net income must be set aside to constitute a reserve fund, up to an amount equal to the amount of paid-in capital. As of December 31, 2023, this fund has not reached the required amount.

In accordance with the requirements of the Commission, the results of valuation of investments in securities that are recognized before the investment is redeemed or sold will be considered as unrealized and, consequently, will not be subject to capitalization or distribution of dividends among their shareholders, until they are realized in cash.

The updated amount, on a tax basis, of the contributions made by the shareholders may be reimbursed to them without any tax, to the extent that such amount is equal to or greater than the stockholders' equity.

Dividends

In accordance with the Law, the Institution may pay dividends, when the financial statements have been approved, audited and published in accordance with Articles 304 and 305 of the Law. Dividends to be paid will be free from income tax if they come from Net Tax Profit Account (CUFIN, by its Spanish acronym). The current tax is payable by the Institution and may be credited against its current income tax of the year or the year on which it is paid. The remaining amount may be credited in the following two fiscal years against the tax of the year or against the provisional payments. Dividends paid that come from profits that were previously taxed by

ISR up to December 31, 2013, will not be subject to any withholding or additional tax payment. Dividends from profits generated on or after January 1, 2014, will be subject to a 10% withholding without any deduction. Therefore, the Income Tax Law establishes the obligation to maintain the CUFIN with the profits generated up to December 31, 2013, and to initiate another CUFIN with the profits generated as of January 1, 2014.

On April 29, 2023, the General Ordinary Stockholders' Meeting decreed dividends from profits from previous years in the amount of $20,123.

On September 21, 2022, the General Ordinary Stockholders' Meeting decreed dividends from profits from previous years in the amount of $39,910.

Statutory requirements Coverage

In no case should the paid-in capital of Reaseguradora Patria, General de Seguros and General de Salud be less than the minimum amount determined by SHCP (by its Spanish acronym) otherwise, it must be recovered or proceed in accordance with the provisions of the Law.

During the first quarter of each year, SHCP establishes the minimum paid-in capital that insurance companies must have based on the operations and lines of business authorized to operate.

As of December 31, 2023, General de Seguros, General de Salud and Reaseguradora Patria have covered the minimum required capital requirement of $176,904, $13,032 and $111,744, respectively.

As of December 31, 2022, General de Seguros, General de Salud and Reaseguradora Patria have covered the minimum required capital amounting to $164,444, $12,114 and $103,873, respectively.

Insurance Institutions must maintain Admissible Own Funds necessary to support the solvency capital requirement, without prejudice to maintaining sufficient assets and investments to cover the investment base, as well as the minimum paid-in capital provided by the Law, in order to have sufficient equity resources in relation to the risks and liabilities assumed and to reduce possible economic and financial imbalances arising from their operation.

As of December 31, 2023, and 2022, the coverage of statutory requirements is as follows:

	Surplus		Index of Coverage	
	2023	2022	2023	2022
General de Seguros				
Statutory requirement:				
Technical reserves [1]	$ 275,760	$ 508,297	1.08	1.1
Solvency capital requirement [2]	463,300	303,677	1.49	1.6
Minimum paid-in capital [3]	389,619	1,131,800	2.37	7.9
General de Salud				
Statutory requirement:				
Technical reserves [1]	57,430	82,875	1.11	1.2
Solvency capital requirement [2]	41,234	16,396	1.48	1.1
Minimum paid-in capital [3]	148,223	125,162	11.37	11.3
Reaseguradora Patria				
Statutory requirement:				
Technical reserves [1]	1,396,960	1,236,676	1.08	1.07
Solvency capital requirement [2]	462,802	559,170	1.25	1.37
Minimum paid-in capital [3]	$ 1,781,481	$ 1,807,245	16,94	18.40

1 Investments that support technical reserves among the investment base
2 Admissible own funds between the solvency capital requirements.
3 Eligible capital resources in accordance with the regulation divided by the minimum paid-in capital requirement for each authorized operation or line of business.

