COMISIÓN FEDERAL DE ELECTRICIDAD, PRODUCTIVE STATE ENTERPRISE AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023 AND 2022

(WITH THE INDEPENDENT AUDITORS' REPORT)

COMISIÓN FEDERAL DE ELECTRICIDAD,
PRODUCTIVE STATE ENTERPRISE AND SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023 AND 2022

INDEX

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Comisión Federal de Electricidad, Productive State Enterprise and Subsidiaries.

Opinion

We have audited the consolidated financial statements of Comisión Federal de Electricidad, Productive State Enterprise and Subsidiaries (CFE or "the Group"), which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, as well as the notes to the consolidated financial statements that include material information on accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Comisión Federal de Electricidad, Productive State Enterprise and Subsidiaries**, as of December 31, 2023 and 2022, and its consolidated results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the Professional Ethics Code of the Instituto Mexicano de Contadores Públicos, A.C. (the Mexican Institute of Public Accountants), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

(Continued)

Impairment Testing of Power Generation Plants.

Based on the requirements established by International Financial Reporting Standards, the Group is required to perform impairment tests only when such indications exist. During the year, a series of impairment indicators in the long-lived assets which comprise the totality of the assets of each one of the Power Generation Plants of the Group have emerged. With the support of external experts, the Group carried out a study with the purpose of reviewing the cash flows of the financial models that were used to determine the fair value of the long-lived assets of CFE as of December 2023 and performed an analysis of the discount rate. The impairment exists when the carrying value of an asset or of a cash-generating unit exceeds their recoverable value, which is the greater between the fair value minus the sales costs and the usage value. The impairment study of the Power Generation Plants was complex and involved significant judgment from Management to estimate the universe to value, the discount rate and the expected cash flow projections.

Our audit procedures to cover this matter were:

We obtained an understanding and we assessed the significant judgements made by Management and external specialists, we reviewed the source of information of the financial models and performed recalculations. In addition, we assessed the reasonableness of the discount rate applied, the useful life of the assets and the disclosures in the consolidated financial statements. We also involved our specialists to participate in the assessment of the significant assumptions and the methodology used by the Group.

Estimation for Expected Credit Losses

The Group estimates expected credit losses taking into account the probability of default, the severity of the loss and macroeconomic events. The estimation of provisions involves significant judgement and technical difficulty; these assessments are based on automated processes that incorporate large databases linked to complex estimation models.

Our audit procedures to cover this matter were:

We held discussions with Management regarding the assumptions, we assessed the relevant controls linked to the estimation processes, we reviewed the integrity of the database and the aging of the receivables portfolio; we verified the probability of default calculation with the roll rates methodology, the methodology used to calculate the severity of the loss and the macroeconomic and historical information.

Other Information

Management is responsible for the “other information”. The other information comprises the Annual Report corresponding to the annual period ended on December 31, 2023, that shall be filed to the National Banking and Securities Commission and the Mexican Stock Exchange (Annual Report), but does not include the consolidated financial statements and our auditors’ report thereon. It is estimated that the Annual Report will be available to us after the date of this independent auditors’ report.

(Continued)

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

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

If when reading the Annual Report, we conclude that there is a material misstatement in the “other information”, we are required to report that fact to those charged with governance of the Group.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as Management determined was necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

(Continued)

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement expressing that we have complied with relevant ethical requirements regarding independence, and we have communicated them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(Continued)

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

GOSSLER, S. C.

Víctor M. González

Víctor Manuel González Cano
Partner

Mexico City, March 18, 2024.

Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries

Consolidated statements of financial position

As of December 31, 2023 and 2022

(Thousands of pesos)

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

Assets	**2023**	**2022**
Current assets:		
Cash and cash equivalents (note 6)	$ 67,487,561	56,759,212
Accounts receivable, net (note 7)	99,065,943	132,959,505
Inventory of materials for operation, net (note 8)	26,368,237	18,214,461
Total current assets	192,921,741	207,933,178
Loans to employees	23,778,504	19,521,739
Plants, facilities and equipment, net (note 9)	1,491,858,464	1,449,933,668
Right-of-use assets, net (note 10)	475,740,387	509,923,272
Derivative financial instruments (note 11)	1,395,816	9,072,051
Intangibles and other assets (note 12)	43,639,911	45,979,507
Deferred tax assets (note 18)	95,675,192	101,461,322
	$ 2,325,010,015	2,343,824,737

Liabilities and equity	**2023**	**2022**
Current liabilities:		
Short-term maturities of:		
Short-term debt (note 13)	$ 100,709,305	95,148,044
Lease liabilities (note 14)	26,939,919	26,436,648
Derivative financial instruments (note 11)	19,134,064	18,483,899
Other payables and accrued liabilities (note 15)	136,852,638	142,319,045
Income tax (note 18)	13,516,947	7,268,795
Total current liabilities	297,152,873	289,656,431
Non-current liabilities:		
Long-term debt (note 13)	311,236,845	355,352,580
Lease liabilities (note 14)	500,660,140	598,279,709
Other long-term liabilities (note 16)	33,009,411	31,978,389
Employees benefits (note 17)	424,388,155	431,248,794
Total non-current liabilities	1,269,294,551	1,416,859,472
Total liabilities	1,566,447,424	1,706,515,903
Equity (note 19):		
Contributions received from the Federal Government	10,005,251	5,251
Contributions in kind received from the Federal Government	95,111,382	95,111,382
Retained earnings	40,688,311	(56,529,227)
Other comprehensive income (note 19)	594,740,741	577,108,649
Total equity holders of the parent	740,545,685	615,696,055
Non-controlling interests	18,016,906	21,612,779
Contingencies and commitments (note 22)		
	$ 2,325,010,015	2,343,824,737

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

Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries

Consolidated statements of comprehensive income

Years ended December 31, 2023 and 2022

(Thousands of pesos)

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

		2023		2022
Revenues:				
Electricity supply service revenue (note 23)	$	490,756,145	$	442,544,475
Subsidy income		76,624,800		82,186,721
Third party fuel revenue		18,380,263		37,826,342
Freight revenue		13,392,449		18,513,419
Other income, net		40,690,370		39,776,767
Total revenue		**639,844,027**		**620,847,724**
Costs:				
Energy and other fuel supplies		216,039,146		305,791,314
Energy and other fuel supplies - Third party		21,338,933		43,833,135
Salaries and related costs		84,807,572		74,912,560
Maintenance, materials and general services		33,257,607		26,762,417
Taxes and duties		4,582,913		2,656,843
Wholesale Electricity Market costs (WEM)		2,648,163		3,006,255
Employee benefits costs		49,122,891		38,173,003
Depreciation		77,369,702		74,956,852
Other expenses (note 24)		24,416,811		41,685,529
Total costs		**513,583,738**		**611,777,908**
Operating results		**126,260,289**		**9,069,816**
Comprehensive financing result, net:				
Interest expense		41,431,274		39,261,680
Finance expenses, net		37,996,272		20,861,172
Foreign exchange gain, net		(73,851,971)		(42,471,483)
Total comprehensive financing results, net		**5,575,575**		**17,651,369**
Income (loss) before income tax		**120,684,714**		**(8,581,553)**
Income tax (note 18)		24,492,839		7,085,143
Net income (loss)	$	**96,191,875**	$	**(15,666,696)**
Net loss attributable to:				
Controlling interests		97,217,538		(20,365,831)
Non-controlling interests		(1,025,663)		4,699,135
		96,191,875		(15,666,696)
Other comprehensive income (note 19):		17,632,092		(44,921,620)
Comprehensive income (loss)	**$**	**113,823,967**	**$**	**(60,588,316)**

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

Comision Federal de Electricidad
Productive State Enterprise and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2023 and 2022

(Thousands of pesos)

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

		Contributions received from the Federal Government	Contributions in kind from the Federal Government	Accumulated results	Other comprehensive income (loss)	Total equity holders of the parent	Total equity non-controlling interest	Total
Balances at December 31, 2021	$	**5,251**	**95,111,382**	**(36,163,396)**	**622,030,269**	**680,983,506**	**19,707,988**	**700,691,494**
Comprehensive income of the period		-	-	(20,365,831)	(44,921,620)	(65,287,451)	4,699,135	(60,588,316)
Issue of shares (Fibra E)		-	-	-	-	-	(1,652,460)	(1,652,460)
Dividend decree (Fibra E)		-	-	-	-	-	(1,141,884)	(1,141,884)
Balances at December 31, 2022	$	**5,251**	**95,111,382**	**(56,529,227)**	**577,108,649**	**615,696,055**	**21,612,779**	**637,308,834**
Comprehensive income of the period		-	-	97,217,538	17,632,092	114,849,630	(1,025,663)	113,823,967
Federal Government contributions		10,000,000	-	-	-	10,000,000	-	10,000,000
Patrimony refund (Fibra E)		-	-	-	-	-	(1,553,941)	(1,553,941)
Dividend decree (Fibra E)		-	-	-	-	-	(1,016,269)	(1,016,269)
Balances at December 31, 2023	$	**10,005,251**	**95,111,382**	**40,688,311**	**594,740,741**	**740,545,685**	**18,016,906**	**758,562,591**

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

Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries

Consolidated statements of cash flows

For the years ended 31 December 2023 and 2022

(Thousands of pesos)

These financial statements have been translated from the Spanish language originaland for the convenience of foreign/ English speaking readers.

		2023	2022
Cash flows from operating activities:			
Net income (loss)	$	96,191,875	(15,666,696)
Operating activities:			
Employee benefits costs		49,122,891	38,448,904
Increase in provisions of deferred and current income tax		24,492,839	7,085,143
Investing activities:			
Depreciation and right-of-use assets and Impairment of plants, facilities and equipment		77,369,702	74,956,852
Disposal of plants, facilities and equipment		4,623,942	8,970,774
Foreign exchange loss, interest expense and changes in financial derivative instruments fair value of financial instruments		6,189,736	47,815,441
Changes in operating assets and liabilities:			
Accounts receivable and loans to employees		29,636,797	(24,635,458)
Inventory of materials of operation		(8,153,776)	(4,194,923)
Other assets		2,339,596	1,993,896
Other payables and accrued liabilities		(16,688,282)	29,771,387
Payments to employees benefits		(52,536,049)	(48,957,327)
Disposition of plan assets		-	20,178,868
Net cash flows from operating activities		212,589,271	135,766,861
Cash flows from investing activities:			
Acquisition of plants, facilities and equipment		(95,117,994)	(129,212,592)
Net cash flows from financing actvities		117,471,277	6,554,269
Net cash flows from financing actvities			
Proceeds from debt		208,238,641	191,236,617
Dividend decree and patrimony refund Fibra E		(2,570,210)	(2,794,344)
Federal Government contributions		10,000,000	-
Payment of debt		(210,540,504)	(118,487,520)
Interest paid		(41,431,274)	(39,261,680)
Payment of lease obligations		(46,269,658)	(50,544,701)
Payments of financial instruments		(51,440,147)	(20,232,445)
Collections from financial instruments		27,270,224	13,088,822
Net cash flow from financing activities		(106,742,928)	(26,995,251)
Net increase (loss) in cash and cash equivalents		10,728,349	(20,440,982)
Cash and cash equivalents:			
At beginning of period		56,759,212	77,200,194
At end of period	$	67,487,561	$ 56,759,212

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

1. Incorporation, business purpose and relevant events for the Comision Federal de Electricidad

- **Incorporation and business purpose**

Comision Federal de Electricidad, Productive State Enterprise, its subsidiaries, affiliates and trusts (CFE or The Enterprise) is a Mexican entity that was incorporated by Decree as a Decentralized Public Entity of the Federal Government on August 14, 1937 and published in the Official Gazette (DOF Spanish acronomy) on August 24, 1937. The consolidated financial statements accompanying these notes include Comision Federal de Electricidad, Productive State Enterprise (as the ultimate controlling entity of the economic group to which it belongs) and its subsidiaries, affiliates and trusts over which it exercises control (see note 3(a)).

The Comision Federal de Electricidad Law (CFE Law) was published on August 11, 2014 and became effective on October 7, 2014. The CFE Law mandated the transformation of CFE into a Productive State Enterprise.

CFE's business purpose is to provide public transmission and distribution of electricity services on behalf of the Mexican State. CFE also engages in activities related to the generation and commercialization of electricity, as well as activities related to the import, export, transportation, storage and trading of natural gas, among others.

- **Relevant Events**

i. Climate emergency

On October 24, 2023, hurricane "Otis" struck the Pacific coast, causing damage to electrical substations. In response to the climate emergency, CFE incurred expenses for equipment purchases, infrastructure restoration, supply and installation of fiber optics, maneuvers, personnel displacement, among other necessities, which represented an approximate cost of $3,465 million pesos.

ii. Asset reorganization

On January 1, 2024, the Federal Income Law came into force, which according to its Twenty-Sixth Transitory Article, it mentions the validity of the Terms for the Reassignment of Assets and Contracts:

"Property transfer operations, rights and obligations carried out by the State's productive companies in accordance with the terms for the reallocation of assets and contracts published in the Official Gazette of the Federation on November 25, 2019, to reorganize their subsidiary productive companies and affiliated companies, do not constitute a disposal for tax purposes. Since, it is an internal redistribution of an administrative nature that is an integral part of the process of creation and organization such companies. These actions must maintain the same legal effects granted to the original assignment of said assets".

These effects will be reflected in 2024, in coordination with the entry into force of the General Income Law."

iii. Revaluation and/or possible signs of impairment of plants, facilities and equipment

In accordance with International Financial Reporting Standards, the Enterprise conducts assessments every 5 years and/or upon the occurrence of changes in external and internal factors. Significant among these are shifts in the market, legal landscape, economics, and technological advancements, along with fluctuations in interest rates, market performance metrics, obsolescence, physical impairment, and inflation. These evaluations aim to ensure that the recorded book value closely aligns with fair values calculated at the reporting period's conclusion, mitigating material discrepancies.

Pursuant to the constant variations in exchange rates and interest rates, the Enterprise performed a fair value study of the plants, facilities, and equipment due to the ongoing fluctuations in interest rates and currency rates. As a result, a net impairment of $12,267,070 in 2022 and $724,952 in 2023 was recognized by the Enterprise. There has been an impact on results as of December 31, 2023 and 2022, of ($468,463) and ($4,834,347), respectively. In 2023 and 2022, the amounts in Other Comprehensive Income were ($256,489) and ($7,432,723), respectively.

iv. Stabilization of fuel prices

Due to Russia's position as one of the world's top producers of coal, gas, and crude oil, the price of these resources increased as a result of the war between Russia and Ukraine in 2022. This situation had an impact on a number of industries, most notably the electrical sector.

Plants that use coal, natural gas, diesel, and fuel oil have now lower production costs that prices have stabilized in 2023. The average natural gas price index at year's end was 49 pesos/GJ (Gigajoules), compared to 125 pesos/GJ in 2022.

2. Basis of preparation of the consolidated financial statements

a) Basis of accounting

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

b) Basis of preparation

The consolidated financial statements have been prepared on the historical-cost basis except for the Enterprise's derivative financial instruments, right-of-use assets, plants, facilities and equipment, as well as its debt and lease liabilities, which are recognized at fair value, and the defined benefit plans which are recognized at the present value of the defined benefit obligation less the fair value of the plan’s assets.

c) Functional currency and presentation of the consolidated financial statements

The condensed consolidated financial statements and notes thereto are presented in Mexican pesos, the Enterprise's reporting currency, which is the same as its functional currency.

For purposes of disclosure in the notes to the consolidated financial statements, all references to “pesos” or "$" refer to Mexican pesos; all references to “dollars” refer to U.S. dollars; all references to “euros” refer to the legal currency of the European Union; all references to “yen” refer to the legal currency of Japan; and all references to “Swiss francs” refer to the legal currency of Switzerland. The financial information is presented in thousands of pesos and has been rounded to the nearest unit, except where otherwise indicated.

The following disclosure addresses only those estimates that are considered significant based on the degree of uncertainty and the likelihood of a material impact if a different estimate were used. There are many other areas in which estimates are used regarding uncertain matters, but in which the reasonably likely effect of using different estimates is not material with respect to the financial presentation for these areas.

d) Judgments and estimates use.

In preparing these consolidated financial statements, estimates have been made for certain items, some of which are highly uncertain, and their estimation involves judgments made based on the information available.

The following discussion includes some of the matters that could materially affect the consolidated financial statements if (1) *the estimates that are used are different than the ones that could reasonably have been used, or* (2) *the estimates change in the future in response to changes that are likely to occur.*

1) <u>Judgments</u>

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

– Note 3 a) - Consolidation: whether the Enterprise has de facto control over an investee.

– Note 3 n) - Revenue recognition: whether revenue from unbilled electricity delivered is recognized over time or at a specific moment; and.

– Note 3 i) - Leases: whether an arrangement contains a lease and classification thereof.

2) <u>Estimates assumptions and uncertainties</u>

Information about assumptions and estimation uncertainties on December 31, 2023 and 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the notes as follows:

– Note 3 e) - Measurement of the expected credit losses for trade receivables: key assumptions in determining the weighted-average loss rate;

– Notes 3 h) and 9) - Impairment test of property, plant and equipment: key assumptions underlying recoverable amounts, including the recoverability and magnitude of an outflow of economic resources and key assumptions in determining their useful lives;

- Notes 3 j) and 12) - Impairment test of intangible assets and capital gains key assumptions underlying recoverable amounts, including the recoverability and magnitude of an outflow of economic resources and key assumptions in determining their useful lives;

- Note 3 k) and 17) - Measurement of defined benefit obligations: key actuarial assumptions;

- Note 3 l) and 18) - Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;

- Note 3 m) and 22) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

- Note 3 n) - Revenue recognition: estimate of revenue from unbilled electricity delivered; and

3) <u>Measurement of fair values</u>

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

The Enterprise has an established control with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Enterprise uses observable market data as often as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

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

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

e) Consolidated statements of comprehensive income

The Enterprise has elected to present comprehensive income using a 'one-statement' approach that includes all of its profit or loss and “Other Comprehensive Income” (OCI) items, called “Statement of Comprehensive Income”.

The consolidated statements of comprehensive income present ordinary costs and expenses based on their nature, since management believes that this structure results in clearer information for the reader. The consolidated statements of comprehensive income (loss) include a line item for operating result, which represents CFE's revenue minus costs, since management believes that including this item facilitates the reader's understanding of the Enterprise's economic and financial performance.

3. The significant accounting policies followed by the Enterprise are below:

The Enterprise has consistently used the accounting policies listed below in the preparation of the consolidated financial statements that are being presented:

a) Consolidation basis

The consolidated financial statements include the subsidiaries, affiliates and trusts over which the Enterprise exercises control. The financial statements of the subsidiaries were prepared for the same reporting period and using the same accounting policies as those of the Enterprise. The Enterprise controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity.

CFE reassesses whether it controls an entity and if facts and circumstances indicate that there are changes in one or more of control elements.

The subsidiaries are consolidated on an item-by-item basis as of the date on which CFE obtained control. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated. Unrealized gains arising from transactions with equity method investees are eliminated proportionally to the Enterprise's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The equity interest in the main subsidiaries (productive subsidiary companies, affiliated entities and trusts), over which CFE retains control as of December 31, 2023 and 2022 is as follow:

Subsidiary Companies

- CFE Distribución, EPS; CFE Transmisión, EPS; CFE Generación I, EPS; CFE Generación II, EPS; CFE Generación III, EPS; CFE Generación IV, EPS; CFE Generación V, EPS; CFE Generación VI, EPS, and CFE Suministrador de Servicios Básicos, EPS and CFE Telecomunicaciones e Internet Para Todos, EPS.

Affiliated Entities

- CFE Suministro Calificados, S. A. de C. V., CFE International, LLC., CFEnergía, S. A. de C. V., CFE Intermediación de Contratos Legados, S. A. de C. V., and CFE Capital, S. de R. L. de C. V.

The entities listed above were incorporated and their main place of business is in Mexico, except for CFE International LLC, which is located in the United States.

The Enterprise's equity interest in the entities mentioned above is 100%.