Note 21 - Comprehensive income

The following are the effects of deferred income tax derived from the items that comprise the Comprehensive Income (CI) for the year:

2023

	CI before taxes	Income tax rate 30%	ESPS	Net CI
Valuation of technical reserves risk-free rate	$ (22,588)	$ 6,776	$ 2,259	$ (13,553)
Valuation of instruments to collect and sell	(44,188)	18,261	1,270	(24,657)
Real estate valuation	(44,579)	13,373	4,408	(26,798)
	$ (111,355)	$ 38,410	$ 7,937	$ (65,008)

2022

	CI before taxes	Income tax rate 30%	ESPS	Net CI
Valuation of technical reserves risk-free rate	$ 59,739	$ 17,922	$ 5,974	$ 35,843
Valuation of instruments to collect and sell	41,783	19,290	4,875	17,618
Real estate valuation	(41,587)	(12,476)	(4,159)	(24,952)
	$ 59,935	$ 24,736	$ 6,690	$ 28,509

Note 22 - Premiums issued and ceded:

The following is an analysis of the nature of the premiums issued and ceded:

	Year ended December 31,			
	2023		2022	
Concept	Issued	Ceded	Issued	Ceded
From direct insurance:				
Individual life	$ 201,703	$ 16,215	$ 219,098	$ 22,284
Group Life	1,373,300	34,951	1,243,606	70,705
	1,575,003	51,166	1,462,704	92,989
Personal accidents	1,666,581	475,543	1,244,410	264,858
	1,666,581	475,543	1,244,410	264,858
Civil liability and professional risk	$ 435,398	$ 118,834	$ 429,412	$ 177,610
Maritime and transport	1,010,891	133,933	948,021	221,961
Fire	3,859,753	944,634	3,143,294	780,983
Earthquake and other catastrophic risks	3,073,406	855,557	2,560,240	388,875
Agriculture and animals	377,108	17,454	1,117,689	270,450
Motor	1,697,122	27,689	1,526,118	20,903
Credit	82,417	30,822	68,304	19,953
Sundry	1,237,917	188,598	1,041,176	204,122
	11,774,011	2,317,521	10,834,254	2,084,857
Bonds	1,131,833	149,891	1,065,570	154,973
Premium paid back	–	–	–	–
Total reinsurance taken	–	–	–	–
Total premiums issued	$ 16,147,428	$ 2,994,120	$ 14,606,938	$ 2,597,677

Premiums issued in advance

Included in premiums issued are premiums issued in advance of $88,676 and $138,970, respectively, the effect of which on the balance sheet and income statement are shown below:

Balance sheet:

	December 31, 2023				December 31, 2022			
Account Name	Life	A & E	Property and casualty	Total	Life	A & E	Property and casualty	Total
Premium Debtor	$ 18,804	$ 17,211	$ 66,860	$ 102,875	$ 8,755	$ 67,363	$ 88,523	$ 164,641
Current risk reserve	$ 20,621	$ 12,302	$ 49,945	$ 82,868	$ 9,664	$ 53,664	$ 53,124	$ 116,491

	December 31, 2023				December 31, 2022			
Account Name	Life	A & E	Property and casualty	Total	Life	A & E	Property and casualty	Total
Issued premium	$ 18,804	$ 14,943	54,929	88,676	$ 19,662	57,449	61,859	164,641
Ceded premiums	–	12,302	3,223	7,235	–	–	3,692	3,692
Current risk reserve	$ 20,621	$ 12,302	49,945	82,868	$ 9,664	53,703	53,124	116,491
Commissions to insurance agents	$ 3,450	$ 2,382	5,513	11,345	$ 3,539	(3,746)	5,947	5,740