Trust Funds

The trust funds controlled by CFE are as follows:

Trust fund	Role of CFE			Type of project
	Trustor	Trust Beneficiary	Trustee	
Trust Management and Transfer of Ownership 2030	CFE	Primary beneficiary: contract awardees. Second beneficiary: CFE	BANOBRAS, S. N. C.	Conditioned investment
Trust for the establishment of a Revolving Financing Fund for the Housing Thermal Isolation Program of the Valley of Mexicali, B.C.	CFE	CFE	BANOBRAS, S. N. C.	Energy saving
Clean Energy Trust 10670	CFE	CFE	BANCOMEXT, S. N. C.	Clean Energy
Trust for Conventional Generation Projects 10673	CFE	CFE	BANCOMEXT, S. N. C.	Direct investment
Trust 1320	CFE	CFE	Banco Azteca, S.A. Multiple Banking Institution	Investment Project
Master Investment Trust CIB/3602 FMI (1)	CFE, CFEnergia and CFE Transmision	CFE, CFEnergia and CFE Transmision	CIBANCO, S.A. de C.V.	Direct investment
Managment and Investment Revocable Trust F/9485	CFE	Creditors first as trust beneficiary, CFE as second	Banco Monex S.A., Multiple Banking Institution	Investment Project

[1] The Master Trust constituted Sub-Trusts for each Infrastructure Project, which will be the owners of Infrastructure Projects and, in that capacity, will celebrate, among others, contracts by which they grant the use and commercial exploitation of such Infrastructure Projects to the Counterparties as determined in terms of the contract.

The sub-trusts constituted are the following:

i) Trust Cib/3655 Sub-Trust of the Central Turbo Gas project "Gonzalez Ortega".
ii) Trust Cib/3765 Sub-Trust of the Central Combined Cycle project "Gonzalez Ortega".
iii) Trust Cib/3766 Sub-Trust of the Central Combined Cycle project "Rivera Maya/Valladolid".
iv) Trust Cib/3767 Sub-Trust of the Central Combined Cycle project "Merida".
v) Trust Cib/3768 Sub-Trust of the Central Combined Cycle project "San Luis Rio Colorado".
vi) Trust Cib/3769 Sub-Trust of the Central Combined Cycle project "Baja California Sur La Paz".
vii) Trust Cib/3770 Sub-Trust of the Central Combined Cycle project "Tuxpan Phase One".

Non-controlling interest

Changes in the Enterprise's interest in a subsidiary that do not result in a loss of control are accounted for in equity transactions. The non-controlling in consolidation does not represent 1% of assets.

b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of CFE's companies at the exchange rates effective at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognized in other comprehensive income:

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

- Qualifying cash flow hedges to the extent that the hedges are effective.

The financial statements of foreign operations are translated into the reporting currency, initially determining whether the functional currency and reporting currency of the foreign operation are different and, subsequently, the functional currency is translated into the reporting currency using the historical exchange rate and/or the closing exchange rate at the end of the year.

Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are valued in local currency at the closing exchange rate prevailing at the date of the consolidated financial statements and at the historical or average exchange rate in profit or loss; exchange differences between the transaction date and the payment or collection date are recognized in profit or loss and presented within finance costs.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits, foreign currencies, and short-term temporary investments. Cash and bank deposits are presented at nominal value and the returns on these investments are recognized in the income statement as they accrue.

Cash equivalents include short-term highly liquid investments and are valued at fair value, and the risk of changes in their value is insignificant.

d) Financial instruments

i) Initial recognition and measurement

Receivable accounts are recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Enterprise becomes a party to the contractual provisions.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, in case of an item not measured at fair value through profit or loss with changes in results, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement - Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; at fair value with changes posted to other comprehensive income - debt investment; at fair value with changes posted to other comprehensive income - equity investment; or at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Enterprise changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are classified, in their initial recognition, as measured subsequently to at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The Enterprise measures financial assets at amortized cost if it meets both of the following conditions:

1. The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows;

2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

All the financial assets not classified as measured at amortized cost or at fair value with changes through other comprehensive income as described above are measured at fair value with changes through profit or loss. This includes all derivative financial instruments (see note 4).

On initial recognition, the Enterprise may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value with changes through other comprehensive income as at fair value with changes through profit or loss if doing so eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise.

Business model assessment:

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

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

- How the performance of the portfolio is evaluated and reported to the Enterprise's management;

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

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Enterprise's continuing recognition of the assets.

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Enterprise considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Enterprise considers:

- Contingent events that would change the amount or timing of cash flows;

- Terms that may adjust the contractual coupon rate, including variable-rate features;

- Prepayment and extension features;

- Terms that limit the Enterprise's claim to cash flows from specified assets (e.g. non-recourse asset features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, if a financial asset is acquired at a discount or premium to its contractual face amount and includes a feature that allows or requires prepayment of an amount substantially representing the contractual face amount plus contractual interest accrued (but not paid, and which may also include reasonable additional compensation for early termination), it is considered consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

<u>Financial Assets - Subsequent measurement and gains and losses:</u>

Financial assets at fair value through profit or loss

- - These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognized in profit or loss. However, for derivatives designated as hedging instruments (see note 11).

Financial assets at amortized cost

- These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

<u>Financial liabilities - Classification, subsequent measurement and gains and losses:</u>

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest income and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii) Derecognition

Financial assets

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

Financial liabilities

The Enterprise derecognizes a financial liability when its contractual rights are paid or canceled, or expire. The Enterprise also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In which case, a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Enterprise currently has a legally enforceable right to set off the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized at fair value in the statement of financial position. The fair value of derivative financial instruments is determined using generally accepted valuation techniques. Consistent with the risk strategy, the Enterprise enters derivative financial instruments contracts to mitigate foreign exchange and interest rate risks, through Interest-Rate Swaps, Cross-Currency Swaps and Foreign Exchange Forwards.

Additionally, in recent years, fuel prices have seen volatility. To reduce price risk the Enterprise has contracted derivative financial instruments on natural gas that seek to reduce volatility. The hedging strategy in the case of natural gas derivatives was designed to mitigate the impact of potential price increases.

The policies include formal documentation of all the transactions between the hedging instrument and the hedged item, the risk management objective, and strategy for undertaking the hedge.

The effectiveness of derivative financial instruments designated as hedges is assessed prior to their designation, as well as over the hedging period, which depends on the features of the hedge. When it is determined that a derivative is not highly effective as a hedge, the Enterprise discontinues hedge accounting prospectively.

The Enterprise discontinues cash flow hedge accounting when the derivative expires, is terminated or exercised, when the derivative is not highly effective in achieving offsetting changes in the fair value or cash flows attributable to the hedged item, or when the Enterprise decides to cancel the hedging designation. The gains or losses recognized in other comprehensive income and accumulated in Equity, remain in Equity and are recognized when the forecast transaction is ultimately recognized in profit or loss.

Under other comprehensive income items, the effective part of changes in the fair value of financial instruments designated as cash flow hedges are reported in equity, while the ineffective part is recorded in results. The effective part of the equity recognized is recycled to the results at the point in the statement where the matching primary position is presented, and it is presented in the same item as the hedged item that influences the result. Hedging policies establish that those derivative financial instruments that do not qualify to be treated as hedges are classified as instruments held for trading purposes, so changes in fair value are immediately recognized in results.

Fair value of financial instruments

The Enterprise holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Enterprise designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Enterprise documents the risk management objective and strategy for undertaking the hedge. The Enterprise also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and the hedging instrument are expected to offset each other.

The hedged portion of derivative financial instruments is documented in the Hedge File, which includes assessments of economic relationship criteria designed to identify the relationship between the notional amount of the hedging instrument and the notional amount of the hedged item.

Cash flow hedges

When a derivative instrument is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Enterprise designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (‘forward points’) is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

For all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss.

e) Impairment in value

i) <u>Non-derivative financial assets</u>

<u>Financial instruments and contract assets</u>

The Enterprise recognizes loss allowances for expected credit losses for:

- Financial assets measured at amortized cost;
- Debt investments measured at fair value with changes in other comprehensive income; and
- Contract assets.

The Enterprise also recognizes the loss allowance for expected credit losses from lease receivables, which are disclosed as part of trade receivables and other accounts receivable.

The Enterprise measures the loss allowance at an amount equal to lifetime expected credit losses, except for the those included in the page below, which are measured at an amount equal to 12-month expected credit losses.

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (in other words, the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Enterprise considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Enterprise's historical experience and informed credit assessment and including forward-looking information.

The Enterprise assumes that the credit risk of a financial asset has increased significantly if it is more than 30 days past due.

The Enterprise considers a financial asset to be in default when:

– The borrower is unlikely to pay their credit obligations to the Enterprise in full; or

– The financial asset is more than 90 days past due.

The Enterprise considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

<u>Measurement of expected credit losses</u>

Measurement of lifetime ECLs is applied if the credit risk of the financial asset at the reporting date has increased significantly since initial recognition and measurement of 12-month ECLs is applied if the credit risk has not increased. The Enterprise may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date.

However, the measurement of lifetime expected credit losses always applies for trade receivables or contract assets that do not contain a significant financing component. The Enterprise has elected to apply this policy for trade receivables and contract assets with a significant financing component.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. Additionally, the Enterprise also considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Enterprise's historical experience and informed credit assessment and including forward-looking information.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Enterprise expects to receive).

Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Enterprise assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Enterprise considers the following observable data as evidence that a financial asset is credit-impaired:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract such as a default or being more than 90 days past due;
- Restructuring of a loan or advance by the Enterprise on terms that the Enterprise would not consider otherwise;
- It is becoming probable that the debtor will enter bankruptcy or financial reorganization; or
- The disappearance of an active market for financial assets because of financial difficulties.

*Presentation of allowance for expected credit losses in the statement of financial posit*ion

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognized in other comprehensive income.

All financial assets not classified as measured at fair value through profit or loss were assessed at each reporting date to determine if there was objective evidence of impairment losses.

Write-off

The gross carrying amount of a financial asset is written off when the Enterprise has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, The Enterprise has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Enterprise individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Enterprise's procedures for recovery of amounts due.

ii) *Non-financial assets*

At each reporting date, the Enterprise reviews the carrying amounts of its financial assets (other than operating materials and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Finance income and finance costs

The Enterprise's finance income and finance costs include. Financial income and expenses are integrated by the following:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortized cost or fair value through other comprehensive income;
- interest expense on lease liabilities;
- hedge ineffectiveness recognized in profit or loss; and
- the reclassification of net gains and losses previously recognized in other comprehensive income on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Enterprise's right to receive payment is established.

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

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In 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 that have become credit-impaired subsequent to 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 credit-impaired, then the calculation of interest income reverts to the gross basis.

g) Inventory of operating materials

Inventory of operating materials is recognized at the lower acquisition cost or net realizable value. The unit costs of the operating materials inventory are calculated using the average cost method.

When required, the Enterprise records provisions to recognize write downs in the value of its inventories due to impairment, obsolescence, low turnover and other circumstances that indicate that the recoverable amounts of inventories are less than their carrying amounts.

h) Plants, facilities and equipment

i) Recognition and measurement

Plants, facilities and equipment are initially measured at acquisition cost.

Plants, facilities and equipment in operation, used for the generation, transmission and/or distribution of electricity are recognized in the statement of financial position at their revalued amount, and fair value is determined as at the revaluation date, less any accumulated depreciation and impairment losses. The Enterprise periodically reviews the fair values of its plants, facilities and equipment in operation, and every 5 years it evaluates the need to revalue its assets to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in the revaluation of plants, facilities and equipment is recognized as a revaluation surplus in other comprehensive income, except when such increase reverses a revaluation deficit of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss to the extent that it reduces the expense of the previous loss. Any decrease in the carrying amount resulting from the revaluation of such plants, facilities and operating equipment is recognized in profit or loss to the extent that it exceeds the revaluation surplus, if any.

The borrowing costs incurred in both direct and general financing for construction in progress over a period of more than 6 months are capitalized as part of the cost of the asset.

The cost of the asset also includes estimated costs for dismantling and removal, as well as for restoring the location of such assets, where such an obligation exists, in addition to the purchase price and costs directly attributable to the process of preparing the asset, in terms of physical location and condition so that it can operate in the intended manner..

The fair value of the long-term assets of the Generation, Transmission and Distribution Plants is determined through the Income Approach using the Discounted Cash Flow method, this technique reflects current market expectations about future income and expenses.

For the measurement at fair value of plants, installations and equipment, the income and expenses (in the case of generation, the Plexus Simulation Model is used), taking into account the capacity of the Power Plants to generate economic benefits through the utilization of the asset in its maximum and best use, by eliminating or incorporating the variable costs that the purchaser of the Power Plants would or would not incur, such as the elimination of legacy contracts and labor obligations of retired workers, and the incorporation of hydraulic concessions, among other variables.

ii) Depreciation

Depreciation of plants, facilities and equipment in operation is calculated at the fair value or acquisition cost of the asset, as the case may be, using the straight-line method over the estimated useful lives of the assets, beginning the month after the assets are available for use. On the subsequent sale or disposal of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Depreciation of plants, facilities and equipment in operation is recognized in profit or loss. On the subsequent sale or disposal of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

The depreciation rates based on the useful lives of the assets, determined by The Enterprise's specialized technicians are as follows:

	Useful life (years)
Geothermal power plants	27 to 50
Steam power plants	34 to 75
Hydroelectric power plants	40 to 80
Internal combustion power plants	34 to 75
Turbo gas and combined cycle power plants	34 to 75
Nuclear power plants	40
Substations	39 to 75
Transmission lines	34 to 75
Distribution Networks	30 to 59

The Enterprise periodically evaluates the useful lives, depreciation methods, and residual values of its plants, facilities and equipment. In the event of changes in the estimates used, the related effects are recognized prospectively.

When the plants, facilities and equipment items are comprised of various components, and their useful lives are different, the significant individual components are depreciated over their estimated useful lives. Maintenance and minor repair costs and expenses are recognized in profit or loss when they are incurred.

iii) Property and assets for offices and general services

Property and assets for offices and general services are depreciated at the following rates:

	Useful life (in years)
Buildings	20
Office furniture and equipment	10
Computer equipment	4
Transportation equipment	4
Other assets	10

Land is not depreciated.

An item of plant, facilities and equipment is derecognized upon disposal or when no future economic benefits are expected from its continuing use. The gain or loss on the sale or disposal of an item of property, plant and equipment is calculated as the difference between its net selling price and its net carrying amount and is recognized in the income statement.

iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

i) Leases

The Enterprise has right-of-use assets in terms of IFRS 16 derived from its contracts with creditors for rentals of office space, furniture, reserved capacity gas pipelines for a fixed price, as well as contracts with independent power generation plants that provide power generation services to CFE.

At contract inception, the Enterprise assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Enterprise uses the definition of a lease included in IFRS 16.

As a lessee

At inception or reassessment of a contract that contains a lease component, the Enterprise allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of property the Enterprise has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Enterprise by the end of the lease term or the cost of the right-of-use asset reflects that the Enterprise will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Enterprise's incremental borrowing rate. Generally, the Enterprise uses its incremental borrowing rate as the discount rate.

The Enterprise determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Enterprise is reasonably certain to exercise, lease payments in an optional renewal period if the Enterprise is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Enterprise is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Enterprise's estimate of the amount expected to be payable under a residual value guarantee, if the Enterprise changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Enterprise presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Enterprise has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Enterprise recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The Enterprise recognizes lease payments received from operating leases as income on a linear basis during the lease term as part of 'other income'.

j) Intangibles and other assets

Intangible assets acquired separately are recognized at their acquisition cost and we estimate the useful life of each intangible. In those cases, in which there is not defined useful life, we classify them as indefinite intangible assets; the Enterprise mainly has rights of way with indefinite useful life.

The other assets line item is largely comprised of security deposits provided under real estate leases, as well as guarantees provided to third parties under agreements for goods and/or services provided.

k) Employee benefits

The Enterprise provides various employee benefits to its employees that for purposes of the consolidated financial statements are classified as direct employee benefits and pension benefits, seniority premiums and termination benefits.

Short-term direct employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Enterprise has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Direct employee benefits

Direct employee benefits are determined based on services provided and considering the current salaries of employees. The related liability is recorded as the benefits accrue. Direct employee benefits are mainly comprised of productivity incentives, vacation days, vacation premiums, seniority bonuses and awards granted to the Enterprise’s temporary, contingent and permanent staff.

Pension benefits and other benefits

The Enterprise provides retirement pensions to its employees.

The Enterprise has a defined benefit pension plan in place for employees who began working for the Enterprise on or before August 18, 2008 and a defined contribution pension plan for employees who began working for the Enterprise on or after August 19, 2008.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Additionally, there are defined contribution pension plans mandated by the Federal government to which the Enterprise is required to make contributions on behalf of its employees. The Enterprise's contributions to these defined contribution plans are calculated by applying the percentages indicated in the related regulations to the amounts of eligible wages and salaries. The contributions are remitted to the retirement fund administrators (AFORE) selected by each employee and to the Mexican Social Security Institute (IMSS, Spanish acronym).

In accordance with the Federal Labor Law, the Enterprise is required to pay a seniority premium and to make certain payments to personnel who leave the Enterprise under certain circumstances.

The Enterprise recognizes annually the cost of pensions, seniority premiums and termination benefits based on independent actuarial computations applying the projected unit credit method using assumptions net of inflation.

The cost of defined contribution pension plans is recognized in profit or loss as they are incurred.

The Enterprise's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Enterprise, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Enterprise determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Enterprise recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Enterprise can no longer withdraw the offer of those benefits and when the Enterprise recognizes costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

l) Income tax

Income tax expense comprises current and deferred tax.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

It is measured using tax rates enacted or substantively enacted at the reporting date

Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the individual subsidiaries of CFE. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

At the end of each reporting period, the Enterprise reassesses its unrecognized deferred tax assets and records deferred tax assets when it is determined that the Enterprise will have sufficient taxable earnings in the future against which to apply its tax losses.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred taxes are recognized in profit or loss except for the items related to other comprehensive income (OCI).

m) Provisions and contingent liabilities

Provisions are recognized when the Enterprise has a present obligation, legal or constructive as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is uncertainty about the timing or amount, but a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are based on the best estimate of the disbursements that would be required to settle the related obligation. Provisions are discounted using a pre-tax rate that reflects the current market conditions at the date of the statement of financial position and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision is recognized as a finance cost.

Provisions for contingent liabilities are recognized only when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

n) Revenue recognition

The Enterprise's revenue recognition policies are as follows:

Sale of electricity - revenue is recognized when the electricity is delivered to the customers, which is considered to be the point in time at which the customer accepted the electricity and the related risks and rewards of ownership transferred. Other criteria applied for revenue recognition include that both the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing involvement with the goods.

Revenue from subsidies - revenue from subsidies received from the Ministry of Finance and Public Credi (SHCP acronym in Spanish) it is recognized at a point in time when the subsidies are received by the Enterprise.

Fuel revenue - are recognized at a point in time that is the moment fuels are delivered to customers.

Revenue from energy transport services- revenue is recognized at a point in time when fuels are delivered to customers.

Other income - revenue from the contributions received from customers to connect them to the national transmission and distribution network is recorded in the statement of comprehensive income at a point in time after the Enterprise has completed the customer's connection to the network. Customers have the option to choose either the Enterprise or another company to supply them electricity. Revenues are presented as part of the Other Income caption.

As a result of the legal separation of the Enterprise into several legal entities and the changes in the laws that allow for the existence of other qualified suppliers besides the Enterprise, as of January 1st, 2017 contributions received from customers and the State and Municipal Governments to provide electricity connection and supply services are recorded as income in the statement of comprehensive income after the Enterprise has completed the customer's connection to the network, since customers now have the option to choose either the Enterprise or another company to supply them electricity.

In view of the above, the deferred income liability was recognized as Third party contributions in the "Other payables and accrued liabilities".

o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Enterprise's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Enterprise has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

4. Reclassifications.

Some of the figures in the financial statements as of January 1, 2023, have been reclassified for greater understanding. The effects of these reclassifications are shown below:

Statement of Financial Position		Previously reported figures	Reclassification	Reclassified figures
Total asset	$	**2,343,824,737**	-	**2,343,824,737**
Other payables and accrued liabilities		133,008,866	9,310,179	142,319,045
Total current liabilities		280,346,252	9,310,179	289,656,431
Other long-term liabilities		41,288,568	(9,310,179)	31,978,389
Total non-current liabilities		1,426,169,651	(9,310,179)	1,416,859,472
Total liabilities		**1,706,515,903**	-	**1,706,515,903**
Total equity	$	**637,308,834**	-	**637,308,834**

Balances of other long-term liabilities and other payables and accrued short-term liabilities in the 2022 consolidated financial statements have been reclassified based on their enforceability to align their presentation with the format used in 2023.

5. Financial Instruments - Fair value and risk management

Fair values

Set out below are the carrying amounts of financial instruments recognized as of December 31, 2023 and 2022, are included as following

		2023		2022
Financial assets				
Cash and cash equivalents (2)	$	67,487,561	$	56,759,212
Accounts receivable (2)		99,065,943		132,959,505
Loans to employees (2)		23,778,504		19,521,739
Derivative financial instruments (1)		1,395,816		9,072,051

		2023		2022
Financial liabilities				
Short-term debt (2)	$	100,709,305	$	95,148,044
Long-term debt (2)		311,236,845		355,352,580
Short-term lease liability (1)		26,939,919		26,436,648
Long-term lease liability (1)		500,660,140		598,279,709
Derivative financial instruments (1)		19,134,064		18,483,899
Suppliers and contractors (2)		65,236,192		71,226,692
Deposits from customers and contractors (2)		40,959,357		34,270,671

(1) Fair value
(2) Amortized cost

Objectives of financial risk management

The Enterprise’s Financial Officer’s functions include, among others, implementing strategies, coordinating access to domestic and international financial markets, and monitoring and managing financial risks related to the Enterprise’s operations through internal and market risk reports that analyze the degree and magnitude of the Enterprise’s exposure to financial risks. These risks include market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

To mitigate the effect of its debt related risks, the Enterprise uses derivative financial instruments to hedge such risk.

The Treasury Department is bound by the SHCP cash management policies that establish that investments must be made in low-risk short-term instruments. Monthly status reports are issued to the Treasury Investment Committee.

Credit risk

Credit risk is the risk of financial loss to the Enterprise if a counterparty to a financial instrument fails to meet its contractual obligations.

The Enterprise is subject to credit risk mostly in respect of its financial instruments comprising cash and short-term investments, loans and accounts receivable, and derivative financial instruments. In order to mitigate the credit risk in its cash, short-term investments and derivative financial instruments, The Enterprise conducts transactions only with counterparties that are financially solvent and that have a good reputation and high credit quality. The Enterprise also obtains sufficient guarantees, when appropriate, to mitigate the risk of financial loss due to non-performance.

The carrying amounts of the Enterprise's financial assets represent the maximum credit risk exposure.

For credit risk management purposes, the Enterprise considers that the credit risk on loans and accounts receivable from consumers is limited. The Enterprise determines the allowance for doubtful accounts based on the incurred loss model.

The Enterprise's maximum exposure to credit risk for trade receivables by item as of December 31, 2023 and 2022, is as follows:

		2023		2022
Cash count	$	44,348,234	$	30,549,931
Bad debts		2,040,226		2,002,836
Agreement		1,544,386		1,642,807
Government		22,868,777		18,794,849
Total	**$**	**70,801,558**	**$**	**52,990,424**

An analysis of the Enterprise's exposure to credit risk from its trade receivables and contract assets is as follows:

		2023				2022		
		Non credit-impaired		**Credit-impaired**		**Non credit-impaired**		**Credit-impaired**
Other customers:								
History of transactions with the Enterprise	$	40,934,614	$	70,588,755	$	47,183,344	$	46,920,567
Total								
Allowance for credit losses	$	2,817,365	$	67,984,193	$	6,832,508	$	46,157,916

Comparative information under IAS 39

An analysis of the credit quality of the trade receivables that were neither past due nor impaired, and the aging of the trade receivables that were past due, but not impaired as of December 31, 2023 and 2022 is as follows:

As of December, 31 2023		Probability of default	Severity of Loss	Gross amount	Estimate	With impaired
Unexpired current	$	2%	95%	36,120,016	896,765	No
Past due between 1 y 30 days		31%	95%	1,969,561	582,266	No
Past due between 31 y 60 days		44%	95%	1,567,626	657,890	No
Past due between 61 y 90 days		55%	95%	1,277,411	680,444	No
Past due between 91 y 120 days		63%	95%	1,122,889	677,928	Yes
Past due between 121 y 150 days		69%	95%	918,812	613,244	Yes
Past due between 151 y 180 days		75%	95%	799,004	573,917	Yes
Past due between 181 y 210 days		80%	95%	728,736	557,966	Yes
Past due between 211 y 240 days		84%	95%	708,591	572,111	Yes
Past due between 241 y 270 days		88%	95%	602,666	509,967	Yes
Past due between 271 y 300 days		92%	95%	565,772	499,413	Yes
Past due between 301 y 330 days		95%	95%	524,133	479,805	Yes
Past due between 331 y 360 days		98%	95%	543,932	514,682	Yes
Expired +360 days		100%	100%	64,074,220	62,985,160	Yes
Total	**$**			**111,523,369**	**70,801,558**	

As of December, 31 2022		Probability of default	Severity of Loss	Gross amount	Estimate	With impaired
Unexpired current	$	2%	95%	35,401,173	915,933	No
Past due between 1 y 30 days		31%	95%	1,703,531	486,429	No
Past due between 31 y 60 days		44%	95%	1,220,710	492,247	No
Past due between 61 y 90 days		55%	95%	992,461	510,761	No
Past due between 91 y 120 days		63%	95%	907,273	530,783	Yes
Past due between 121 y 150 days		69%	95%	810,546	528,324	Yes
Past due between 151 y 180 days		75%	95%	732,305	516,995	Yes
Past due between 181 y 210 days		80%	95%	666,812	505,479	Yes
Past due between 211 y 240 days		84%	95%	626,042	502,236	Yes
Past due between 241 y 270 days		88%	95%	548,618	462,900	Yes
Past due between 271 y 300 days		92%	95%	503,960	444,503	Yes
Past due between 301 y 330 days		95%	95%	485,216	446,397	Yes
Past due between 331 y 360 days		98%	95%	514,000	489,521	Yes
Expired +360 days		100%	100%	46,920,566	46,157,915	Yes
Total	**$**			**94,103,909**	**52,990,423**	

Default probabilities and loss severity are determined based on the actual credit loss experience over the past three years. These factors are then multiplied by scaling factors to account for variations in economic conditions during the historical data collection period, current conditions, and the Company's outlook on economic conditions for the expected life of accounts receivable.

The increase in the allowance for losses primarily results from the overall rise in the gross carrying amounts of accounts receivable and contract assets. The increase in both the proportion of customers and the gross carrying amount of accounts more than 90 days past due contributed to the higher estimate for losses. The methodology for calculating PCE remains consistent with that described in the latest annual financial statements.

Liquidity risk

Liquidity risk is the risk that the Enterprise will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The financing obtained by the Enterprise is mainly through contracted debt, the leasing of plants, facilities, equipment and PIDIREGAS. To manage liquidity risk, the Enterprise periodically performs cash flow analyses and maintains open lines of credit with financial institutions and suppliers.

In addition, the Enterprise's budget is controlled by the Federal Government; consequently, the net debt ceiling authorized on an annual basis by the Federal Congress based on the Enterprise's budgeted revenues, cannot be exceeded.

The following table provides information about the contractual maturities of the Enterprise's financial liabilities based on the payment terms: An analysis of the contractual maturities of the derivative financial instruments is included in notes 13 and 14.

As of December 31, 2023	Less than one year	More than 1 year and less than 3 years	More than 3 years and less than 5 years	More than 5 years	Total
Documented debt	$ 39,383,063	35,647,967	36,943,836	153,718,566	265,693,432
Interest payable on documented debt	15,909,805	25,681,013	19,046,492	65,044,398	125,681,708
PIDIREGAS debt	13,095,590	22,752,103	11,134,727	51,039,646	98,022,066
Interest payable on PIDIREGAS debt	6,734,882	10,083,748	7,033,151	22,443,310	46,295,091
Trust investment financing	48,230,652	-	-	-	48,230,652
Lease liabilities	26,939,919	33,669,295	34,802,427	432,188,418	527,600,059
Interest payable on lease liabilities	17,947,885	33,844,320	30,978,507	140,254,532	223,025,244
Suppliers and contractors	65,236,192	-	-	-	65,236,192
Other liabilities	3,825,430	-	-	-	3,825,430
Total	**$ 237,303,418**	**161,678,446**	**139,939,140**	**864,688,870**	**1,403,609,874**

As of December 31, 2022	Less than one year	More than 1 year and less than 3 years	More than 3 years and less than 5 years	More than 5 years	Total
Documented debt	$ 18,037,363	$ 45,507,664	$ 49,626,924	$ 155,831,251	$ 269,003,202
Interest payable on documented debt	15,046,175	26,249,241	20,889,464	73,901,141	136,086,021
PIDIREGAS debt	13,092,226	23,959,893	17,657,017	62,769,831	117,478,967
Interest payable on PIDIREGAS debt	7,073,534	11,635,360	8,072,309	27,344,274	54,125,477
Trust investment financing	64,018,455	-	-	-	64,018,455
Lease liabilities	26,436,648	33,461,866	39,426,164	525,391,679	624,716,357
Interest payable on lease liabilities	20,684,599	39,459,137	36,573,917	175,252,128	271,969,781
Suppliers and contractors	71,226,692	-	-	-	71,226,692
Other liabilities	16,209,112	-	-	-	16,209,112
Total	**$ 251,824,804**	**$ 180,273,161**	**$ 172,245,795**	**$ 1,020,490,304**	**$ 1,624,834,064**

Market risk

Due to its activities, the Enterprise has exposure to foreign currency and interest rate financial risks as well as fuel price changes.

Foreign currency exchange risk management

To fund its working capital requirements and public works financing, the Enterprise contracts debt and carries out foreign currency-denominated transactions, consequently, it is exposed to exchange rate risk.

	Total debt as of December 31, 2023 (amounts in millions of pesos)	Total debt as of December 31, 2022 (amounts in millions of pesos)
Local currency	$184,432	$164,357
Foreign currency	$225,626	$283,322
Interest payable	$ 1,888	$ 2,821

The Enterprise mainly uses interest rate and currency "swaps" and currency "forward" contracts to manage its exposure to interest rate and foreign currency fluctuations and options to manage the risk of fuel to prices, in accordance with its internal policies.

The carrying amounts of the Enterprise's foreign currency denominated monetary assets and monetary liabilities at the end of the period are presented in note 20.

Foreign currency sensitivity analysis

The Enterprise is mainly exposed to exchange rate differences between the Mexican peso, the US dollar and the Japanese yen.

The Enterprise's sensitivity analysis considers a 5% increase and decrease in the Mexican peso exchange rate against the other relevant foreign currencies. This 5% is the sensitivity rate used internally when the exchange risk is reported to key management personnel and represents Management's assessment of a reasonably possible change in exchange rates.

The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

The sensitivity analysis includes foreign loans as well as loans from the foreign operations within the Enterprise, where the loan is denominated in a currency other than the currency of the loaner or borrower. A positive figure indicates an increase in profit where the Mexican peso strengthens 5% against the relevant currency. If there is a 5% weakening of the Mexican peso against the relevant currency, there would be a comparable impact on profit, and the balances on the following page would be negative. The sensitivity analysis of the derivative financial instruments is described in note 11.

As of December 31, 2023	Documented	Pidiregas	Total
EUR	$ 144,744	$ - -	$ 144,744
USD	7,279,825	2,596,930	9,876,755
Total	**$ 7,424,569**	**$ 2,596,930**	**$ 10,021,499**

As of December 31, 2023	Documented	Pidiregas	Total
EUR	$ 99,283	$ -	$ 99,283
USD	8,816,604	3,901,715	12,718,319
Total	**$ 8,915,887**	**$ 3,901,715**	**$ 12,817,602**

The sensitivity analysis was estimated based on the fair value of the loans denominated in foreign currency.

Management believes that the impact of the inherent exchange risk is reflected in the electricity rates in the long-term through inflation adjustments and the peso to dollar exchange rate.

Interest rate risk management

The Enterprise is exposed to interest rate risks for loans borrowed at variable interest rates. The Enterprise manages this risk by maintaining an appropriate mix of fixed and variable rate loans and by contracting derivative financial instruments designated as interest rate hedges.

	Total debt as of December 31, 2023 (amounts in millions of pesos)	Total debt as of December 31, 2022 (amounts in millions of pesos)
Fixed rate	$ 258,985	$ 302,202
Variable rate	$ 102,851	$ 81,966

Interest rate sensitivity analysis

The sensitivity analyses have been determined based on the exposure to interest rates for derivative and non-derivative financial instruments at the end of the reporting period.

For floating-rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. When reporting interest rate risk internally to key management personnel, a 0.50 point increase or decrease is used for the Mexican Weighted Interbank Interest Rate (EIIR or TIIE, Spanish acronym) and a 0.01 point increase or decrease for the LIBOR (London Inter Bank Offered Rate). These changes represent Management's assessment of reasonably possible change in interest rates.

2023	Documented	Pidiregas	Total
Fixed rate	$ 221,542,582	$ 61,924,439	$ 283,467,021
Variable rate	61,718,278	38,825,153	100,543,431
	$ 283,260,860	$ 100,749,592	$ 384,010,452

2022	Documented	Pidiregas	Total
Fixed rate	$ 243,815,930	$ 72,452,480	$ 316,268,410
Variable rate	31,446,950	43,750,162	75,197,112
	$ 275,262,880	$ 116,202,642	$ 391,465,522

The sensitivity analysis of the debt without considering the derivative financial instruments was estimated based on the fair value of the loans.

The sensitivity analysis of the derivative financial instruments is described in note 11.

Therefore, the hierarchy level of the Enterprise's *Mark-to-Market* for derivative financial instruments as of December 31, 2023 and 2022 is level 2 due to the following:

a) Inputs are other than quoted prices included within Level 1 that are observable, either directly or indirectly.

b) Quoted prices for similar assets or liabilities in active markets.

c) Inputs other than quoted prices that are observable for the assets or liabilities.

<u>Fair value of financial instruments</u>

Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Enterprise has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Enterprise measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Enterprise uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Enterprise measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price the fair value of the consideration given or received. If the Enterprise determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair value of financial instruments recognized at amortized cost

The Enterprise considers that the carrying amount of the financial assets and liabilities recognized at amortized cost in the financial statements approximates fair value, including those mentioned below.

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	$ 67,487,561	$ 67,487,561	$ 56,759,212	$ 56,759,212
Accounts receivable	99,065,943	99,065,943	132,959,505	132,959,505
Loans to employees	23,778,504	23,778,504	19,521,739	19,521,739
Financial liabilities				
Suppliers and contractors	$ 65,236,192	65,236,192	71,226,692	71,226,692
Lease liabilities	527,600,059	527,600,059	624,716,357	624,716,357
Documented debt	265,693,432	283,260,860	269,003,202	275,262,879
PIDIREGAS debt	98,022,066	100,749,592	117,478,967	116,202,643
Trust investment financing	48,230,653	48,230,653	64,018,455	64,018,455

Valuation techniques and assumptions applied for determining fair value

The fair value of the Enterprise's financial assets and liabilities is determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions that are traded on active liquid markets are determined by references to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative financial instruments) is determined in accordance with generally accepted pricing models, which are based on an analysis of discounted cash flows using current transaction prices observable in active markets and quoted prices for similar instruments.
- In conformity with the terms of the ISDA (International Swaps and Derivatives Association) contracts that were entered into, the counterparties or banking institutions are the appraisers, and they calculate and send the Mark-to-Market (which is the monetary valuation of breaking agreed-upon transaction at any given time) on a monthly basis. CFE monitors this value and if there is any doubt or abnormal variance in the market value, CFE requests the counterparty provides a new valuation.

Valuations at fair value recognized in the statement of financial position

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, except for the financial instruments whose carrying amount is reasonably equivalent to their fair value, grouped into Levels 1 to 3, based on the degree to which the fair value is observable:

		Fair value measurement as of December 31, 2023			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets					
Plan assets	$	-	230,297,990	-	230,297,990
Derivative financial instruments		-	1,395,816	-	1,395,816
Total	**$**	**-**	**231,693,806**	**-**	**231,693,806**
Liabilities					
Derivative financial instruments		-	19,134,064	-	19,134,064
Debt	$	125,094,393	-	286,851,757	411,946,150
Total	**$**	**125,094,393**	**19,134,064**	**286,851,757**	**431,080,214**

		Fair value measurement as of December 31, 2022			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets					
Plan assets	$	-	210,966,752	-	210,966,752
Derivative financial instruments		-	9,072,051	-	9,072,051
Total	**$**	**-**	**220,038,803**	**-**	**220,038,803**
Liabilities					
Debt	$	145,241,459	18,483,899	305,259,165	468,984,523
Total	**$**	**145,241,459**	**18,483,899**	**305,259,165**	**468,984,523**

An analysis of the fair value of the derivative financial assets grouped into level 1, based on the degree to which the inputs to estimate their fair value are observable, is included in note 11, 13 and 17.

The levels referred to above are considered as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. For the fair values of the Documented Debt, the observed changes are obtained from the Enterprise's price provider, which furnishes the dirty price valuations reflected in the stock exchange certificates listed on the Mexican Stock Exchange.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from unobservable inputs for the asset or liability, for the fair values of the Documented Debt and Pidiregas Debt, the reasonably possible changes at the Balance Sheet date are determined by measuring the present value of the maturities in the source currency of the lines of credit discounted using CFE's yield curve. For this purpose, the Enterprise's price provider furnishes the curves and risk factors related to the interest rates, exchange rates and inflation to which the debt is exposed.

Sensitivity analyses

To test the fair values of CFE's debt, the reasonably possible changes at the balance sheet date in one of the significant unobservable inputs would have the following effects if all other input remained constant.

	+ 5%	- 5%
Expected cash flow change of 5% in exchange rates in original currency	13,365	(13,365)
Expected cash flow change of 5% in interest rate	9,489	(9,489)

6. Cash and cash equivalents

An analysis of cash and cash equivalents as of December 31, 2023 and 2022 is as follows:

	2023	2022
Cash on hand and cash in banks	$ 67,478,740	$ 56,750,391
Stock certificates	8,821	8,821
Total	**$ 67,487,561**	**$ 56,759,212**

7. Accounts receivable, net

An analysis of accounts receivable as of December 31, 2023 and 2022 is is as follows:

	2023	2022
Public consumers (*)	$ 76,365,474	$ 62,908,873
Government agency consumers (*)	35,157,894	29,124,340
	111,523,369	**92,033,213**
Impairment of receivables	(70,801,558)	(67,904,540)
Subtotal	40,721,811	24,128,673
Other accounts receivable (**)	36,898,134	58,381,519
Impairment of receivable accounts	(6,411,406)	-
Value added tax	27,857,404	50,449,313
Total	**$ 99,065,943**	**$ 132,959,505**

(*) Includes estimates of revenue for electricity supply services that are in the process of being billed.
(**) Includes Assets for trusts and other debtors.

An analysis of balances and changes in the impairment of receivables as of December 31, 2023 and 2022, is as follows:

	2023	2022
Opening balance	$ (67,904,540)	$ (55,631,593)
Increase	(4,547,474)	(13,143,932)
Charges	1,650,456	870,985
Ending balance	**$ (70,801,558)**	**$ (67,904,540)**

8. Inventory of materials for operation

An analysis of the inventory of operating materials as of December 31, 2023 and 2022 is as follows:

	2023	2022
Spare parts and equipment	$ 19,765,669	$ 15,398,595
Fuel and lubricants	2,988,879	3,512,326
Nuclear fuel	5,071,785	3,289,856
	27,826,333	22,200,777
Allowance for obsolescence	(1,458,096)	(3,986,316)
Total	**$ 26,368,237**	**$ 18,214,461**

9. Plants, facilities and equipment, net

An analysis of plants, facilities and equipment, net as of December 31, 2023 and 2022 is as follows:

	Plants, facilities and equipment, net					
	December 2022	Additions	Retirements	Depreciation	Impairment	December 2023
Plants, facilities and equipment in operation	$ 2,108,145,146	46,152,046	(4,623,942)	$ -	-	2,149,673,250
Capitalized spare parts	7,974,763	2,229,367	-	-	-	10,204,130
Construction in progress	109,309,328	43,320,414	-	-	-	152,629,742
Materials for construction	25,048,776	4,976,816	-	-	-	30,025,592
Subtotal	2,250,478,013	96,678,643	(4,623,942)	-	-	2,342,532,714
Accumulated depreciation	(729,013,168)	(836,421)	-	(48,568,532)	-	(778,418,121)
Impairment	(71,531,177)	-	-	-	(724,952)	(72,256,129)
Total	**$ 1,449,933,668**	**95,842,223**	**(4,623,942)**	**$ (48,568,532)**	**(724,952)**	**1,491,858,464**

	Plants, facilities and equipment, net						
	December 2021	Additions	Retirements	Depreciation	Impairment	Capitalization	December 2022
Plants, facilities and equipment in operation	$ 2,074,911,958	36,568,479	(4,136,427)	-	-	801,136	2,108,145,146
Capitalized spare parts	8,775,899	-	-	-	-	(801,136)	7,974,763
Construction in progress	21,622,317	87,687,011	-	-	-	-	109,309,328
Materials for construction	20,090,113	4,958,663	-	-	-	-	25,048,776
Subtotal	2,125,400,287	129,214,153	(4,136,427)	-	-	-	2,250,478,013
Accumulated depreciation	(682,744,022)	-	-	(46,269,146)	-	-	(729,013,168)
Impairment	(59,264,107)	-	-	-	(12,267,070)	-	(71,531,177)
Total	**$ 1,383,392,158**	**129,214,153**	**(4,136,427)**	**(46,269,146)**	**(12,267,070)**	**-**	**1,449,933,668**

The Ukraine-Russia war, the US-China trade war, has generated that the economies worldwide and especially in Latin America have experienced an increase in the inflation rate in the region of 8.1% in April 2022, additional to that an increase in interest rates was observed. Derived from these effects, identified the need to evaluate that the value of the assets is reasonable in 2023 and 2022, considering the change in the economic environment in which the Enterprise operated in recent years and, therefore, the inputs that were used in the projections of the results of the entities.