Note 23 - Income taxes (Income tax (ISR by its Spanish acronym)) and Employee Statutory Profit-Sharing (ESPS or PTU by its Spanish acronym)):

a. Income tax

i. Income tax of the year is calculated by applying a 30% rate on the taxable profit. In 2023, the Institution and its subsidiaries determined their tax result individually, for the purposes of complying with their tax obligations as legal entities, the sum of the tax results of the subsidiaries shows a tax profit of $208,862 and in 2022 of $336,731. The tax income differs from the accounting income, mainly in such items cumulative by the time and deducted differently for accounting and tax purposes, by the recognition of inflation effects for tax purposes, as well as such items only affecting either the accounting or tax income.

ii. The current income tax law establishes an income tax rate of 30%.

iii. Income tax provision is analyzed as shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Current income tax	$ 47,572	$ 149,485
Deferred income tax	24,894	(255,474)
Total income tax under the income statement	$ 72,466	$ (105,989)
Total deferred income taxes in stockholders' equity	$ 38,410	$ 24,736

iv. Reconciliation between current and effective income tax rate is as follows:

The tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2023, and 2022, are detailed in the following sheet.

	Year ended December 31, 2023	Year ended December 31, 2022
Profit (loss) before income taxes	$ 325,999	$ (852,631)
Caused income tax rate	30%	30%
Income tax at the legal rate	97,800	(255,789)
Plus (less) effect on income tax of the following items:		
Non-deductible expenses	23,500	26,921
Annual inflation adjustment	15,283	32,921
Other items	(64,117)	90,206
	(25,334)	149,800
Income tax recognized in results	$ 72,466	$ (105,989)
Effective income tax rate	22.23%	12.43%

b. Current and deferred ESPS:

The Institution is subject to the payment of ESPS, which is calculated by applying the procedures established in article 9 of the Income tax law (LISR by its Spanish acronym), in which taxable income for income tax purposes is considered as a tax base, without reducing the ESPS paid of the fiscal year, nor the tax losses applied. Additionally, the non-deductible part of the exempt social security provision referred to in section XXX of article 28 of the Income tax law must be deducted from cumulative income. The ESPS was determined by each subsidiary to meet its tax obligations as a legal entity.

As of December 31, 2023, and 2022, the ESPS caused amounts to $20,219 and $11,585, respectively, which was determined in accordance with the process established in the decree published in the Official Gazette of the Federation (DOF by its Spanish acronym) on April 23, 2021, and by which various labor and tax provisions related to personal subcontracting are reformed, added, and abrogated.

The ESPS benefit (expense) is integrated as shown below:

	2023	2022
In the results of the period:		
Current	$ 20,219	$ 11,585
Deferred	80,624	(137,363)
	$ 100,843	$ (125,778)
In stockholders' equity:		
Deferred	$ 7,937	$ 6,690

The net income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities, as of December 31, 2023, and 2022, are detailed below:

	2023 ISR	2023 ESPS	2022 ISR	2022 ESPS
Deferred assets (liabilities):				
Investments	$ (516,499)	$ (162,699)	$ (366,207)	$ (75,718)
Real estate	(157,991)	(50,235)	(144,202)	(30,805)
Furniture & Equipment	(330)	(230)	(897)	(326)
Provisions	125,150	59,984	122,503	38,235
Premiums on deposit	16,176	5,260	20,953	5,102
Long-lived intangible assets	3,502	224	3,061	56
Estimate for write-offs	37,750	16,892	29,247	9,478
Estimated mortgage loans and unsecured loans	1,026	310	690	51
Estimate for monthly reinsurance recognition	14,266	-	(3,675)	(2,127)
Current risk reserve	(22,452)	(7,484)	(15,676)	(5,225)
Current and deferred ESPS	49,027	-	21,437	-
Tax losses	106,413	-	122,482	-
Other	50,820	(10,273)	(4,092)	(5,635)
Deferred liabilities, net	(293,143)	(148,251)	(217,376)	(64,787)
Adjustment (excess) shortage in provision	(5,370)	209	(17,794)	5,318
Deferred liabilities, recorded	$ (298,513)	$ (148,042)	$ (235,170)	$ (59,469)

To assess the recovery of deferred assets, Management considers the likelihood that some or all of the assets will not be recovered. The final realization of deferred assets depends on the generation of taxable profit in the periods in which temporary differences are deductible. In carrying out this assessment, management considers the expected reversal of deferred liabilities, projected taxable profits, and planning strategies.