During fiscal year 2023 and 2022, an analysis was carried out to update the fair value of the generation plants, the transmission and distribution lines, in accordance with the Enterprise's policies and IFRS, considering as a basis the "Study to determine the fair value of the long-lived assets of the generation plants of the Comision Federal de Electricidad" with figures as of December 31, 2023. The aforementioned analysis concludes that there is a revaluation, impairment and reversal of impairment in the plants for a net amount of $724,952 and $12,267,070. As of December 31, 2023 and 2022, there was an impact on results of ($468,463) and ($4,834,347), respectively. The amount in other comprehensive income in 2023 and 2022 was ($256,489) and ($7,432,723), respectively.

The results of the analysis for the fair value update of assets as of 31 December 2023 and 2022 are as follows:

		2023		2022
Impairment of property, plant and equipment	$	(468,463)	$	(4,919,297)
Reversal of impairment of property, plant and equipment		-		84,950
Recorded in the statement of profit or loss		(468,463)		(4,834,347)
Revaluation of property, plant and equipment no operational		-		34,848
Reversal of revaluation of property, plant and equipment		(256,489)		(7,467,571)
Recorded in OCI		(256,489)		(7,432,723)
Total (impairment) or revaluation	**$**	**(724,952)**	**$**	**(12,267,070)**

The main effects by type of technology as of 31 December 2023 and 2022 are shown in the following table.

As of December 31, 2023					
Technology	No. of Power Stations		Revaluation		Impairment
Eoelectric	2		-		-
Geothemal	4		-		(112,104)
Hydroelectric	60		-		(2,537)
Thermoelectric	21		-		(168,484)
Turbo-gas	40		-		(169,481)
Combined cycle	20		(256,489)		(14,674)
Internal combustion	5		-		(1,183)
Total	**152**	**$**	**(256,489)**	**$**	**(468,463)**

As of December 31, 2022					
Technology	No. of Power Stations	Revaluation	Impairment	Revaluation reversal	Impairment reversal
Coal-Fired	3	$	$ (40,730)	$ (135,644)	$ -
Eoelectric	2	29,675	-	-	84,210
Photovoltaic	2	5,173	-	-	-
Geothemal	4	-	(83,460)	(29,788)	-
Hydroelectric	60	-	(2,791,013)	(6,127,678)	-
Nuclear power	1	-	-	(41,616)	-
Thermoelectric	21	-	(137,579)	-	-
Turbo-gas	40	-	(231,511)	(183,574)	-
Combined cycle	20	-	(1,532,407)	(575,648)	-
Internal combustion	5	-	(102,597)	(3,623)	740
Total	**158**	**$ 34,848**	**$ (4,919,297)**	**$ (7,467,571)**	**$ 84,950**

For the asset valuation study, the Enterprise considered the same aggregation to identify the cash-generating unit, both for the recoverable amount estimated in past valuations as in the current one for recognition in 2023 and 2022.

The recoverable amount of the cash generating units was considered the fair value of the asset less costs of disposal.

The level of the fair value hierarchy within which the fair value measurement of assets is classified assets is the Level 3 input data, in accordance with IFRS 13.

As of December 31, 2023, the useful lives of the plants with modern technology are as follows:

Power stations	Estimated useful life
Combined cycle (with natural gas), thermoelectric plants, turbo gas and internal combustion	30 years
Coal-Fired	40 years
Geothermal	30 years
Nuclear power	60 years
Hydroelectric	80 years
Wind and solar	25 years

Construction in progress - the construction in progress balances as of December 31 2023 and 2022 are as follows:

Plant:	**2023**	**2022**
Steam power plants	$ 223,641	257,439
Hydroelectric power plants	13,396,321	12,562,764
Nuclear power plant	124,265	205,157
Turbo gas and combined cycle plants	68,943,349	68,045,808
Geothermal power plants	153,761	164,504
Internal combustion	22,955,488	15,157,938
Transmission lines, networks and substations	46,253,691	11,915,108
Offices and general facilities	355,585	334,911
Construction advances	223,641	665,699
Total	**$ 152,629,742**	**109,309,328**

As of December 31, 2023 and 2022 the Master Investment Trust approved projects related to build investment projects for the development acquisition covered from settlor resources during the next 3 years.

PROJECT	PRICE (MUSD)
C.C.C. Riviera Maya	762,000
C.C.C. Mérida	754,000
C.C.C. Tuxpan Fase I	737,000 798,000
C.C.C. San Luis Río Colorado	624,940
C.C.C. González Ortega	646,557
C.C.C. Baja California Sur	249,942 290,000

As of December 31, 2023 and 2022 the Master Investment Trust outlay $51,331,582 y $ 43,104,936 respectively. During 2022, a contribution in kind was received from the work in progress CTG González Ortega for $2,838,948,522.

<u>Fair value measurement</u>

i) Fair value hierarchy

The fair value of plants, facilities and equipment in operation was determined by independent external appraisers with a recognized professional capacity and experience in terms of the property, plant and equipment that underwent the appraisal.

ii) Valuation technique and relevant unobservable inputs

The following table shows the valuation technique used to measure the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between the key unobservable inputs and the measurement of fair value
Discounted cash flows: The valuation model used the present value of the net cash flows that will be generated by the plants, facilities and equipment, considering the expected income growth rate. Net expected cash flows are discounted using risk-adjusted discount rates.	**Generation** Useful life of the assets (30-60 years) Discount rate 8.80%-10.55% **Transmission** Useful life of the assets (30 years) Discount rate 7.67% **Distribution** Useful life of the assets (30 years) Discount rate 7.67%	The estimated fair value would increase (decrease) if: - Income growth is higher (lower) - The useful life is higher (lower) - The risk-adjusted discount rate is lower (higher)

As mentioned in notes 3h and 9), CFE performs impairment tests on the value of its long-lived assets when circumstances indicate a probable impairment in value.

The impairment analysis for long-lived assets requires the Enterprise to estimate the recoverable amount of its assets, which is the greater of its fair value (minus any disposal costs) and its value in use.

10. Right-of-use asset

The net balances of right-of-use assets as of December 31, 2023 and 2022 are as follows:

	December 2022	Additions	Retirements	Effect from translation	Depreciation for the year	December 2023
Property	$ 852,377	42,457	-	(2,884)	-	891,950
Infrastructure	158,891,975	91,006	-	- -	-	158,982,981
Vehicles	4,168,263	2,329,342	-	- -	-	6,497,605
Gas pipelines	529,069,222	1,134,813	-	(12,571,888)	-	517,632,147
Subtotal	$ 692,981,837	3,597,618	-	(12,574,772)	-	684,004,683
Property	(719,109)	-	-	2,535	(63,420)	(779,994)
Infrastructure	(72,423,306)	-	-	-	(7,573,090)	(79,996,396)
Vehicles	(2,890,036)	-	-	-	(1,377,405)	(4,267,441)
Gas pipelines	(107,026,114)	-	-	3,592,904	(19,787,255)	(123,220,465)
Total depreciation	(183,058,565)	- -	-	3,595,439	(28,801,170)	(208,264,296)
	$ **509,923,272**	**3,597,618**	-	**(8,979,333)**	**(28,801,170)**	**475,740,387**

	December 2021	Additions	Retirements	Effect from translation	Depreciation for the year	December 2022
Property	$ 788,956	64,849	-	(1,428)	-	852,377
Infrastructure	158,891,975	-	-	-	-	158,891,975
Vehicles	4,173,989	-	(5,726)	-	-	4,168,263
Gas pipelines	503,228,838	32,048,582	-	(6,208,198)	-	529,069,222
Subtotal	667,083,758	32,113,431	(5,726)	(6,209,626)	-	692,981,837
Property	(630,310)	-	-	1,369	(90,168)	(719,109)
Infrastructure	(64,850,216)	-	-	-	(7,573,090)	(72,423,306)
Vehicles	(1,852,979)	-	-	-	(1,037,057)	(2,890,036)
Gas pipelines	(88,382,530)	-	-	1,343,807	(19,987,391)	(107,026,114)
Total depreciation	(155,716,035)	-	-	1,345,176	(28,687,706)	(183,058,565)
	$ **511,367,723**	**32,113,431**	**(5,726)**	**(4,864,450)**	**(28,687,706)**	**509,923,272**

The reconciliation of lease rights payable is as follows:

	2023	2022
Closing balance	$ 624,716,357	$ 661,408,622
Additions	3,557,618	31,435,557
Interest	23,780,464	26,653,658
Payments	(46,269,658)	(50,544,701)
Exchange difference	(78,224,722)	(44,236,779)
Total liabilities	$ **527,600,059**	$ **624,716,357**

The Enterprise has entered leasing contracts for the rental of real estate, vehicles and infrastructure. These leases shall commence over the course of 2023. The lease agreements will require CFE to recognize lease assets and liabilities in accordance with IFRS 16.

11. Derivative financial instruments

a. Accounting classifications and fair values

CFE is exposed to interest rate and foreign currency translation risks which it tries to mitigate through a hedging program that includes using derivative financial instruments. The Enterprise mainly uses foreign exchange “Cross Currency Swaps” and “Forwards” to mitigate its foreign currency risk. To reduce the risks generated by interest rate fluctuations, "interest rate swaps" are used and "options" are used for fuel price risks.

In addition, for the period ended December 31, 2023, and 2022, the derivative financial instruments have been designated as and qualify mainly as cash flow hedges since they are referenced to the contracted debt. The effective portion of gains or losses on cash flow derivatives is recognized in equity in the "Effects on the fair value of derivatives" line item, and the ineffective portion is charged to profit or loss of the period.

The fair value of the Enterprise's financial instrument position as of December 31, 2023 and 2022 amounted ($17,738,24) and ($9,411,948), respectively.

Derivative Financial Instruments Held for Trading

As of December 31, 2023 and 2022, CFE had derivatives designated as held for trading whose fair value represented a liability of ($3,166,342) and ($13,749,124) respectively.

Instrument	Underlying	Maturity	December 2023	December 2022
FWD JPY/USD (1)	Exchange rate and interest	2032	$ (1,058,970)	$ (960,810)
CCS	Mizuho line	2023	-	(235,104)
P. Only	P.O 2033	2023	-	(1,668,132)
P. Only	P.O 2052	2023	-	(3,889,939)
IRS	ISDA Credit Suisse	2023	-	(6,995,139)
CCS (2)	CFE 2024 repurchase hedge	2024	(1,741,728)	-
CCS (3)	CFE 2027 repurchase hedge	2027	(365,644)	-
		Hedging	**$ (3,166,342)**	**$ (13,749,124)**

1) On September 17, 2002, CFE placed in the Japanese market a bond for 32 billion Japanese yen at an annual interest rate of 3.83% and maturing in September 2032. At the same time, CFE carried out a hedging operation for which received an amount of 269,474,000 USD, equivalent to 32 billion yen at the spot exchange rate on the date of the operation of 118.7499 yen per US dollar. This transaction consists of a series of currency forwards that allow the Enterprise to lock in a JPY/USD exchange rate of 54.0157 JPY per USD over the established term of the transaction. As part of this transaction, CFE pays annual interest in U.S. dollars at a rate of 8.42%.

2) On September 26, 2023, the company successfully completed its second Liability E operation (bond repurchase) in international financial markets under the 144A/RegS format. This operation involved the voluntary repurchase of four international bonds previously issued by the CFE in foreign currency. The repurchase prioritized bonds based on their maturity period, with the short-term bond having the highest interest rate and the long-term bonds being less preferred.

Bonus primary position	***Expiration day***	***Amount in circulation before repurchase***	***Notional amount of repurchase***	***Notional amount after repurchase***
4.875% Bono CFE 2024	16/01/2024	869.7	482.6	387.1
4.750% Bono CFE 2027	23/02/2027	815.0	325.7	489.3
6.125% Bono CFE 2045	16/06/2045	618.3	16.0	602.3
6.125% Bono CFE 2042	14/02/2042	563.5	53.2	510.3
Total		**2,866.50**	**877.50**	**1,989.00**

3) On December 29, 2023, the liquidation of the primary position was completed, with the remaining amount corresponding to the CFE 2024 Bond totaling USD $387.1 million. As a result, the coverage was reclassified for temporary negotiation, and the liquidation date for coverage was finalized on January 11, 2024.

4) The coverage for the CFE 2027 Bond at the end of fiscal year 2023 maintains a remaining balance of USD $489.3 million, with financial coverage for exchange rate and interest rate risks totaling USD $712.6 million. A portion of this, specifically USD $223 million, will be transferred to another primary position during fiscal year 2024.

The Enterprise suspends cash flow hedge accounting when the derivative expires, is not effective enough to offset the changes in the fair value or cash flows of the hedged item, or when The Enterprise decides to cancel the hedging designation. Any gain or loss recognized in other comprehensive income and accumulated in capital is recognized when the projection of the transaction is finally recorded in profit or loss.

Hedging instruments

As of December 31, 2023 and 2022, CFE maintains its hedging derivative position on exchange rates and interest rates, as follows:

Instrument	Underlying	Type of hedge	Maturity	Primary position (Lines/Bonds)	Hedge Ratio	Fair value 2023	Fair value 2022
CCS	(1)	Cash flow	2023	1100000080	100%	$ -	$ 219,149
CCS	(1)	Cash flow	2024	1100002956	100%	(944,467)	459,169
CCS	(1)	Cash flow	2027	1100003606	100%	(699,503)	493,544
CCS	(1)	Cash flow	2032	1200002801	100%	(552,684)	123,039
				1200000551			
CCS	(1)	Cash flow	2036	Pidiregas line	100%	926,006	3,356,850
CCS	(1)	Cash flow	2042	2042 bond	55%	(111,010)	171,766
CCS	(1)	Cash flow	2047	Formosa 1 bond	100%	211,444	250,098
CCS	(1)	Cash flow	2048	Formosa 2 bond	100%	(232,658)	472,243
Participating Swap	(1)	Cash flow	2027	2027 bond	100%	(101,354)	105,144
CCS	(1)	Cash flow	2045	2045 bond	100%	258,366	575,357
CCS	(1)	Cash flow	2030	Formosa 4 bond	33%	(1,173,445)	(340,659)
CCS	(1)	Cash flow	2029	Formosa 3 bond	30%	(708,505)	1,788,274
CCS	(1)	Cash flow	2029	SACE line	100%	(964,744)	443,547
CCS	(1)	Cash flow	2031	CFE 2031	100%	(2,962,583)	(828,480)
CCS	(1)	Cash flow	2033	CFE 2033	100%	(4,509,460)	266,372
P.Only	(1)	Cash flow	2052	2051 bond	100%	(64,457)	-
P.Only	(1)	Cash flow	2052	2052 bond	100%	(549,163)	347,499
CCS	(2)	Cash flow	2022-2025	Energy sale	N/A	(534,688)	(340,861)
Options	(3)	Cash flow	2023-2024	Energy sale	38.5%	(1,859,001)	(3,224,775)
				Total		**$ (14,571,906)**	**$ 4,337,276**

(1) Exchange rate and interest rate

(2) Exchange rate

(3) Commodities

	2023	2022
Assets		
Hedge	$ 1,395,816	9,072,051
Liabilities		
Hedge	(15,967,722)	(4,734,775)
Negotiation	(3,166,342)	(13,749,124)
Total	$ (19,134,064)	(18,483,899)
Net	**$ (17,738248)**	**(9,411,848)**

The table above includes the Mark to Market of the hedging derivatives. As of December 31, 2023 and 2022, the total Mark to Market value of the hedging and trading derivatives amounts to ($17,738,248) y ($9,411,848) respectively, based on their carrying amount.

The results of the effectiveness tests for these hedging instruments showed that the relationships are highly effective and the amount of ineffectiveness is minimal.

Fair value (Mark to Market - MTM) is determined using valuation techniques at present value to discount future cash flows, which are estimated using observable market data. The carrying amount of OCI includes the fair value (mark to market), and the reclassifications to profit and loss correspond to accrued interest and currency hedging (gain or loss).

Natural Gas Hedges Proprietary Position

At the 56th ordinary session of the Board of Directors held on July 13, 2023, the Federal Electricity Commission's Strategy on Currency Exposure, Interest Rate and Fuel Price for 2024-2025 was authorized.

Level strike options	Apr 23 - Apr 24	Apr 23 - Dec 23	Apr 23 - Feb 24	Aug 23 - Apr 24	Jan 24 - May 24	Jun 23– Apr 24	May 23 – Apr 24	May 23 - Mar 24	Jan 24 - Mar 24	May 24 - Oct 24	Nov24- Apr 25	Total
3.0 Call	-	-	-	2	-	-	-	-	-	38	2	**42**
3.5 Call	3	-	-	-	25	17	6	3	-	39	4	**97**
3.75 Call	-	-	-	-	33	-	-	-	12	45	-	**90**
4.0 Call	40	-	3	-	-	2	4	-	-	-	-	**49**
5.5 Call	-	62	-	-	-	-	-	-	-	-	-	**62**
3.25 Call	-	-	-	-	-	-	-	-	-	11	-	**11**
Total contracts	**43**	**62**	**3**	**2**	**58**	**19**	**10**	**3**	**12**	**133**	**6**	**351**

The classification of the natural gas hedge position remains in CFE Corporate with a hedge of 46.96% cumulatively until Apr 2025.

The market value as of December 31, 2023 of the own position was $(1,859,001) recorded as a liability corresponding to the price of the NYMEX option including the base risk and the Index to cover the primary position of consumption of the Houston Ship Channel daily.

As of December 31, 2023, the effects of OCI in the upcoming years (current portfolio) are as follows

Year	MTM	OCI	Results (Interest and exchange rate)
2024	(13,162)	(26,597)	13,435
2025	(11,761)	(24,187)	12,426
2026	(9,691)	(21,552)	11,862
2027	(7,087)	(18,508)	11,421
2028	(3,887)	(16,567)	12,680

b. Fair value measurement

The valuation techniques for estimating the fair value of derivative instruments are described in the accounting policy mentioned above, depending on the derivative instrument for which the fair value is estimated. CFE uses the corresponding technique to estimate such value.

Adjustment of fair value or Mark to Market by credit risk

To reflect counterparty risk, the valuation is adjusted based on the probability of default and recovery rate with the counterparties of the derivative positions.

The net fair value of derivative financial instruments (Mark-To-Market) effective as of December 31, 2023 and 2022, before considering credit risk, amounts to ($17,497,742) and ($9,062,201), respectively which is included in the balance sheet and represents the amount in favor of the Enterprise with the counterparties.

CFE applies a Credit valuation adjustment (CVA) to reflect the creditworthiness of the counterparty of the derivative financial instrument. The CVA is the market value of the counterparty credit risk and reflects the estimated fair value of the hedging required to cover the counterparty credit risk included in such instruments.

Method for adjusting Fair Value

This method was approved by the Interinstitutional Delegate Committee for Financial Risk Management associated to the financial position and price of fossil fuels (CDIGR Spanish acronym), as the methodology for adjusting derivative financial instruments to fair value.

As of December 31, 2023 fair values adjustments based on the CVA (Credit Valuation Adjustment) are shown below:

Counterparty		**Fair value MTM subject to CVA**	**Adjusted fair value MTM**	**Adjustment as of December 31, 2023**
Deutsche Bank	$	1,475,281	1,360,916	114,365
Scotiabank		(489,335)	(489,335)	-
MUFG		(894,670)	(897,567)	2,897
BBVA Bancomer		(1,132,051)	(1,132,051)	- -
BNP Paribas		(1,252,584)	(1,256,314)	3,730
Santander		(1,328,728)	(1,328,728)	-
Bank of America		(1,963,449)	(1,975,667)	12,218
Goldman Sachs		(2,230,516)	(2,276,598)	46,082
Citibanamex		(2,272,756)	(2,319,374)	46,618
Barclays Bank		(2,402,944)	(2,402,977)	33
JP Morgan		(2,462,443)	(2,463,084)	641
Morgan Stanley		(2,543,547)	(2,557,468)	13,921
	$	**(17,497,742)**	**(17,738,247)**	**240,505**

As of December 31, 2022 the adjustments to fair values based on the CVA (Credit Valuation Adjustment) are shown below:

Counterparty		Fair value MTM subject to CVA	Adjusted fair value MTM	Adjustment as of December 31, 2022
Deutsche Bank	$	2,095,269	1,885,146	210,123
Goldman Sachs		1,017,303	856,694	160,609
Morgan Stanley		458,787	391,201	67,586
BBVA Bancomer		296,527	275,172	21,355
Santander		146,579	133,864	12,715
MUFG		(153,053)	(153,053)	-
Scotiabank		(447,374)	(447,374)	-
Bank of America		(613,276)	(626,330)	13,054
BNP PARIBAS		(620,985)	(628,316)	7,331
Barclays Bank		(868,130)	(955,932)	87,802
JP Morgan		(962,487)	(1,484,495)	522,008
Citibanamex		(3,005,583)	(3,133,191)	127,608
Credit Suisse		(6,405,778)	(5,525,234)	(880,544)
	$	**(9,062,201)**	**(9,411,848)**	**349,647**

Fair Value hierarchy or Mark-to-Market

To increase consistency and comparability in fair value measurements and related disclosures, IFRS sets out a fair value hierarchy that categorizes into three levels the inputs used in valuation techniques. This hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The availability of relevant inputs and their relative subjectivity might affect the selection of appropriate valuation techniques. However, the fair value hierarchy prioritizes the inputs to valuation techniques.

Level 2 inputs

As explained above, based on the terms of the ISDA contracts, the counterparties or banking institutions are the valuation agents, and they calculate and send the Mark-to-Market monthly.

Therefore, the hierarchy level of The Enterprise's Mark-to-Market for derivative financial instruments as of December 31, 2023 is level 2 due to the following:

a) Inputs are other than quoted prices and include inputs within Level 1 that are observable, either directly or indirectly.
b) Quoted prices for similar assets or liabilities in active markets.
c) Inputs other than quoted prices that are observable for the assets or liabilities.
d) Financial risk management.

The Enterprise has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Enterprise if a counterparty to a financial instrument fails to meet its contractual obligations. To mitigate its credit risk, the Enterprise's policy is to maintain a significant portion of its positions with investment grade counterparties and substantially limit its positions with below investment grade counterparties.

To manage credit risk, the Enterprise monitors the credit rating and the probability of default of the counterparty, which is applied to the market value of the derivative. These operations are carried out with solvent and reputable parties that have a AAA+ credit rating on a local scale, and BBB+ on a global scale, according to S&P, Moody's and Fitch.

The carrying amount of the derivative financial assets represents the maximum exposure to credit risk. As of December 31, 2023 and 2022, this amounted to ($17,497,742) and ($9,062,201) respectively.

Liquidity risk

The liquidity risk associated with financial derivative instruments is the risk that CFE may encounter difficulties in meeting the financial obligations arising from these instruments.

To manage credit risk, the Enterprise monitors the market value of the derivative and the use by the operating lines (threshold).

Exposure to liquidity risk for holding derivative financial instruments arises from the carrying amount of the financial liabilities corresponding to these instruments. As of December 31, 2023 and 2022, this amounted to $19,134,064 and $18,936,921, respectively.

The table below lists the contractual maturities of the derivative financial instruments based on payments terms.

December 31, 2023		**Less than one year**	**More than 1 year and less than 5 years**	**Total**
CCS	$	32,271	64,892	97,163
Total payable	**$**	**32,271**	**64,892**	**97,163**
CCS	$	23,872	51,889	75,761
Total receivable	**$**	**23,872**	**51,889**	**75,761**

December 31, 2022		**Less than one year**	**More than 1 year and less than 5 years**	**Total**
CCS	$	29,195	81,940	111,135
Total payable	**$**	**29,195**	**81,940**	**111,135**
CCS	$	25,795	87,497	113,292
Total receivable	**$**	**25,795**	**87,497**	**113,292**

Market risk

The market risk associated with derivative financial instruments is the risk that changes in market prices, such as exchange rates and interest rates, will affect the Enterprise's income for holding derivative financial instruments.

The Enterprise uses derivative financial instruments to manage market risk, generally seeking access to hedge accounting to control or immunize the volatility that could arise in the results.

a) Currency exchange risk

55% of CFE's debt is denominated in foreign currency, mainly in US dollars, whereas most of CFE’s assets and revenues are denominated in pesos. As a result, CFE is exposed to devaluation risks of the peso against the dollar. In conformity with its risk management policy, CFE has contracted currency swaps to reduce the impact of currency fluctuations. The effect of this instrument is to replace the obligation to pay fixed interest rates in dollars for an obligation to pay a fixed rate in pesos. As of December 31, 2023 and 2022, CFE maintained foreign exchange swaps to hedge its foreign currency debt of $171,959 and $145,318 million pesos, respectively.

To cover the exchange risks of the $32 billion debt in yens, CFE uses a series of exchange rate forwards under which it purchases Japanese yens. The market value of this transaction as of December 31, 2023 and 2022 was ($1,058,970) and ($960,810), respectively. These derivative instruments were not designated as hedges.

Sensitivity analysis of the effect on exchange rates

A possible and reasonable strengthening (weakening) of the MXN/USD and JPY/USD exchange rate as of December 31, 2023 would have affected the fair value of the total position of the derivative financial instruments in foreign currency, and thus, profit and loss of the period and other comprehensive income (since some of them are designated as hedges), as shown in the following table:

	Effect on profit or loss		**Effect on equity**	
Instrument	**+100 pips**	**-100 pips**	**+100 pips**	**-100 pips**
Cross Currency	98,923	(98,923)		
JPY/USD			2,694	(2,694)
Hedge excess 2024			8,697	(8,697)
Hedge excess 2027			2,234	(2,234)
Total	**98,923**	**(98,923)**	**13,625**	**(13,625)**

This analysis assumes that all other variables, in particular interest rates, remain constant (amounts in thousands of pesos).

b) Interest rate risk

28% of CFE’s debt bears interest at variable interest rates, which are determined by reference to the TIIE rate for debt denominated in pesos. As of December 31, 2023 and 2022 there is any hedges.

Interest rate sensitivity analysis

A potential and reasonable strengthening (weakening) of interest rates as of December 31, 2023 would have affected the fair value of the total position of derivative financial instruments associated with variable interest rates, and thus, profit and loss of the period and other comprehensive income (since some of them are designated as hedges), as shown in the following table:

	Effect on equity	
31/12/23	**+ 100 basis points**	**- 100 basis points**
Interest rate swaps	$ 1,369	$ (1,369)

This analysis assumes that all other variables, in particular interest rates, remain constant

12. Intangible assets and other assets

An analysis of intangibles and other assets as of December 31, 2023 and 2022 is as follows:

		2023		2022
Rights of way (1)	$	32,329,107	$	33,789,096
Deposits and advances		11,310,804		12,190,411
Total	**$**	**43,639,911**	**$**	**45,979,507**

(1) The Enterprise has right-of-way assets, which represent a legal right-of-way for the Enterprise to access and inspect transmission lines by air or underground in order to verify the continued transmission of electricity over the power lines.

As of December 31, 2023 and 2022, the Enterprise has right-of-way assets, which represent a legal right-of-way for the Enterprise to access and inspect transmission lines by air or underground in order to verify the continued transmission of electricity over the power lines. An analysis of these right-of-way assets is shown below:

Right of way		Opening balance	Increase	Charges and others	Ending balance
2023	$	33,789,096	-	(1,459,989)	32,329,107
2022	$	32,080,318	1,708,778	-	33,789,096

Intangible assets with indefinite useful lives mainly include rights of way. These assets are considered to have indefinite useful lives due to the fact that they are subject to no legal, regulatory or contractual restrictions that would limit how long they may be used. The assets are tested annually for impairment whenever there is evidence of impairment.

13. Short-term and long-term debt

As of December 31, 2023 and 2022, the debt consists of:

	2023	2022
Documented debt	$ 39,383,063	$ 18,037,363
PIDIREGAS debt	13,095,590	13,092,226
Trust Investment Financing	48,230,652	64,018,455
Total short-term debt	**100,709,305**	**95,148,044**
Documented debt	226,310,370	250,965,839
PIDIREGAS debt	84,926,475	104,386,741
Total long-term debt	**311,236,845**	**355,352,580**
Total debt	**$ 411,946,150**	**$ 450,500,624**

An analysis of the debt by item is as follows:

Type of debt	Balance as of December 2022	Drawdowns	Payments	Foreign currency exchange and interest rate	Balance as of December 2023
Documented debt	$ 269,003,202	154,363,224	(137,148,950)	(20,524,044)	265,693,432
Pidiregas debt	117,478,967	536,685	(10,485,843)	(9,507,743)	98,022,066
Trust Investment Financing	64,018,455	53,338,732	(62,905,711)	(6,220,824)	48,230,652
Total	**$ 450,500,624**	**208,238,641**	**(210,540,504)**	**(36,252,611)**	**411,946,150**

Type of debt	Balances as of December 2021	Drawdowns	Payments	Foreign currency exchange and interest rate	Balances as of December 2022
Documented debt	$ 258,339,513	119,888,208	(99,813,569)	$ (9,410,950)	$ 269,003,202
Pidiregas debt	123,513,259	8,768,567	(10,568,699)	(4,234,160)	117,478,967
Trust Investment Financing	12,068,130	62,579,842	(8,105,252)	(2,524,265)	64,018,455
Total	**$ 393,920,902**	**191,236,617**	**(118,487,520)**	**$ (16,169,375)**	**$ 450,500,624**

Documented debt

An analysis of drawdowns against loans as of December 31, 2023 and 2022 is as follows:

a) Foreign debt

On December 4 and 18, 2023, the Enterprise drew down million euros (MEUR hereinafter) $14.9, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200 at a rate of EURIBOR plus 2.10% and maturity in April 2041.

On November 21, 2023, the Enterprise drew down $18.4 million dollars (MUSD hereinafter), from a credit line with Banamex, S.A. to finance enriched uranium for the Laguna Verde Nuclear Power Plant, with a term of one year, amortizations and annual interest payments, and at a rate of SOFR (Guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd – CME) SOFR hereinafter, 12 months USD + a margin of 130 base points.

On October 12, 27 and November 30, 2023, the Enterprise drew down MUSD $400, from a syndicated revolving credit line contracted with Credit Agricole CIB, signed on December 20, 2022, for an amount of MUSD $1,540, at a rate TERM SOFR + 0.10% plus a margin of 1.15% and maturity in December 2025.

On October 30, 2023, the Enterprise drew down MUSD $200 from a revolving credit with the Andean Development Corporation (CAF) signed on November 29, 2022 for an amount of MUSD $200, at the TERM SOFR rate (6 months) plus 0.45%. and maturity on December 29, 2023.

On June 21, 2023, the Enterprise drew down MUSD $98.7, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on July 19, 2019 for an amount of MUSD $150 at a rate of Term SOFR (6 months) plus 3.078% with maturity in 20 years.

On April 21, 2023, the Enterprise drew down MUSD $200, from a revolving credit with the Andean Development Corporation (CAF) signed on November 29, 2022 for an amount of MUSD $200, at a rate of Term SOFR (6 months) plus 0.50% with maturity on October 23, 2023.

In the period January - March 2023, the Enterprise drew down MUSD $800 from a revolving credit line were disbursed signed with Credit Agricole, CIB, dated December 20, 2022, for an amount of MUSD $1,540, at a TERM SOFR rate plus 0.10% plus a margin of 1.15% and a term of 3 years.

On February 15, 2023, the Enterprise drew down MEUR $29.4, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200, at a rate of EURIBOR plus 2.10% with maturity in April 2041.

On February 10, 2023, the Enterprise drew down MUSD $100, from a revolving commercial credit signed on January 31, 2023 in the amount of MUSD $100 with Sumitomo Mitsui Banking Corporation, was made available at a rate of TERM SOFR at a USD term plus 0.95% with maturity in January 2024.

On January 6, 2023, the Enterprise drew down MUSD $200, from a revolving credit contracted with the Andean Development Corporation (CAF) signed on November 29, 2022, for an amount of MUSD $200, at a rate of TERM SOFR plus the margin established in the disbursement request with maturity on March 31, 2023.

On December 21, 2022, the Enterprise drew down MEUR $15.9, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200, at a rate of EURIBOR plus 2.10.0% with maturity in April 2041.

On December 9, 2022, the Enterprise drew down MUSD $21.1, from a credit line signed with Banamex, S.A. to finance enriched uranium for the Laguna Verde Nuclear Power Plant, with a term of three years, amortizations and half-yearly interest payments, and at a rate of LIBOR 6m USD + 0.85%.

On December 6, 2022, the Enterprise drew down MUSD $80.0, from a short-term unsecured promissory note contracted with Banco Mercantil del Norte, S.A. (Banorte), at a rate of SOFR plus 1.5% and maturity in 22 days.

On December 2, 2022, the Enterprise drew down MUSD $200, from a loan contracted with the Corporacion Andina de Fomento (CAF) signed on November 29, 2022 for an amount of MUSD $200.0, at a rate of TERM SOFR plus the margin to be set in the disbursement request with maturity in July 2026.

On November 25, 2022, the Enterprise drew down MEUR $62.2, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200, at a rate of EURIBOR plus 2.1% with maturity in April 2041.

During October 2022, the Enterprise drew down MUSD $200.0, from a revolving syndicated loan signed on July 31, 2018 for an amount of MUSD $1,260 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

On August 10, 2022, the Enterprise drew down MUSD $100.0, from a commercial credit signed on December 31, 2021 for an amount of MUSD $350 with Sumitomo Mitsui Banking Corporation, at a rate of LIBOR USD plus 0.5% with maturity in January 2023.

On August 10, 2022, the Enterprise drew down MUSD $100 from a revolving syndicated credit signed on July 31, 2018 for an amount of MUSD $1,260 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

On July 22, 2022, the Enterprise drew down MUSD $100, from a commercial credit signed on December 31, 2021 for an amount of MUSD $350 with Sumitomo Mitsui Banking Corporation, at a rate of LIBOR USD plus 0.50% with maturity in January 2023.

On July 14, 2022, the Enterprise drew down MUSD $300 from a revolving syndicated loan signed on July 31, 2018 for an amount of MUSD $1,260 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

On May 13, 2022, the Enterprise drew down MUSD $28.2 from a credit line signed with Banamex, S.A. to finance enriched uranium for the Laguna Verde Nuclear Power Plant, with a term of three years, amortizations and half-yearly interest payments, and at a rate of LIBOR 6m USD + 0.9%.

On April 8, 2022, the Enterprise drew down MUSD $50 from a commercial credit signed on December 31, 2021 for an amount of MUSD $350 with Sumitomo Mitsui Banking Corporation, at a rate of LIBOR USD plus 0.5% and maturity in January 2023.

On February 5, 2022, the Enterprise drew down USD $1,750 derived from the external public issuance of fixed-rate bonds under Rule 144 A and Regulation S with Deutsche Bank Trust Company Americas as the main paying agent, in two tranches:

a) The first identified as "4.7% Notes due 2029" for MUSD $1,250, fixed rate of 4.7% and maturity in May 2029, intended for the financing of investment projects and activities contemplated in the Sustainable Financing Framework and of various activities authorized by the CFE Law.

b) The second identified as "6.3% Notes due 2052" for MUSD $500, fixed rate of 6.3% and term of 30 years, intended for the financing of investment projects and activities contemplated in the Sustainable Financing Framework and of various activities authorized by the CFE Law.

During February 2022, the Enterprise drew down MUSD $300 from a syndicated revolving loan signed on July 31, 2018 for an amount of MUSD $1,260.0 with Mizuho Bank, LTD., as administrative agent, at a rate of USD LIBOR plus 0.95% with maturity in July 2023.

On January 11, 2022, the Enterprise drew down MUSD $300.0 from a syndicated revolving loan signed on July 31, 2018 for an amount of MUSD $1,260 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

Foreign debt	Credit Type	Interest rate	Maturates		2023 Local currency	2023 Foreign currency	2022 Local currency	2022 Foreign currency
IN US DOLLARS: at the exchange rate								
US dollar of $16.922 as of December 2023								
and $19.4143 as of December 2022	BILATERAL	Fixed and variable - 6.84%	Various through 2030	$	7,333,934	433,396	7,486,131	385,599
	BONDS	Fixed and variable - 4.7%	Various through 2052		105,316,432	6,223,640	146,740,491	7,558,371
	REVOLVING	Fixed and variable - 6.31%	Various through 2026		1,744,901	103,114	117,810	6,068
	SYNDICATED	Fixed and variable - 6.59%	2026		4,230,500	250,000	-	-
TOTAL US DOLLARS:					**118,625,767**	**7,010,150**	**154,344,432**	**7,950,038**
IN EUROS: at the exchange rate								
Euros of $18.6929 as of December 2023 and								
$20.7692 as of December 2022	BILATERAL	Fixed and variable - 5.59%	Various through 2041		2,295,248	122,787	1,629,342	78,450
TOTAL EUROS:					**2,295,248**	**122,787**	**1,629,342**	**78,450**
IN JAPAN YENS: at the Exchange rate								
Yen of $0.1199 as of December 2023 and								
$0.1474 as of December 2022	BILATERAL	Fixed - 3.83%	2032		3,836,800	32,000,000	4,716,800	32,000,000
Assets received for financial instruments, net					723,239	-	514,849	-
TOTAL JAPANESE YENS:					**4,560,039**	**32,000,000**	**5,231,649**	**32,000,000**
		TOTAL FOREIGN DEBT			**$ 125,481,054**		**$161,205,423**	

Reference Interest Rates changes (RFR)

In July 2017, the Financial Conduct Authority regulatory institution announced that the RFR would not be required for banks to operate the London Interbank Offered Rate after 2021.

Interbank offer rates are reference interest rates that can be accessed publicly and periodically. They are a useful reference for all types of financial contracts such as loans, mortgages, account overdrafts, and more complex financial products. Interbank offer rates are calculated by an independent institution to reflect the cost of financing for different markets.

Differences between IBORs and RFRs:

1. RFRs are available overnight. On the contrary, IBORs are published for different time frames;

2. RFRs are retrospective, as they report the fees paid the day before in the relevant transactions. Rather, IBORs report the rate at which funds are available today for the corresponding term.

3. RFRs are designed to be almost risk-free rates. Consequently, they do not incorporate a credit or liquidity premium. Rather, most IBORs are designed to provide an indication of the average rates at which participating banks could obtain unsecured wholesale financing during set periods and incorporate both a credit premium.

The LIBOR rate and the alternative SOFR rate are not equivalent, the LIBOR rate is unsecure and incorporates terms and credit premium, however, with adherence to the LIBOR Fallback protocol, CFE would be covered to such changes for both credits and derivative financial instruments.

Domestic debt

During the period from January 1 to December 31, 2023 and 2022, CFE carried out the following significant domestic debt financing operations.

On December 29, 2023, the Enterprise drew down $6,400 million of pesos (MMXP hereinafter) from unsecured promissory with Scotiabank Inverlat, S.A., at the TIIE 28d rate plus 0.80% with maturing on January 31, 2024.

On December 27, 2023, the Enterprise drew down MUSD $20 from an unsecured promissory note signed with Banco Monex, S.A., at the SOFR rate plus 1.50% with maturing on March 27, 2024.

On December 20, 2023, the Enterprise drew down MMXP $800 from an unsecured promissory note signed with Scotiabank Inverlat, S.A., at the TIIE 28d rate plus 0.80% with maturing on January 22, 2024.

On December 18, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory note contracted with BBVA México, S.A., at a rate of TIIE 28d plus 0.90% with maturing on March 15, 2024.

On December 15, 2023, the Enterprise drew down MMXP $3,000 from a short-term unsecured promissory note contracted with BBVA México, S.A., at a rate of TIIE 28d plus 0.90% with maturing on March 14, 2024.

On December 13, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with BBVA México, S.A., at a rate of TIIE 28d plus 0.90% with maturing on March 12, 2024.

On December 11, 2023, the Enterprise issued Stock Certificates with code CFE 23UX was carried out in the national markets for an amount of UDIS 582,350,700, which will pay semiannual interest at a fixed rate of 6.10% with maturity in November 2035.