As of December 31, 2023, tax losses to be amortized expire as shown below:

Subsidiary	Year	Tax Losses to be amortized
CCSS - Peña Verde	2026	$ 15,629
CCSS - Peña Verde	2027	19,094
CCSS - Peña Verde	2028	2,070
CCSS - Peña Verde	2029	3,343
CCSS - Peña Verde	2030	1,548
CCSS - Peña Verde	2031	1,366
Peña Verde S. A. B.	2030	10,681
Peña Verde S. A. B.	2031	14,151
Peña Verde S. A. B.	2032	28,710
General de Seguros	2031	35,020
General de Seguros	2032	178,866
General de Salud	2031	41,046
General de Salud	2032	3,191
		$ 354,712

Note 24 - Segment financial information

Insurance Operations

Operating segments are defined as the components of a company, aimed at the production and sale of goods and services that are subject to risks and benefits that are different from those associated with other business segments.

As mentioned in note 1, the main objective of General de Seguros and General de Salud is to carry out insurance and reinsurance operations in various lines of business within the national territory, consequently, the management of General de Seguros and General de Salud internally evaluate their results and performance for line of business for financial decision-making.
The main indicator used by the management of General de Seguros and General de Salud to evaluate performance is the technical result by line of business. This indicator presents selected financial information by operating line, which is consistent with that analyzed by management for decision-making.

The accounting policies applied for the determination of financial information by operating line are consistent with those described in note 3.

The information by operating segments is presented based on the management approach in accordance with MFRS B-5 "Financial Information by Segments", such management approach is delimited by each line of business in which General de Seguros and General de Salud operates.

The selected information from the consolidated income statement by line of business for the years ended December 31, 2023, and 2022, is shown as follows:

2023 Concept	Life	Accidents and health	Auto	Agricultural	Property and casualty	Total
Premiums issued	$ 728,265	$ 1,118,174	$ 1,418,425	$ 228,989	$ 638,539	$ 4,132,392
Premiums ceded	(42,131)	(448,903)	2	(186,913)	(430,897)	(1,108,842)
Premiums Withheld	**686,134**	**669,271**	**1,418,427**	**42,076**	**207,642**	**3,023,550**
Decrease (increase) RRC	(135,780)	70,712	(13,556)	4,825	(21,519)	95,318
Premium accrued	550,354	739983	1,404,871	46,901	186,123	2,928,232
Net acquisition cost	(173,579)	2,022	(371,323)	(6,024)	(99,473)	(648,376)
Net cost of claims	(310,193)	(679,639)	(1,115,699)	(30,500)	(76,184)	(2,212,215)
Technical Result	$ **66,582**	$ **62,366**	$ **(82,151)**	$ **10,377**	$ **10,466**	$ **67,640**

2022 Concept	Life	Accidents and health	Auto	Agricultural	Property and casualty	Total
Premiums issued	$ 593,550	$ 1,110,711	$ 1,283,022	$ 278,138	$ 462,592	$ 3,728,013
Premiums ceded	(47,482)	(649)	(120)	(242,680)	(129973)	(420,904)
Premiums Withheld	546,068	1,110,062	1,282,902	35,458	332,619	3,307,109
Decrease (increase) RRC	8,724	(122,466)	(90,352)	(15,011)	4,475	(214,630)
Premium accrued	554,792	987,596	1,192,550	20,447	337,094	3,092,479
Net acquisition cost						
Net cost of claims	(636,791)	(719,589)	(1,542,348)	(25,787)	(107,227)	(3,094,742)
Technical Result	$ **(81,999)**	$ **268,007**	$ **(349,798)**	$ **(5,340)**	$ **166,867**	$ **(2,263)**

Reinsurance operations

Operating segments are defined as the components of Reaseguradora Patria, aimed at the sale of reinsurance coverages that are subject to risks and benefits that are different from those associated with other business segments.