On December 11, 2023, the Enterprise issued Stock Certificates with code CFE 23 3X was carried out in the national markets for an amount of MMXP 2,512, which will pay semiannual interest at a fixed rate of 10.88% with maturity in March 2030.

On December 11, 2023, the Enterprise issued Stock Certificates with code CFE 23 3X was carried out in the national markets for an amount of MMXP 2,844, which will pay monthly interest at a variable rate of TIIE 28 days plus 0.56%, with maturity on December 07, 2026.

On November 28, 2023, the Enterprise drew down MMXP $2,750 from a short-term revolving credit of up to MUSD $200 or its equivalent n national currency, obtained with Banco Mercantil del Norte, S.A. (Banorte hereinafter), dated on November 23, 2023, in two tranches, as follows: one for an amount of MMXP $1,500 at a rate of TIIE 91 days plus 1.25% with maturity on February 27, 2024 and the second for an amount of MMXP $1,250 at a rate of TIIE 91 days plus 1.30%, with maturity on March 27, 2024.

On November 28, 2023, the Enterprise drew down MMXP $1,000 from a short-term revolving credit contracted with Banco Santander (México), S.A., dated on November 18, 2022, at a rate of TIIE 28d plus 0.90% with maturity on December 28, 2023.

On November 27, 2023, the Enterprise drew down MMXP $500 from a short-term unsecured promissory note contracted with BBVA México, S.A., at a rate of TIIE 28d plus 0.90% with maturing on February 23, 2024.

On November 21, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with BBVA México, S.A., at a rate of TIIE 28d plus 0.90% with maturing on February 19, 2024.

On November 21, 2023, the Enterprise drew down MMXP $5,000 from a short-term revolving credit contracted with Banco Santander (México), S.A., dated on November 18, 2022, at a rate of TIIE 28d plus 0.90% with maturity on December 28, 2023.

On November 17, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with BBVA México, S.A., at a rate of TIIE 28d plus 0.90% with maturing on February 15, 2024, to refinance the unsecured promissory note dated on August 18, 2023.

On November 10, 2023, the Enterprise drew down MMXP $2,400 from through an unsecured promissory note signed with Scotiabank Inverlat, S.A., at the TIIE 28d rate plus 0.80% with maturing on December 29, 2023.

On November 3, 2023, the Enterprise drew down MMXP $4,000 from an unsecured promissory note signed with Scotiabank Inverlat, S.A., at the TIIE 28d rate plus 0.80% with maturing on December 29, 2023.

On October 3, 2023, the Enterprise drew down MMXP $4,000 from two unsecured promissory notes signed with Scotiabank Inverlat, S.A., at the TIIE 28d rate plus 0.80% with maturing on October 31, 2023.

On September 6, 2023, the Enterprise drew down MMXP $4,000 from two short-term unsecured loans obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% with maturity on September 29, 2023.

On July 20, 2023, the Enterprise drew down MMXP $1,000 from a short-term revolving credit contracted with Banorte on January 20, 2023, at the TIIE 28d rate plus 1%, with maturing on August 21, 2023.

On July 3, 2023, CFE 22-2S, Stock Certificates were issues in the national markets for an amount of MMXP $3,153.8, and half-yearly interest payments, and at a fixed rate 10.82% with maturity in November, 2030.

On July 3, 2023, CFE 22UV, Stock Certificates were issues in the national markets for an amount of UDIS $446,476,400, and half-yearly interest payments, and at a fixed rate 6.3% with maturity in March 2033.

On September 19, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28d plus 0.90% with maturity on December 18, 2023, to refinance on June 21, 2023.

On September 18, 2023, the Enterprise drew down MMXP $3,000, from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.90% with maturity on December 15, 2023, to refinance on June 20, 2023.

On September 13, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28d plus 0.85% with maturity on December 12, 2023.

On August 18, 2023, the Enterprise drew down MMXP $1,500 from short-term unsecured loans obtained from BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.90% with maturity on November 17, 2023.

On August 3, 2023, the Enterprise drew down MMXP $2,400 from short-term unsecured loans obtained from Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturity on October 31, 2023.

On July 13, 2023, the Enterprise drew down MMXP $1,200 from short-term unsecured loan obtained from MUFG Bank Mexico, S.A., at a flat interest rate 12.70% with maturity on December 27, 2023.

On July 3, 2023, CFE 23X, Stock Certificates were issues in the national markets for a total amount of MMXP $3,378.30, at a rate of TIIE 28 days plus 0.35% with maturity in December, 2024.

On June 30, 2023, the Enterprise drew down MMXP $4,000 through three short-term unsecured loans obtained from Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% and maturity on September 28, 2023, to refinance on April 17, May 3 and 17, 2023.

On June 21, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturity in 3 months, to refinance on March 23, 2023.

On June 20, 2023, the Enterprise drew down MMXP $3,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% and maturity in 3 months to refinance on March 22, 2023.

On May 19, 2023, the Enterprise drew down MMXP $2,000 from a short-term revolving credit obtained with Banorte, dated on January 20, 2023, disbursed in two tranches, as follows: one for an amount of MMXP $1,000 at a rate of TIIE 91 days plus 0.95% and the second for an amount of MMXP $1,000 at a rate of TIIE 91 days plus 0.90%, with maturity on June 30, 2023.

On May 17, 2023, the Enterprise drew down MMXP $1,000 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturity on June 30, 2023.

On May 3, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturity on June 30, 2023.

On May 3, 2023, the Enterprise drew down MMXP $2,500 from a short-term revolving credit obtained with Banco Santander (Mexico), S.A. dated November 18, 2022, at a rate of TIIE 28 days plus 0.90% with maturity in 12 months, and renewable every 90 days.

On April 17, 2023, the Enterprise drew down MMXP $1,000 from a short-term unsecured promissory contracted with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% with maturing on June 30, 2023, to refinance the unsecured promissory dated February 16, 2023.

On March 23, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 3 months.

On March 22, 2023, the Enterprise drew down MMXP $3,000 from a short-term unsecured promissory obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturing 3 months.

On March 17, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 14 days, to refinance on February 16, 2023.

On March 3, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 3 months, to refinance on December 5, 2022.

On February 28, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 1 month, to refinance on January 27, 2023.

On February 16, 2023, the Enterprise drew down MMXP $3,000 from a short-term unsecured loan obtained with Banco Mercantil del Norte, S. A., (Banorte), S. A., at a rate of TIIE 91 days plus 1.3% with maturing in 1 month, renewable every 90 days.

On February 16, 2023, the Enterprise drew down MMXP $1,000 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of 28 days TIIE plus 0.80% with maturing in 2 months.

On February 16, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 1 month, to refinance on January 16, 2022.

On January 27, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 1 month, to refinance on December 31, 2022.

On January 20, 2023, the Enterprise drew down MMXP $4,000 from a short-term revolving credit obtained with Banorte dated January 20, 2023, at a rate of 91 days TIIE plus 1%, with maturing in 8 months, renewable every 90 days.

On January 16, 2023, the Enterprise drew down MMXP $1,500 from a unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of 28ds TIIE plus 0.80%, with maturing in 1 month.

On January 4, 2023, the Enterprise drew down MMXP $3,000 from a revolving short-term loan obtained with Banco Santander Mexico, S.A. dated November 18, 2022, at a rate of TIIE 28 days plus 0.95%, with maturing in 12 months, renewable every 90 days.

On December 30, 2022, the Enterprise drew down MMXP $1,500.0 derived from a short term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.8% with maturing on January 27, 2023.

On December 16, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term revolving credit obtained with Banco Santander (Mexico), S.A. dated November 18, 2022, at a rate of TIIE 28 days plus 0.9% with maturing in 12 months, renewable every 90 days.

On December 5, 2022, the Enterprise drew down MMXP $2,000.0 from a short term unsecured promissory obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 90 days.

On October 18, 2022, three Stock Certificates were issues in the national markets for a total amount of MMXP $10,000.

a) CFE 22S for an amount of MMXP $2,907.8, which will pay monthly interest at a variable rate of TIIE 28 days plus 0.5%, maturing in May 2026.

b) CFE 22-2S for an amount of MMXP $1,333.2, which will pay half-yearly interest at a fixed rate of 10.8%, maturing in November 2030.

c) CFE 22UV for an amount of UDIS 323,633,300 equivalent to MMXP $2,458.2, which will pay half-yearly interest at a fixed rate of 6.3% and maturing in March 2033.

d) CFE 22UV for an amount of UDIS 434,472,700. equivalent to MMXP $3,300.5, which will pay half-yearly interest at a fixed rate of 6.7% and maturing in October 2042.

On October 18, 2022, the Enterprise drew down MMXP $3,000 from a short-term unsecured promissory obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 58 days.

On October 4, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured loan obtained with Banorte, at a rate of TIIE 28 days plus 0.8% with maturing in 88 days.

On July 21, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 32 days.

On July 20, 2022, the Enterprise drew down MMXP $3,000.0 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 90 days.

On June 13, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured loan obtained with Banorte at a rate of TIIE 28 days plus 0.8% with maturing in 179 days.

On June 8, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured loan obtained with Banorte, at a rate of TIIE 28 days plus 0.8% with maturing in 180 days.

On April 22, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 3 months.

On April 21, 2022, the Enterprise drew down MMXP $3,000.0 from a short-term unsecured promissory obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 3 months.

On April 21, 2022, the Enterprise drew down MMXP $4,500.0 from a short-term revolving credit obtained with Banco Santander (Mexico), S.A. dated December 21, 2020, at a rate of TIIE 28 days plus 0.9% with maturing in 12 months, renewable every 90 days.

On March 1, 2022, the Enterprise drew down MMXP $10,000 from a long-term unsecured loan obtained with Nacional Financiera, SNC in two tranches, as follows:

a. The first for MMXP $5,000, maturing in February 2025 and a rate of TIIE 182 + 1.2%.

b. The second for MMXP $5,000, maturing in March 2027 and a rate of TIIE 182 + 1.4%.

On February 23, 2022, the Enterprise drew down MMXP $4,000 from a short-term unsecured promissory obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.9% with maturing on December 30, 2022.

On January 18, 2022, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 3 months.

On January 17, 2022, the Enterprise drew down MMXP $3,000 from a short-term unsecured promissory obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturity in 3 months.

On January 6, 2022, the Enterprise drew down MMXP $9,000 from a short-term revolving credit obtained with Banco Santander (México), S.A. dated December 21, 2020, at a rate of TIIE 28 days plus 0.9% with maturing in 12 months, renewable every 90 days.

				2023		2022	
Domestic debt	**Credit type**	**Interest rate**	**Maturates**	**Local currency**	**UDIS**	**Local currency**	**UDIS**
NATIONAL CURRENCY	Bank contracts	Fixed and variable – 12.55%	Various through 2027	$ 33,200,000		$ 16,000,000	
	Stock market	Fixed and variable – 9.13%	Various through 2030	54,060,746		48,922,541	
FOREIGN CURRENCY IN US DOLLAR: exchange rate of $16.922 per dollar as of December 2023-	Bank contracts	Fixed and variable – 6.86%	March 2024	338,440	20,000	$ -	
TOTAL NATIONAL AND FOREIGN CURRENCY				**87,599,186**	**20,000**	**64,922,541**	
UDIS at the exchange rate of $7.9764 and $7.6449 as of December 2023 and 2022, respectively	Stock market	Fixed and variable - 5.14%	Various through 2042	52,179,138	6,541,690	42,145,287	5,512,863
TOTAL UDIS				**52,179,138**	**6,541,690**	**42,145,287**	**5,512,863**
		TOTAL DOMESTIC DEBT		**$ 139,778,324**		**$ 107,067,828**	

Summary	2023	2022
Total foreign debt	$ 125,481,054	$ 161,205,423
Total domestic debt	139,778,324	107,067,828
Interest payable	2,858,715	3,154,612
Unamortized debt expenses	(2,424,661)	(2,424,661)
Total documented debt	**$ 265,693,432**	**$ 269,003,202**
Short-term debt	$ 36,524,347	14,882,751
Interest payable	2,858,715	3,154,612
Total Short-term	**39,383,062**	**18,037,363**
Long-term debt	228,735,031	253,390,500
Unamortized debt expenses	(2,424,661)	(2,424,661)
Total long-term	**226,310,370**	**250,965,839**
Total short-term and long-term debt	**$ 265,693,432**	**$ 269,003,202**

As of December 31, 2023, the maturities of the documented debt are integrated as follows:

Year	Amount
2024	39,383,063
2025	24,449,300
2026	13,623,329
2027	28,546,766
2028	5,972,407
2029	25,591,936
2030	7,642,124
Subsequent years	120,484,507
Total	**$ 265,693,432**

i) Debt on long-term productive infrastructure projects (PIDIREGAS, Spanish acronym)

The balances of the PIDIREGAS debt (direct investment as of December 31, 2023 and 2022) are integrated and mature as follows:

	2023	2022
2023	-	1,583,760
2024	13,095,590	508,390
2025	11,721,850	-
2026	11,030,253	15,760,681
2027	5,559,275	-
2028	5,575,452	-
Subsequent years	51,039,646	99,626,136
Total deuda	**$ 98,022,066**	**$ 117,478,967**

Direct investment (PIDIREGAS):

An analysis of the balances and maturities of the PIDIREGAS (direct investment) debt and capital lease liabilities as of December 31, 2023 and 2022 is as follows:

Foreign debt		Contract maturity	Balances as of December 31, 2023 (Thousands of units)				Balances as of December 31, 2022 (Thousands of units)			
			Local currency		Foreign currency		Local currency		Foreign currency	
			Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
14	millions of dollars	2026	$ 76,577	153,153	4,525	9,051	$ 87,855	263,565	4,525	13,576
157	millions of dollars	2029	462,194	2,187,289	27,313	129,257	530,266	3,039,703	27,313	156,570
152	millions of dollars	2032	301,893	2,264,199	17,840	133,802	757,940	2,944,030	39,040	151,642
604	millions of dollars	2036	743,745	9,478,569	43,951	560,133	853,285	11,727,874	43,951	604,084
425	millions of dollars	2047	824,763	6,363,171	48,739	376,029	946,235	8,246,584	48,739	424,769
909	millions of dollars	2048	709,855	14,665,380	41,949	866,646	814,404	17,639,725	41,949	908,594
678	millions of dollars	2049	497,200	10,983,074	29,382	649,041	585,775	13,561,211	30,172	698,517
664	millions of dollars	2050	979,172	10,265,211	57,865	606,619	973,093	11,348,147	50,122	584,525
Total Foreign debt			**4,595,399**	**56,360,046**	**271,564**	**3,330,578**	**5,548,853**	**68,770,839**	**285,811**	**3,542,277**
Domestic debt										
323	millions of pesos	2024	323,378	-			254,195	254,195		
12,309	millions of pesos	2026	3,866,099	8,443,145			3,044,274	12,364,987		
2,791	millions of pesos	2028	605,855	2,185,268			543,314	2,791,123		
10,146	millions of pesos	2033	1,612,793	8,533,153			1,491,330	10,145,946		
1,088	millions of pesos	2036	83,664	1,003,973			83,664	1,087,637		
8,963	millions of pesos	2042	571,125	8,392,069			551,656	8,963,193		
Total Domestic debt			**7,062,914**	**28,557,608**			**5,968,433**	**35,607,081**		
		Interest payable	1,437,277	-			1,574,939	-		
		CEBURES	-	8,821			-	8,821		
		Total PIDIREGAS debt	**$ 13,095,590**	**84,926,475**			**$ 13,092,225**	**104,386,741**		

As of December 31, 2023 and 2022, minimum payment commitments on PIDIREGAS are as follows:

	2023	2022
PIDIREGAS	$ 142,871,058	$ 170,020,682
less:		
Unaccrued interest	46,295,091	54,125,476
Interest payable	1,437,277	1,574,939
Present value of obligations	98,013,244	117,470,145
less:		
Current portion of obligations	13,095,590	13,092,225
Long-term portion of PIDIREGAS	84,917,654	104,377,920
CEBURES	8,821	8,821
Total CEBURES and PIDIREGAS	**$ 84,926,475**	**$ 104,386,741**

Investment of funds-in-trust

On December 28, 2023, the Enterprise drew down MUSD $75 from a revolving credit obtained with with HSBC with interest payable monthly, calculated at a variable rate results from adding 1.25 percentage points to the SOFR rate (Guaranteed Permanent Financing Rate, administered by Group Benchmark Administration, Ltd – CME, SOFR hereinafter), payable until February 28, 2024.

On December 26, 2023, the Enterprise drew down MMXP $1,000 from a revolving credit obtained with BBVA México, S.A., with interest payable monthly, calculated at a variable rate that results from adding 0.80 percentage points to the TIIE rate (Interbank Equilibrium Interest Rate, TIIE hereinafter), payable until maturity March 25, 2024.

On December 22, 2023, the Enterprise drew down MUSD $25 from a revolving credit obtained with MONEX with interest payable monthly, calculated at a variable rate that results from adding 1.05 percentage point to the SOFR rate, payable until June 19, 2024.

On December 22, 2023, the Enterprise drew down MMXP $650 from a revolving credit obtained with BBVA México, S.A., with interest payable monthly, calculated at a variable rate that results from adding 0.90 percentage points to the TIIE rate, payable until maturity on March 21, 2024.

On December 18, 2023, the Enterprise drew down MMXP $1,020 from a revolving credit obtained with BBVA México, S.A. with interest payable monthly, calculated at a variable rate that results from adding 0.80 percentage points to the TIIE rate, payable until maturity on March 15, 2024.

On December 15, 2023, the Enterprise drew down MUSD $400 from a revolving credit obtained with SANTANDER with interest payable monthly, calculated at a variable rate that results from adding 1.10 percentage point to the SOFR Rate for the CCC EL SAUZ II, CCC projects. SAN LUIS POTOSI, CCC SALAMANCA, payable until June 15, 2024.

On December 14, 2023, the Enterprise MUSD $100 from a revolving credit obtained with SCOTIABANK with interest payable monthly, with interest payable monthly, adding 1.20 percentage points to the SOFR rate, payable until December 13, 2024.

On December 13, 2023, the Enterprise drew down MUSD $300 from a revolving credit obtained with BNP PARIBAS with interest payable monthly, calculated at a variable rate that results from subtracting 2.665 percentage points from the TIIE rate, payable until June 29, 2024.

On November 21, 2023, the Enterprise drew down MMXP $420 from a revolving credit obtained with BBVA México, S.A., with interest payable monthly, calculated at a variable rate that results from adding 0.80 percentage points to the TIIE rate, payable until February 19, 2024.

On November 21, 2023, the Enterprise drew down MMXP $3,060 from a revolving credit obtained with BBVA México, S.A., with interest payable monthly, calculated at a variable rate that results from adding 0.90 percentage points to the TIIE rate, payable until February 19, 2024.

On October 12, 2023, the Enterprise drew down MUSD $100 from a revolving credit obtained with BANAMEX, S.A. with interest payable quarterly, calculated at a variable rate resulting from adding 1.25 percentage points to the SOFR rate, payable until April 12, 2024.

On October 11, 2023, the Enterprise drew down MUSD $150 from a revolving credit obtained with BANAMEX, S.A. with interest payable quarterly, calculated at a variable rate that results from adding 1.30 percentage points to the SOFR rate, payable until April 11, 2024.

On September 29, 2023, the Enterprise drew down MUSD $200 from a revolving credit obtained with Bank of America, S.A., with interest payable monthly, calculated at a variable rate that results from adding 1.25 percentage points to the SOFR rate, payable until March 29, 2024.

On August 14, 2023, the Enterprise drew down MUSD $11 from a revolving credit obtained from Banco Monex S.A., with interest payable monthly, calculated at variable rate of SOFR plus 1.10% rate and payable until February 12, 2024.

On June 30, 2023, the Enterprise drew down MUSD $333.6 from a revolving credit obtained with JPMORGAN, S.A. and HSBC, S.A. (MIGA) with 5 annual provisions (2023 to 2028) and with interest payable semiannually, calculated at the variable rate that results from adding 0.85 percentage points to the SOFR rate, payable until June 30, 2038. The draw down of this year it was for $229.8 MUSD.

On June 23, 2023, the Enterprise drew down MUSD $300 from a revolving credit obtained with BANORTE for up to with interest payable quarterly, with three drawdowns of $100 MUSD each, calculated at a variable rate that results from adding 1.20 or 1.35 percentage points at a rate. SOFR, payable until June 22, 2024. All three drawdowns of MUSD $100 are in effect.