Reaseguradora Patria is mainly involved in the reinsurance operation, which operates geographically on a regional basis. Each geographic administration supervises and is responsible for all business activities in the countries comprising that region, which refer to the placement of reinsurance contracts in their different modalities (proportional, non-proportional and facultative).

Consequently, Reaseguradora Patria's management internally evaluates the results and performance of each geographical area for decision-making, following a vertical integration approach.

Following this same approach, in day-to-day operations, economic resources are allocated on a country basis and not on an operational component or line of business.

The main indicator used by Reaseguradora Patria's management to evaluate the region's performance is its technical result. This indicator is presented in the selected financial information by geographic operating segment, which is consistent with that analyzed by management for decision-making.

The accounting policies applied for the determination of financial information by geographic operating segment are consistent with those described in note 3.

The information by operating segments is presented based on the managerial approach in accordance with MFRS B-5 "Information by segments", such management approach is delimited by geographical areas.

Selected information of the consolidated statement of income by geographic operating segment for the years ended December 31, 2023, and 2022 of Reaseguradora Patria and PCM is shown below:

December 31, 2023	Mexico and Caribbean	Americas	Overseas	Overseas PCM	PRUS	Total
Premiums taken	$ 3,172,767,	$ 4,381,058	$ 4,358,418	$ -	$ (102,792)	$ 12,015,035
Premiums retroceded	209,024	(895,362)	(1,198,940)	-	-	(1,885,278)
Premiums retained	3,381,791	3,485,696	3,159,478	-	102,792	10,129,278
(Increase) decrease in the reserve for current risks and of bonds in force	(304,122)	(160,500)	(198,826)	(4,677)	(44,120)	(702,891)
Accrued retention premiums	3,077,669	3,325,196	2,960,652	4,677	58,672	9,426,866
Net Acquisition Cost	(1,130,985)	(1,651,469)	(857,374)	-	(2,056)	(3,641,884)
Net cost of claims, complaints and other contractual obligations	(1,298,634)	(1,590,068)	(1,823,101)	(72,264)	(31,130)	(4,670,669)
Technical Result	$ **648,050**	$ **83,659**	$ **280,177**	$ **76,941**	$ **25,486**	$ **1,114,313**

December 31, 2022	Mexico and Caribbean	Americas	Overseas	Overseas PCM	Total
Premiums taken	$ 2,904,158	$ 4,489,22	$ 3,681,389	$ (195,850)	$ 10,878,925
Premiums retroceded	(783,154)	(438,381)	(951,786)	(3,452)	(2,176,773)
Premiums retained	2,121,004	4,050,847	2,729,603	(199,302)	8,702,152
(Increase) decrease in the reserve for current risks and of bonds in force	97,370	(149,238)	(213,748)	(5,098)	(270,714)
Accrued retention premiums	2,218,374	3,901,609	2,515,855	(204,400)	8,431,438
Net Acquisition Cost	(936,844)	(1,344,367)	(643,254)	275	(2,924,190)
Net cost of claims, complaints and other contractual obligations	(1,260,027)	(1,807,721)	(1,267,987)	(7,431)	(4,343,166)
Technical Result	$ **21,503**	$ **749,521**	$ **604,614**	$ **(211,556)**	$ **1,164,082**

Note 25 - Net cost of claims

Below is an analysis of the cost of claims:

	For the year that ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Direct Insurance Claims	$ 6,061,926	88	$ 4,829,993	72
Claims for additional benefits	2,528,643	37	2,480,480	37
Reinsurance claims and rebonding claims	-	-	1,248	-
Maturities	29,290	-	38,091	1
Direct insurance recoveries	6,291	-	6,859	-
Adjustment Costs	375,274	5	346,523	5
Reserve for pending obligations due to claims incurred but not reported	428,106	6	476,493	7
Increase to the reserve for dividends and bonuses on policies	9,101	-	16,906	-
Salvage participation from ceded reinsurance	6,412	-	7,681	-
Claims for additional benefits of the reinsurance taken..	27,755	-	23,495	-
Claims recovered from reinsurance for retroceded reinsurance	(687,434)	(10)	(315,112)	(5)
Salvages of reinsurance taken	(34,624)	(1)	(39,577)	(1)
	8,750,740		7,873,079	
Claims recovered from non-proportional reinsurance.	(1,587,417)	(23)	(867,421)	(13)
Claims from the re-bonding taken	(46,851)	(1)	(22,495)	(1)
Rebonding claims share	(100,073)	(1)	(121,541)	(1)
Recoveries	(133,515)	(2)	(114,288)	(2)
	280,439		(258,324)	
Net cost of claims	$ 6,882,884		$ 6,747,334	

Note 26 - Administrative and operating expenses

Below is an analysis of administrative and operating expenses:

Expenses	For the year that ended December 31, 2023 Amount	2022 Amount
Fees	$ 730,756	$ 744,469
Other operating expenses	258,061	214,832
Rents	16,105	12,794
Sundry taxes	61,576	66,500
Write-offs	152,634	46,107
Non-deductible items	19,649	18,181
Loss on sale of furniture and equipment	415	1,224
Special funds	3,197	-
Expenses incurred for loss management	61	79
Sundry expenses	10,654	7,047
	1,253,108	1,141,233

Revenue	For the year that ended December 31, 2023 Amount	2022 Amount
Policy rights or products	$ (137,833)	$ (132,072)
Profit on sale of furniture and equipment	(1,082)	(23)
Sundry debts	(412,374)	-
Sundry income	(39,192)	(496,820)
Recovery of loss management expenses	(136)	-
	(590,617)	(628,915)
	$ 662,491	$ 512,316

Note 27 - OTIS effect

For insurance operations

On October 24, 2023, Hurricane Otis made landfall near Acapulco, the fifteenth tropical cyclone of the 2023 Pacific hurricane season. It was a cyclone of small dimensions but of extraordinary power and powerful destructive capacity. It is considered the strongest tropical cyclone ever to make landfall on the Mexican Pacific coast and the first to do so as a category 5 hurricane on the Saffir-Simpson scale.

Otis presented a rapid intensification and reached maximum wind speeds of 270 km/h and made its landfall with such power. Upon entering slightly to the west of Acapulco, Otis' winds compromised the integrity of numerous urban infrastructures. Landslides and flooding were recorded as a result of the intense and sustained rainfall.

On November 2, 2023, the Commission authorized the registration of endorsements that allow insurers to agree with extensions in premium payment terms with their clients. This measure seeks to benefit contractors, policyholders, and beneficiaries who face economic difficulties due to the contingency generated by Hurricane Otis. This measure seeks to benefit contracting parties, policyholders, and beneficiaries who face economic difficulties due to the contingency generated by Hurricane Otis.

To policies that are in force with address agreed upon in the State of Guerrero; or that the insured thing is located in the State of Guerrero; or that the insured person is a resident in said state; or that due to the nature of the guaranteed risks have been affected by Hurricane Otis, applicable in the following cases and conditions:

- That the premium or any fraction of the premium in the case of payment in installments has not been paid.
- The extension may be for a maximum period of up to 90 calendar days.
- The Institution must send the document to the contracting party or the insured party stating the extension granted.
- The expiration of the extended terms must occur within the term of the policy.
- The benefit of the extension of the term will be granted to those clients who define the institutions according to their history.
- The Institution did not grant term extensions to policies that were in force with an agreed address in the State of Guerrero; or that the insured item is located in the State of Guerrero; or that the insured person is a resident of that entity; or that due to the nature of the guaranteed risks they had been affected by Hurricane Otis.