On June 23, 2023, the Enterprise drew down MUSD $500 from a revolving credit obtained with BANORTE with interest payable quarterly, with three provisions of $100 MUSD, calculated at a variable rate resulting from adding 1.20, 1.40 or 1.45 percentage points at a SOFR rate, payable until 22 June 2024.

On June 23, 2023, the Enterprise drew down MUSD $500 from a revolving credit with BANORTE with interest payable quarterly, with two provisions of MMXP $1,000, calculated at a variable rate resulting from adding 1.20 or 1.40 percentage points to the TIIE rate, payable until 22 June 2024.

On January 25, 2023, the Enterprise drew down MUSD $80 from a revolving credit with SANTANDER with interest payable monthly, calculated at a variable rate that results from adding 1.20 percentage point to the SOFR rate, payable until March 27, 2024.

On December 30, 2022, the Enterprise drew down MMXP $1,000 derived from a revolving credit obtained from BBVA México S.A., monthly payable at variable rate of TIIE plus 0.75% rate and maturing on March 30, 2023.

On December 29, 2022, the Enterprise drew down MUSD $75 derived from a revolving credit obtained from Sumitomo Mitsui Banking Corporation, monthly payable at variable rate plus 0.70% and adjustment rate of SORF plus 0.26161% rate and maturing on March 24, 2023.

On December 27, 2022, the Enterprise drew down MUSD $50 derived from a revolving credit obtained from Banco J. P. Morgan, S. A. quarterly payable at variable rate of SORF plus 1.10% rate and maturing on June 23, 2023.

On December 26, 2022, the Enterprise drew down MMXP $1,020 derived from a revolving credit obtained from BBVA México S.A., monthly payable at variable rate of TIIE plus 0.75% rate and maturing on March 24, 2023.

On December 26, 2022, the Enterprise drew down MUSD $300 derived from a revolving credit obtained from Banco Mercantil del Norte, S. A., quarterly payable at variable rate of SORF plus 1% rate and maturing on June 23, 2023.

On December 20, 2022, the Enterprise drew down MMXP $5,000 derived from a revolving credit obtained from BBVA México S. A., monthly payable at variable rate of TIIE plus 0.80% rate and maturing on March 20, 2023.

On December 16, 2022, the Enterprise drew down MUSD $200 derived from a revolving credit obtained from Scotiabank Inverlat, S. A. monthly payable at variable rate of SORF plus 1% rate and maturing on December 15, 2023.

On December 13, 2022, the Enterprise drew down MUSD $100 derived from a revolving credit obtained from Banco Mercantil del Norte, S. A., quarterly payable at variable rate of SORF plus 1.30% rate and maturing on June 30, 2023

On November 15, 2022, the Enterprise drew down MUSD $250 derived from a revolving credit obtained from DEUTSCHE BANK, monthly payable at variable rate of SORF plus 1% rate and maturing on May 3, 2023.

On October 13, 2022, the Enterprise drew down MUSD $100 derived from a revolving credit obtained from HSBC S.A, quarterly payable at variable rate of SORF plus 1% rate and maturing on April 13, 2023.

On October 3, 2022, the Enterprise drew down MMXP $1,000 derived from a revolving credit obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.75% and maturing on December 30, 2022.

On September 14, 2022, the Enterprise drew down MUSD $100 derived from a revolving credit obtained from Banco Paribas NY, S.A, quarterly payable at variable rate of SORF plus 0.95% rate and maturing on August 31, 2023.

On August 19, 2022, the Enterprise drew down MUSD $11 derived from a revolving credit obtained from Banco Monex S. A., monthly payable at variable rate of SORF plus 1.10% and maturing on February 15, 2023.

On July 29, 2022, the Enterprise drew down MUSD $200 derived from a revolving credit obtained from Banco Mizhuo S.A, monthly payable at a variable rate plus 0.65% and at a SORF plus 0.11448% rate and maturing on January 20, 2023.

On July 29, 2022, the Enterprise drew down MUSD $80 derived from a revolving credit obtained from Banco Santander Mexico S.A, monthly payable at variable rate of SORF plus 1.0% rate and maturing on March 29, 2023.

On July 22, 2022, the Enterprise drew down MUSD $120 derived from a revolving credit obtained from Banco Santander S.A., payable monthly at a variable rate at a LIBOR (London Interbank Offered Rate, which corresponds to the rate published on the BBAM page of the Bloomberg screen), rate plus 1% and maturing on March 22, 2023.

On July 11, 2022, a revolving credit facility was arranged with Banco Nacional de México, S. A. for MUSD $150 with interest payable quarterly, calculated at an annual rate equal to 4.6955% percentage points, payable until maturity on January 11, 2023.

On June 29, 2022, the Enterprise drew down MUSD $25 derived from a loan obtained from Banco Monex S.A, monthly payable at a variable rate of SORF plus 1.05% rate and maturing in December 2022.

On June 29, 2022, the Enterprise drew down MMXP $1,020 derived from a loan obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.75% and maturing in September 2022.

On June 27, 2022, the Enterprise drew down MUSD $100 derived from a loan obtained from Banco Mercantil del Norte S.A, payable semi-annual at a SORF plus 1.20% rate and maturing in December 2022.

On June 27, 2022, the Enterprise drew down MUSD $100 derived from a loan obtained from Banco Mercantil del Norte S.A, payable semi-annual at a SORF plus 1.20% rate and maturing in December 2022.

On May 31, 2022, the Enterprise drew down MMXP $420 derived from a loan obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.75% and maturing in August 2022.

On May 31, 2022, the Enterprise drew down MMXP $3,600 derived from a loan obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.8% and maturing in June 2022.

On April 1, 2022, the Enterprise drew down MUSD $200 derived from a loan obtained from Banco Mercantil de Norte S.A., payable semi-annual at a variable rate depending the contract term (1.00%, 1.50% and 2.0%) at a LIBOR rate and maturing in December 2022.

On April 1, 2022, the Enterprise drew down MUSD $100 derived from a loan obtained from Banco Mercantil de Norte S.A., payable monthly at a variable rate depending the contract term (1.00%, 1.50% and 2.0%) at a LIBOR rate and maturing in December 2022.

14. Lease liabilities

An analysis of lease liabilities as of December 31, 2023 and 2022 is as follows:

		2023		2022
January 1st	$	624,716,357	$	661,408,622
Additions		3,597,618		31,435,557
Interest		23,780,464		26,653,658
Payments		(46,269,658)		(50,544,701)
Exchange difference		(78,224,722)		(44,236,779)
Total liabilities		527,600,059		624,716,357
Less portion of short-term liabilities		26,939,919		26,436,648
Total long-term liabilities	**$**	**500,660,140**	$	**598,279,709**

Lease payments as of December 31, 2023 and 2022 is as follows:

		2023	2022
Less than one year	$	26,939,919	26,436,648
More than 1 year and less than 3 years		33,669,295	33,461,866
More than 3 years and less than 5 years		34,802,427	39,426,164
More than 5 years		432,188,418	525,391,679
Total lease liabilities	**$**	**527,600,059**	**624,716,357**

15. Other accounts payable and accrued liabilities

Other accounts payable and accrued liabilities as of December 31, 2023 and 2022 is, as follows:

		2023	2022
Suppliers and contractors	$	65,236,192	71,226,692
Deposits from users and contractors		40,959,357	34,270,671
Other taxes and duties		7,421,139	4,698,032
Third-party contributions		10,256,110	9,310,179
Value added tax		5,273,317	2,374,773
Employees		3,881,093	4,229,586
Other liabilities		3,825,430	16,209,112
Total	**$**	**136,852,638**	**142,319,045**

16. Other long-term liabilities

An analysis of other long-term liabilities as of December 31, 2023 and 2022 is, as follows:

		2023	2022
Decommissioning provision [(a)]	$	13,854,116	12,818,744
Other provisions [(b)]		19,155,295	19,159,645
Total	**$**	**33,009,411**	**31,978,389**

(a) Liabilities for environmental remediation in relation to the Laguna Verde nuclear plant.

Year		Opening balance	Increase	Reversals	Ending balance
2023	$	12,818,744	1,035,372	-	13,854,116
2022	$	12,297,103	521,641	-	12,818,744

(b) The Enterprise is involved in several significant lawsuits and claims, derived from the normal course of its operations, whose resolutions are considered probable and will imply incurring a cash outflow. Due to the foregoing, some provisions have been recognized in the financial statements, representing the best estimate of payments.

17. Employee benefits

CFE has employee benefit plans for employee terminations and retirements due to causes other than a restructuring event. The retirement benefit plan considers the number of years of service completed by the employee and the employee's compensation at the retirement date. The retirement benefit plan includes the seniority bonus that employees are entitled to receive upon termination of the employee relationship, as well as other defined benefits.

The actuarial valuations of the plan assets and the present value of the defined benefit obligation were performed by independent actuaries using the projected unit credit method.

Due to review of the terms of the Collective Labor Agreement for the 2020-2022 biennium, some modifications made in 2016 were reversed, the main modifications were that workers are restored the years to access their retirement right, from the signing of this revision for the collective bargaining agreement and within a period not exceeding 180 days.

a. The economic assumptions in nominal and real terms used in the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Discount rate	9.25%	9.25%
Expected return rateo n plan assets	9.25%	9.25%
Salary increase rate	4.02%	4.02%

b. The net cost of the period for each of the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Service cost	$ 10,896,882	9,478,351
Interest cost	56,900,850	47,703,617
Interest on the Plan Assets	(19,514,425)	(19,985,965)
Recognition of past service	839,584	977,000
Net period cost	**$ 49,122,891**	**38,173,003**

The net actuarial gains or losses derive from changes in the assumptions used by the actuary to calculate the labor liabilities, as a result of the increase in the average wage rate and the increase in pensions. The net gains and losses recognized in the years ended December 31, 2023 and 2022 are disclosed in paragraph d.

The amount included as a liability in the Statement of Financial Position for each of the years ended December 31, 2023 and 2022 with respect to the Enterprise's liability for its defined benefit plan

		2023	2022
Defined Benefit obligation	$	654,663,673	642,215,546
Fair value of the Plan Assets and promissory notes issued by the Ministry of Finance and Public Credit (SHCP, Spanish acronym)		(230,275,518)	(210,966,752)
Net projected obligation	**$**	**424,388,155**	**431,248,794**

c. A reconciliation from the opening to the ending balances for the present value of the defined benefits obligation for the three years ended December 31, 2023 and 2022 is as follows:

		2023	2022
Opening balance (nominal amount)	$	642,215,546	619,744,724
Current service cost		10,896,882	9,478,351
Interest cost		56,900,850	47,703,617
Past service cost		839,584	977,000
Actuarial (gain) loss		(3,653,140)	13,269,181
Benefit paid		(52,536,049)	(48,957,327)
Defined Benefit obligation	$	**654,663,673**	**642,215,546**

d. A reconciliation from the opening to the ending balances for the fair value of the plan assets for the three years ended December 31, 2023 and 2022 is as follows:

		2023	2022
Opening balance (nominal amount)	$	210,966,752	249,824,559
Return on Plan Assets		(205,659)	(38,664,904)
Plan Assets disposition		-	(20,178,868)
Expected returns		19,514,425	19,985,965
	$	**230,275,518**	**210,966,752**

Trust to manage the Pension and Retirement Reserve funds.

CFE has created the Trust called Scotiabank Inverlat S.A. FID 11040961, which manages the resources of the Pension and Retirement Reserve funds. As of December 31, 2023 and 2022, the trust balance amounts of $360,992 and $1,844,337, respectively. In 2023, CFE disposed of resources from the Scotiabank Inverlat, S.A. Trust and transferred them to a deposit in the Treasury of the Federation (TESOFE, Spanish acronym) in favor of CFE, financial arrangements with reference number 3028-29112023.

On October 31, 2023, CFE received from the Ministry of Finance and Public Credit (SHCP, Spanish acronym) the fifth promissory note of $5,940,993.

On October 31, 2022, CFE received from the Ministry of Finance and Public Credit (SHCP, Spanish acronym) the fourth promissory note of $3,013,884, which generated returns of $1,552,970.

e. Sensitivity analysis

In order to carry out the sensitivity analysis, the Enterprise considered a +/- .5 points change in the discount, as such, the scenarios considered took into account the following financial assumptions:

	Scenario		
Concept	**Lower discount rate**	**Base**	**Higher discount rate**
Long-term inflation	3.8% annual	3.8% annual	3.8% annual
Discount rate	8.75% annual	9.25% annual	9.75% annual
Salary increase rate	4.02% annual	4.02% annual	4.02% annual
Minimum wage increase rate	3.5% annual	3.5% annual	3.5% annual

Based on these assumptions, the following liabilities were determined (amounts in millions of pesos):

	Scenario		
Defined Benefit Obligation	**Lower discount rate**	**Base**	**Higher discount rate**
Seniority bonus	$ 2,999,059	2,934,213	2,872,030
Seniority premium	35,740,393	34,636,061	33,590,668
Severance pay and compensations	5,456,741	5,380,220	5,301,686
Pensions and retirements	640,017,416	611,725,345	585,587,260
Total	**$ 684,213,609**	**654,675,839**	**615,061,855**

The percentage differences on the liabilities determined in the two additional scenarios, with respect to the base scenario, are shown in the following tables:

	Scenario		
Concept	**Base**	**Lower discount rate**	**Variance**
Seniority bonus	$ 2,934,213	2,999,059	2%
Seniority premium	34,636,061	35,740,393	3%
Severance pay and compensations	5,380,220	5,456,741	1%
Pensions and retirements	611,725,345	640,017,416	5%
Total	**$ 654,675,839**	**684,213,609**	**5%**

	Scenario		
Concept	**Base**	**Higher discount rate**	**Variance**
Seniority bonus	$ 2,934,213	2,872,030	(2%)
Seniority premium	34,636,061	33,590,668	(3%)
Severance pay and compensations	5,380,220	5,301,686	(1%)
Pensions and retirements	611,725,345	585,587,260	(4%)
Total	**$ 654,675,839**	**615,061,855**	**(4%)**

18. Income tax

An analysis of the income tax (benefit) expense recognized in the years ended December 31, 2023 and 2022 is as follows.

		2023	2022
Current income tax	$	20,786,818	11,387,521
Deferred income tax		3,706,021	(4,302,378)
Income tax	**$**	**24,492,839**	**7,085,143**

The deferred tax related to items recognized in comprehensive income in the years ended December 31, 2023 and 2022 is as follows:

		2023	2022
Labor obligation	$	2,503,842	(5,269,909)
Fixed assets revaluation		73,809	(1,282,174)
Financial instruments		(497,542)	(883,740)
Income taxs recognized in OCI	**$**	**2,080,109**	**(7,435,823)**

An analysis of deferred taxes recognized in the statement of financial position as of December 31, 2023 and 2022 is as follows:

		2023	2022
Deferred tax assets			
Labor obligations	$	89,714,112	90,009,854
Provisions		7,458,948	8,681,597
Tax losses from prior years		16,020,693	-
Allowance for doubtful accounts		965,447	367,009
Decommissioning provision		2,147,531	2,084,140
Customer advances		365,497	329,277
Allowance for obsolete inventories		159,308	1,089,680
Lease liabilities		11,810,002	20,100,803
Intangible assets		82,535,166	84,107,574
Deferred revenue		2,953,766	98,740
Total deferred tax assets	$	**214,130,470**	**206,868,674**
Deferred tax liabilities			
Fixed asset liabilities	$	110,453,260	104,944,975
Deposits and advances		264,246	13,182
Other		7,737,772	449,196
Total deferred tax liabilities		118,455,278	**105,407,353**
Net deferred income tax asset	**$**	**95,675,192**	**101,461,322**

Changes in the deferred tax amounts for the years ended December 31, 2023 and 2022 are as follows:

		2023	2022
Balance at beginning of year	$	101,461,322	89,723,121
Deferred tax Benefit		(5,786,130)	11,738,201
Balance at end of year	**$**	**95,675,192**	**101,461,322**

An analysis of the items that comprise unrecognized deferred tax assets is shown below:

		2023	2022
Labor obligations	$	23,248,618	16,195,799
Provisions		15,523,607	662,983
Losses from prior years		195,028,336	137,527,332
Allowance for doubtful accounts		18,720,518	15,897,127
Decommissioning provision		1,837,157	1,258,558
Deposits		-	(381,501)
Customer advances		1,017,348	(1,528,982)
Allowance for obsolete inventories		16,647	139,204
Fixed assets		34,099,759	5,231,793
Advance payments		-	(19,096)
Lease liabilities		39,153	(354,933)
Accounts receivable		-	1,361,850
Other		2,074,766	(1,777,071)
Total		**291,605,909**	**174,213,063**
Less unrecognized assets		(291,605,909)	(174,213,063)
Total	**$**	**-**	**-**

On December 31, 2023, tax loss carryforwards expire as follows:

Year		Amount	Deferred tax asset
2033	$	45,136,658	13,540,997
2032		153,201,107	45,960,332
2031		167,238,326	50,171,498
2030		55,443,792	16,633,138
2029		39,474,053	11,842,216
2028		113,022,331	33,906,699
2027		129,980,500	38,994,150
	$	**703,496,767**	**211,049,030**

Reconciliation of the effective tax rate

	2023	2022
Gain (loss) before income tax	$ 120,684,714	$ (9,382,736)
Expected expense (benefit)	36,205,414	(2,814,821)
Annual inflation adjustment	3,335,652	8,653,078
Non-deductible expenses	15,993,694	14,319,655
Subsidy income	(22,987,440)	(21,900,000)
Non-controlling interest (Fibra E)	-	1,349,734
Other	(8,054,481)	16,860,233
Total	$ **24,492,839**	$ **7,085,143**

19. Equity

Contributions from the Federal Government

The resources for Strengthening the Finances of the Comision Federal de Electricidad (CFE) and its Subsidiary Productive Companies that have been provided for in the Expenditure Budget of the Federation for fiscal year 2023 stipulate that the contributions of the Federal Government constitute the equity.

For the 12-month period ended December 31, 2023, CFE received contributions as Contribution Certificates “A” for $10,000,000 from the Federal Government.

The contribution certificates are integrated as follows:

Date		Strengthening Finances
April 26th	$	6,715,888
October 27th		3,284,112
Total	**$**	**10,000,000**

Other comprehensive income as of December 31, 2023 and 2022.is as follows:

	Dec 2022	Recycling of other comprehensive income	Comprehensive income (loss) for the period	Dec 2023
Revaluation of plants, facilities and equipment	$ 550,676,550	-	35,931	550,712,481
Remeasurements of net defined benefit obligation	(107,002,531)	-	3,180,284	(103,822,247)
Recognition of the assumption by the Federal Government of CFE´s benefits obligations	161,080,204	-	-	161,080,204
Cash flow hedges	19,381,340	34,937,989	(18,612,676)	35,706,653
Effect of translation into the functional currency	(120,326)	-	170,673	50,347
Deferred income tax from comprehensive income	(46,906,588)	-	(2,080,109)	(48,986,697)
Total other comprehensive income (loss)	**$ 577,108,649**	**34,937,989**	**(17,305,897)**	**594,740,741**

	Dec 2021	Recycling of other comprehensive income	Comprehensive income (loss) for the period	Dec 2022
Revaluation of plants, facilities and equipment	$ 558,109,273	-	(7,432,723)	550,676,550
Remeasurements of net defined benefit obligation	(55,344,347)	-	(51,658,184)	(107,002,531)
Recognition of the assumption by the Federal Government of CFE´s benefits obligations	161,080,204	-	-	161,080,204
Cash flow hedges	12,647,876	22,742,007	(16,008,543)	19,381,340
Effect of translation into the functional currency	(120,326)	-	-	(120,326)
Deferred income tax from comprehensive income	(54,342,411)	-	7,435,823	(46,906,588)
Total other comprehensive income (loss)	**$ 622,030,269**	**22,742,007**	**(67,663,627)**	**577,108,649**

20. Foreign Currency Position

As of December 31, 2023 and 2022, CFE had the following foreign currency denominated assets and liabilities:

	2023				
	Assets Cash and cash equivalents	Suppliers	Foreign debt	Lease of equipment and Pidiregas	Foreign currency short position
U.S. dollars	257	2,227	10,612,301	20,361,428	30,975,956
Euros	-	-	122,787	-	7,316

	2022				
	Assets Cash and cash equivalents	Suppliers	Foreign debt	Lease of equipment and Pidiregas	Foreign currency short position
U.S. dollars	10,910	1,675	8,219,512	7,894,835	16,105,112
Euros	-	-	78,450	-	78,450

These assets and liabilities denominated in foreign currencies were translated to local currency at the exchange rate published in the Official Gazette by Banco de Mexico as of December 31, 2023 and 2022, as shown below:

Currency	2023	2022
U.S. dollar	16.9220	19.4715
Japanese yen	0.1199	0.1476
Euro	18.6929	20.7810

21. Transactions with PEMEX

As of December 2018, Mr. Manuel Bartlett Diaz, CEO of CFE, was appointed member of the Board of Directors of Petroleos Mexicanos.