Additionally, on December 21, 2023, the Commission issued the following facilities to contribute to the immediate compensation of the damages caused by Hurricane Otis:

1. Those institutions that request it will be authorized in an expeditious manner to release portions of the catastrophic risk reserve for hurricane and other hydrometeorological phenomena insurance established in Provision 5.6.5, section VI of the Single Insurance and Bonding Circular. Notwithstanding the foregoing, the Commission may request, at any time, the elements it deems pertinent for the institutions to prove that the requested regulation has been made in compliance with the requirements outlined in the mentioned regulations.

The Institution did not request the release of the catastrophic reserve for hurricane insurance and other hydrometeorological phenomena, a release was made for having reached the Maximum Accumulation Limit.

The Institution has not made advances to the beneficiaries of the policies affected by Hurricane Otis, which have not been used to support the solvency capital requirement.

A summary of claims incurred, and recoveries is presented below:

Line of business	Number of policy	Initial provision	Increase (decrease)	Payments	Balance as of 31 December 2023
Property and casualty	81	$ 88,224	$	$	$ 88,224
Automobiles	84	6,445	(1,673)	670	4,102
Total Non-persons	165	$ 94,669	$ (1,673)	$ 670	$ 92,326
Reinsurance participations	80	$ 49,129	$	$	$ 49,128

For reinsurance operations

The Institution did not request the release of the catastrophe reserve for hurricane insurance and other hydrometeorological events.

The Institution has made advances to the beneficiaries of the reinsurance contracts damaged by Hurricane Otis in the amount of $251,068, which have not been used to support the solvency capital requirement.

The following is a summary of the reinsurance contracts that have been claimed:

Type of Reinsurance	Line of business	No. Contracts	Paid	Reserve	Total MXN
Proportional	Property and casualty	50	$ 151,512	$ 413,567	$ 565,079
Non-proportional	Property and casualty	21	92,609	457,793	550,402
Facultative	Property and casualty	8	6,948	88,185	95,133
Total Taken		**79**	$ **251,069**	$ **959,545**	$ 1,210,614
Total Retroceded			$ **132,097**	$ **873,080**	$ 1,005,177
Total Retained			$ **118,972**	$ **86,465**	$ 205,437

Note 28 - Profit (loss) per share

As of December 31, 2023, and 2022, the Institution has 476,678,213 common shares.

The formula applied by the Institution to determine the profit (loss) per share consists of determining the factor of the period for which the issued shares were outstanding, which corresponds to the division between the number of days in which the shares were outstanding and the total number of days of the period.

The determined factor is applied to the total number of shares issued by determining the equivalence to the period in which they were outstanding, the result is added to the number of shares outstanding at the beginning of the period, calculating the weighted average of shares outstanding.

Finally, profit (loss) per share is the result of dividing the profit (loss) attributable to shares by the weighted average of shares outstanding.

Determination of Basic Profit (Loss) Per Common Share

Year	Profit (loss) Net for the year	Weighted average of Shares Outstanding	Profit (loss) per share (pesos)
2023	$ 242,146	$ 476,678,213	0.51
2022	$ (736,356)	$ 476,678,213	(1.54)

As of December 31, 2023, and 2022, the Institution has no commitments made with any entity to issue, sell or exchange its own equity instruments as of those dates.

Note 29 - Subsequent events

On March 22, 2023, the funds of PCM were released, amounting £21.5 million sterling pounds, which were received by wire transfer. These funds are intended to be managed by Peña Verde group, to promote its strategic projects.

The participation of the companies was as follows:

General de Seguros	10.61%
Reaseguradora Patria	0.23%
Peña Verde	89.16%

Note 30 - New accounting pronouncements:

The following describes a series of MFRS and improvements to the MFRS issued by the CINIF are described, as well as certain accounting criteria issued by the CNSF through Amending Circular 15/21 of the Single Insurance and Bonding, which will become effective in the year specified. It is considered that these MFRS, improvements to the MFRS s and accounting criteria will have a significant impact on the financial information presented by the Institution: on the financial information presented, as explained below:

Improvements to 2024 MFRS

MFRS A-1 Conceptual framework for financial reporting. The definition for "Public Interest Entities" and "Non-Public Interest Entities" are included to establish the disclosure bases that apply to each type of entities. This produces important changes in different paragraphs of each of the MFRS.

The modifications caused by the Improvements to 2024 MFRS are effective for the years beginning on or after January 1, 2025. Its early application is permitted for fiscal year 2023.

MFRS C-6, "Property, plant and equipment". Establishes that this MFRS should not be applied to biological assets related to agricultural activities, unless expressly required by MFRS E-1, Agricultural activities, as in the case of productive biological assets.

Likewise, modifications were made to the following MFRS, which do not generate accounting changes, consequently, no effective date is established. Those modifications imply only adjustments to the drafting and incorporation of certain concepts:

- MFRS A-1 Conceptual framework for financial reporting.
- MFRS B-7 Business acquisitions
- MFRS B-11 Disposal of long-lived assets and discontinued operations
- MFRS C-2 Investments in financial instruments
- Financial guarantees
- MFRS C- 6 Property, plant, and equipment
- Review of depreciation or amortization elements
- MFRS C-7 Investment in associates, joint ventures, and other permanent investments
- MFRS C-8 Intangible assets
- MFRS C-19 Financial instruments to be paid

Reviewed disclosures.

The disclosures to be made by the entities were adjusted, considering the changes made to the Conceptual Framework and depending on the following:

a. Disclosures applicable to all entities (Public Interest Entities (PIEs) and Non-Public Interest Entities (Non-PIEs); these disclosures represent a basic package of disclosures for all types of entities; and

b. Mandatory additional disclosures only for PIEs

The new disclosure requirements will be mandatory for fiscal years beginning on or after January 1, 2025; however, its early application is permitted from January 1, 2024. The separation of disclosure requirements will be incorporated into Chapter 60, Disclosure Standards, in each of the MFRSs, which will be reordered as follows:

a. Sections numbered 61 to 65 will show the mandatory disclosure requirements for all entities (PIEs and Non-PIEs).

b. Sections numbered 66 to 69 will show the disclosure requirements mandatory only for PIEs and optional for Non-PIEs.

Amending Circular
17/23

The adoption of the following MFRS is deferred for fiscal year 2025:

- • MFRS D-1 "Revenue from contracts with customers". Establishes standards for the valuation, presentation and disclosure of revenues incurred to obtain or fulfill contracts with customers. It establishes the most significant aspects for the recognition of revenue through the transfer of control, identification of the obligations to be fulfilled from a contract, allocation of the amount of the transaction and the recognition of collection rights.

Improvements to 2023 MFRS

MFRS B-11 "Disposal of Long-lived Assets and Discontinued Operations" and MFRS C-11 "Stockholders' equity". Incorporate the accounting treatment in the event that in a dividend distribution or equity reimbursement through long-lived assets there is a difference between the carrying amount of long-lived assets held to distribute to owners that will be used to settle such transaction and the liability recognized as of the date on which dividends or equity reimbursements are settle. Likewise, required disclosures derived from this transaction are specified.

MFRS B-15 "Foreign currency translation". Modifies the practical expedient to no convert financial statements from the recording currency into the functional currency, in order to make a precision and make it clearer that in the event that they do not have subsidiaries or parent companies they must also meet the requirement of not having users who require the financial statements considering the effects of the conversion to the functional currency.

Likewise, modifications were also made to the following MFRS, which do not generate accounting changes, consequently, no effective date is established. Those modifications imply only adjustments to the drafting and incorporation of certain concepts:

- B-10 "Inflation Effects".
- C-2 "Investments in financial instruments".
- C-3 "Accounts receivable".
- D-6 "Capitalization of the comprehensive financing income".

As a result of the enactment of the New Conceptual Framework effective January 1, 2023, a series of consequential changes were made throughout the specific standards and the Glossary, both in indexes, paragraphs and references.

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This material refers to the contents GRI 2-1: General Disclosures 2021

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