As of December 31, 2023 and 2022, CFE through its affiliated entity CFEnergía, S.A. de C.V. and Subsidiary Productive Companies carried out transactions with Pemex for the acquisition of fuel

		2023	2022
Revenue			
Pemex Transformación Industrial	$	867,996	1,194,776
Pemex Corporativo		105,308	78,350
Pemex Explotación y Producción		300,968	225,704
Pemex Logistica		390,950	337,570
Purchases			
Pemex Transformación Industrial	$	42,911,418	34,241,563
Accounts receivable			
Pemex Transformación Industrial	$	6,547,909	6,034,180
P.M.I. Trading Designated Activity Company		-	60,949
Pemex Fertilizantes		286,785	328,681
Pemex Corporativo		308,992	203,337
Pemex Explotación y Producción		1,118,232	813,552
Pemex Logistica		1,372,547	970,171
Pemex Refinación		1,574	102
Accounts payable			
Pemex Transformación Industrial	$	7,227,822	5,963,012
P.M.I. Trading Designated Activity Company		2,053	2,352

Benefits paid to CFE's main officers in the fiscal years ended December 31, 2023 and 2022, amounted to approximately $254,073 and $267,702, respectively.

22. Contingencies and Commitments

The Enterprise is involved in several lawsuits and claims, arising from the normal course of its operations, which are expected not to have a significant effect on its financial situation and future results, highlighting the following:

a. International arbitration

Currently, there are 10 proceedings by the general lawyer, 1 of international nature in favor of CFE: 2 of international nature and 7 for arbitration with participants in Mexico against CFE, as a result of disputes with various suppliers and at different stages. At the date of these financial statements, we cannot reasonably determine whether an adverse result in these procedures would have a negative effect on the Enterprise's Financial Statements.

The disputes are relating payment and delivery obligations under long-term natural gas purchase agreements by winter storm “Uri” in Texas in February 2021, that resulted in unprecedented price increase. The procedure is on the initial stage and at the date of issuance of the financial statements, it is not possible to determine a reasonably result that would have a material adverse effect on the results of operations, liquidity or financial situation.

The international arbitration proceedings described in this note are subject to the confidentiality rules of the London Court of International Arbitration.

b. Amendments to the Collective Labor Agreement 2020-2022

On May 19, 2016, CFE carried out a review of the terms of the Collective Labor Agreement (CCT Spanish acronym) for the 2016-2018 biennium; it was entered into with the Sole Union of Electricity Workers of the Mexican Republic (SUTERM, Spanish acronym), where various clauses were modified that mainly affected the retirement category, presenting themselves as a reduction of The Enterprise's labor liability and on November 14, 2016, the Ministry of Finance and Public Credit (SHCP, Spanish acronym) published the "Agreement through which the general provisions related to the assumption by the Federal Government of CFE's employee benefits liability was issued" in the Official Gazette, whereby the Federal Government through the SHCP, assumes a portion of the pension and retirement payment obligation actuarially recognized and accounted for in CFE's financial statements, that correspond to the workers that were hired on or prior to August 18, 2008.

The Federal Government had established that it would assume a portion of CFE's labor liabilities, and this would be equal, peso by peso, to the reduction that would be achieved from the labor obligations liability at the time the Collective Labor Agreement is renegotiated. On December 29, 2016, the Federal Government announced that it had completed its review process of the amount of savings related to CFE's labor obligations as a result of the amendments to the collective labor agreement.

On December 19, 2016, through official document No. 35.-187/2016, the Public Credit Unit of the SHCP informed CFE that the Federal Government's commitment to pay would be assumed by the SHCP through the issuance of debt instruments by the Federal Government in favor of CFE for a total amount of $161,080,204, distributed in amounts that will be delivered annually to cover such commitment.

On August 19, 2020, the CFE and SUTERM reached a new agreement on the Collective Labor Agreement that will be current during the 2020-2022 biennium, which considers, among other aspects, the modification of clause 69 relative to the retirement conditions of CFE workers, applicable only to unionized personnel.

In compliance with the Ninth Provision, second paragraph of the "Agreement by which the provisions of a general character are issued relative to the assumption by the Federal Government of obligations to pay pensions and retirements in charge of the CFE" ("Agreement"), published in the DOF on November 14, 2016, the CFE communicated to the Public Credit Unit of the SHCP, through official letter DCF / 0202/2020 dated on September 2, 2020, the modification before indicated to the CCT and through official letter DCF/0274/2020, referred the document which includes the financial impact regarding the modification of retirement requirements for employees.

Once the estimates of the impact on labor liabilities of the modifications to the CCT 2020-2022 between the SHCP and the CFE have been reconciled, the SHCP could adjust the value of the Securities up to an amount equivalent to the increase in the retirement and pension liability. At the date of issuance of the financial statements, CFE cannot determine if the final result will have a material adverse effect on its results of operations, liquidity or financial situation.

There is a contingent liability derived from employee benefits.

Commitments

a. Natural gas supply contracts

The Enterprise has entered into contracts for services related to the reception, storage, transportation, regasification and supply of liquefied natural gas. The contractual commitments consist of acquiring, during the supply period, daily base amounts of natural gas as set forth in the respective contracts.

b. Financed public work contracts

As of December 31, 2023, CFE has entered into several financed public work contracts and the payment commitments will begin on the dates on which the private investors complete the construction of each of the investment projects and deliver the related assets to CFE for their operation. The estimated amounts of the financed public work contracts and the estimated dates of construction completion and startup of operations are shown in the table below:

Transmission lines and substations:

Capacity		Estimated amount of the contract expressed in millions of:	
Kmc	MVA	Dollars	Mexican pesos
198.31	1,180	130	1,681

Generation:

Capacity	Estimated amount of the contract expressed in millions of:	
MVA	Dollars	Mexican pesos
913.40	1,038	17,564

Renovation and/or modernization

Estimated amount of the contract expressed in millions of:	
Dollars	Mexican pesos
380	6,430

These projects are registered under the PIDIREGAS scheme (long-term productive infrastructure projects).

c. Trusts

Infrastructure investment trust

On February 7, 2018, CFE placed an issue for the first Energy and Infrastructure Investment Trust or Fibra E, (Fiduciary Stock Certificates [CBFEs] for investment in energy and infrastructure) through the Mexican Stock Exchange. The total placement was for a total amount of $16,388 million pesos and it is the first Fibra E in which domestic and foreign investors participated, highlighting the participation of institutional investors, private banks and investment funds from Mexico, United States, Canada, Australia and Europe.

The Fibra E structure comprised the Irrevocable Trust of Administration and Source of Payment No. 80757 (hereinafter the Promoted Trust), the Irrevocable Trust of Issuance of Stock Certificates CIB/2919 (hereinafter Fibra E) and CFE Capital.

A detailed description of the activities of each of these Trusts and CFE Capital Trusts is as follows:

Promoted Trust

The irrevocable Trust of Administration and Source of Payment No. 80757 was incorporated on January 22, 2018 to acquire the collection rights derived from the Agreement for the Technical and Commercial Operation of Electricity Transmission entered into with the National Energy Control Center (CENACE, Spanish acronym) on March 28, 2016.

As part of the structure of the Promoted Trust, CFE Transmision irrevocably ceded and transferred to the Promoted Trust the collection rights pursuant to the Contract entered into with CENACE for a period of 30 years; in exchange for these rights, the Promoted Trust issued full ownership of the trustee rights to CFE Transmision.

Subsequently, through funding provided by the issuance of Fibra E in the market, Fibra E purchased up to 6.78% of the instruments in exchange for $15,454,653 in cash, net of issuance costs totaling $756,060, and securities totaling $5,403,571 ceded to CFE Transmision, equal to 25% of the total number of shares issued by Fibra E.

The main activities of the Promoted Trust include:

1. Receiving, managing, and maintaining the contributed collection rights;
2. Opening, managing, and maintaining fiduciary bank accounts;
3. Making the transfers and payments established in the trust agreement;
4. Evaluating any reimbursements of unbudgeted expenditures requested by CFE Transmision;
5. Receiving payments made against the collection rights and any other rights derived from the agreement with CENACE;
6. Exercising any other rights arising from the agreement with CENACE;
7. Complying with the instructions provided by the Trustor, the Technical Committee, or the beneficiaries to the extent that they are authorized to do so in accordance with the terms of the trust agreement.

Issuing Trust (Fibra E)

The Fibra E trust entered into by CI Banco, S. A., Institucion de Banca Multiple, Monex Casa de Bolsa, S.A. de C.V. and Monex Grupo Financiero (FIBRA E) was created on January 22, 2018, as a trust for the issuance of Fiduciary Stock Certificates (CBFEs).

The primary purpose of the Trust is to invest in eligible entities, whose exclusive activity consists of:

1. Investing in assets and projects related to Generation, Transmission and Distribution of Electricity, and Infrastructure Projects.

2. Investing in or performing any other activity provided for in the FIBRA E tax regulations, as well as in Rule 3.21.3.9. of the Miscellaneous Tax Resolutions or any other tax law that replaces such.

The initial asset of the Trust consists of Beneficiary Rights that have an economic ownership interest in the Promoted Trust.

CFE Capital

The primary purpose of this entity is to manage all types of trusts and their property, including the Fibra E and the Promoted energy and infrastructure investment trusts created in conformity with current tax legislation, including but not limited to, all the activities and acts deemed necessary or suitable for such purpose, and to provide all types of administration, operation, development and regulatory compliance services.

Master Investment Trust CIB/3602 FMI

The Master Investment Trust was constituted on April 9, 2021, the Trust is constituted between Comision Federal de Electricidad as trustor and trustee, CFEnergia, S.A. de C.V. as trustor and trustee, CIBANCO, S.A. de C.V. as trustee and with the appearance of CFE Capital, S. de R.L. of C.V.

The main purpose is to make investments in infrastructure projects, directly or through Sub-Trusts.

Clean Energy Trust 10670

On August 6, 2021, the CFE formalized with the Foreign Trade Bank the Trust number 10670 called Clean Energy Trust (FIEL), the primary objective is to promote investment projects for clean energies using:

- Repowering and hydrological refurbishment,
- Business acquisitions clean energy.
- Geothermal projects and other clean energy technologies

Trust for Conventional Generation Projects 10673

Trust number 10673, called Conventional Generation Projects Trust (FPGC) constituted on September 24, 2021. The purpose of this trust is to host Investment Projects related to the energy transition.

Trust Banco Azteca 1320

On April 28, 2022, the CFE formalized with Banco Azteca S.A., Trust number 1320 the primary objective is to promote investment projects and celebrate contracts complying with the instructions provided by the Technical Committee.

Revocable Trust for Administration, Investment and Source of Payment Number F/9485

On July 26, 2022, the CFE formalized with Banco Monex, S.A., Institución De Banca Múltiple, Monex Grupo Financiero, Trust number 9485, the primary objective is the payment of financing, celebration of commercial commissions and celebration of service contracts agreements and/or documents in general that are necessary for the acquisition of goods and/or contracting of services required for the operation of the Investment Projects; in accordance with the instructions received by the Technical Committee.

Other trusts

1 Scope of action

1.1. CFE currently participates as Trustor or Beneficiary in 9 (nine) Trust Funds, of which 3 (three) are in the process of termination.

1.2. In conformity with its purpose and operating characteristics, the trust funds can be classified in the following groups:

a. Energy saving
b. Prior expenses
c. Construction Works contract management
d. Indirect participation trust funds

a. Energy saving

Trust funds to promote energy saving programs.

Trust fund	Role of CFE		
	Trustor	Trustee	Trust Beneficiary
Trust Fund for Energy Savings (FIDE), created on August 14, 1990	Creation of Trust: Confederación de Cámaras Industriales (CONCAMIN), Cámara Nacional de la Industria de Transformación (CANACINTRA), Cámara Nacional de Manufacturas Eléctricas (CANAME), Cámara Nacional de la Industria de la Construcción (CNIC), Cámara Nacional de Empresas de Consultoría (CNEC) and Sindicato Único de Trabajadores Electricistas de la República (SUTERM)	Nacional Financiera, S.N.C.	**a.** Electric energy consumers who are beneficiaries of the services rendered by the Trust fund. **b.** CFE, only for the materials that will form part of the public energy services infrastructure.
Mexicali Housing Thermal Isolation Trust (FIPATERM), created on October 19, 1990	CFE Suministro Básico	Banco Nacional de Obras y Servicios Públicos, S.N.C.	CFE

As of December 31, 2023 and 2022, the Housing Thermal Isolation Program (FIPATERM) Trust has assets of $1,977,316 y $1,875,980 and liabilities of $112,898 y $175,395, respectively.

b. Prior expenses

Those created for financing and covering expenses prior to the execution of projects which are subsequently recovered and charged to the entity that incurred in such expense to comply with the regulations applicable to the type of project.

Trust fund	Role of CFE			Type of project
	Trustor	Trust Beneficiary	Trustee	
CPTT prepaid expense management, created on August 11, 2003	CFE	CFE	Banco Nacional de Comercio Exterior, S.N.C.	Direct investment

Through an extraordinary session held on August 2, 2023, members of the Prior Expenses Management Trust (FAGP) committee approved the termination of the Trust; as part of this closure on August 4, 2023, the contracted credits that the Trust had in force were settled as of December 31, 2023, this Trust does not present balances in its Statement of Financial Position.

The agreement of extinction is currently being drafted.

Trust fund	Role of CFE			Type of project
	Trustor	Trust Beneficiary	Trustee	
Management and transfer of ownership 2030, created on September 30, 2000	CFE	**Primary beneficiary:** Contract winners **Second beneficiary**: CFE	Banobras, S.N.C.	Conditioned investment

As of December 31, 2023 and 2022, the Administration and Transfer of Ownership Trust 2030 has assets of $618,834 and $556,576, respectively.

c. Construction Works contract management

At the beginning of the '90s, the Federal Government implemented several off-budget schemes to continue investing in infrastructure projects. The schemes were designed under two modalities:

- Turnkey Projects (1990)
- Building, Leasing and Transferring Projects (1996)

Turnkey Projects. Under this scheme, works were carried out for the construction of power generation plants and installation of transmission lines, through an irrevocable management and transfer of ownership trust, linked to a lease agreement. Under this modality, the trustee is responsible for the following:

Contracting credits, managing the trust property (assets), receiving the lease payments from CFE, and transferring the asset at no cost to CFE after the leases have been paid in an amount sufficient to pay the contracted credits.

CFE participates in the payment of the leases to the trustee, based on the credits contracted by the trust, instructing the trustee to pay the contractors receiving, in exchange, invoices approved by the construction area, payment of taxes and other charges, including trustee fees.

The trusts for managing and transferring ownership were carried out in accordance with the Guidelines for the performance of thermoelectric projects with off-budget funds, as well as with the Guidelines for the performance of transmission lines and substations with off-budget funds issued by the Ministry of Public Administration (formerly known as the Ministry of Comptrollership and Administrative Development).

The Trust shown below has completed its payment commitments; therefore, it is in process of termination by EPS Generacion III.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
Topolobampo II (Electrolyser, S. A. de C. V.), created on November 14, 1991	Bufete Industrial Construcciones, S. A. de C. V. and Electrolyser, S. A. de C. V., with respect to its contribution to the Trust	**Primary beneficiary:** Electrolyser, S. A. de C. V., with respect to its contribution to the Trust and **Second beneficiary:** CFE	Santander, S. A.

Building, Leasing and Transferring Projects ("CAT", Spanish acronym). The transition stage to carry out the CAT trusts began in 1996, whereby the trustee manages the trust property (assets) and transfers it to CFE after the lease payments have been covered. Credits are contracted directly with a consortium that is a special purpose entity, for which there is an irrevocable management and transfer of ownership trust contract.

In these types of trusts, CFE participates in making the lease payments based on quarterly amortization tables presented by the consortiums in their bids. Most of these tables include forty quarterly payments.

The only project under this mode that has settled its financial obligations and is in the process of termination is the CC Samalayuca II project; therefore, it is in the process of being terminated by EPS Generacion IV.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
C.T. Samalayuca II, created on May 2, 1996	Compañía Samalayuca II, S.A. de C.V.	**Primary beneficiary:** The foreign bank that is the common representative of the creditors; **Second beneficiary:** Compañía Samalayuca II, S.A. de C.V. **Third beneficiary:** CFE	Banco Nacional de México, S. A.

As of December 31, 2023 and 2022, CFE has fixed assets amounting to $21,995,856 respectively, related to the CAT trusts referred to above.

Coal Terminal of the Thermoelectric Power Station Presidente Plutarco Elias Calles:

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
Coal Terminal of the Thermoelectric Power Station Presidente Plutarco Elias Calles (Petacalco) was created on November 22, 1996	Techint, S. A., Grupo Mexicano de Desarrollo, S.A. de C.V. and Techint Compagnia Tecnica Internazionale S.P.A.	**Primary beneficiary:** Carbonser, S.A. de C.V **Second beneficiary:** CFE	Banco Nacional de México, S. A. (Banamex)

The irrevocable management, guarantee, and transfer of ownership trust agreement number 968001 was entered into 1996 which, among other considerations, sets forth that the trustee will enter into a service contract with CFE.

Upon the entry into force of the coal management service contract between CFE and Banco Nacional de México, S. A. (Banamex) as trustee of the Petacalco Trust, comprised of Techint Compagnia Tecnica Internazionale S.P.A., Grupo Mexicano de Desarrollo, S. A. de C. V., and Techint, S. A. that was entered into on November 22, 1996, in accordance with clause 8.1, CFE will pay the invoice amounts related to the fixed charge for capacity.

Facility	Fixed charge for capacity for Jan-Dec 2023
Petacalco Coal	$111,273,747

d. Indirect participation trust funds

Additionally, CFE maintains an indirect relationship since it is not a Trustor, but it participates as a beneficiary in two guarantee and loan payment Trusts, created by Financial Institutions as Trustors and Trust Beneficiaries for the issue of securities linked to credits granted to CFE. CFE is named as Second Beneficiary of the Trust, due to the specific possibility that it may acquire some of the certificates issued and it maintains representation in its Technical Committees in conformity with the contractual provisions.

CFE is required to reimburse to the Trust in the terms of the Indemnity Contract that forms part of the Trust Contract, the expenses incurred by the Trust for the issue of securities and their management.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
Trust No. 232246 created on November 3, 2006	Banco Nacional de Mexico, S.A., a member entity of Grupo Financiero Banamex	**Primary beneficiary:** Each of the preferred holders of each issue. **Second beneficiary:** CFE	HSBC México, S.A., Grupo Financiero HSBC
Trust No. 411 created on August 6, 2009	Banco Nacional de Mexico, S.A., a member entity of Grupo Financiero Banamex	**Primary beneficiary:** Each of the preferred holders of each issue. **Second beneficiary:** CFE	Banamex

As of December 31, 2023 and 2022, available funds in trust No. 232246 amount to $8,821.

2 Legal nature

2.1 In conformity with the Federal Public Administration Act, none of the trusts are considered Public Trusts with the status of an "entity", pursuant to the following:

a. In 6 of the Trusts, CFE is not a Trustor in their creation.

b. The 4 remaining trusts do not have an organic structure similar to the state-owned entities that comprise them as “entities” in terms of the Law.

2.2 The SHCP has maintained a record for purposes of the Federal Budget and Financial Responsibility Law, of 4 (four) of the Trusts, due to the allocation of federal funds or the contribution of land owned by CFE where the works will be carried out.

Registration of Trusts with SHCP		
No.	Trusts	Record
1	Mexicali Housing Thermal Isolation Trust (FIPATERM)	700018TOQ058
2	Prior Expense Trust	200318TOQ01345
3	Trust Management and Transfer of Ownership 2030	200318TOQ01050
4	Trust for Power Savings (FIDE)	700018TOQ149

23. Segment information

Information regarding the operating segments

The information presented to the Board of Directors to obtain budget and investment approval and measure compliance with the business objectives set out by the Board is condensed consolidated financial information and not for each operating activity of the Enterprise.

Information by type of services:

Income	**December 31, 2023**	**December 31, 2022**
Domestic services	$ 111,230,414	$ 95,732,498
Commercial services	60,295,023	54,406,434
Services	14,533,400	15,317,338
Agricultural services	11,140,305	9,386,005
Industrial services	289,396,599	261,412,665
Total sales	**486,595,741**	**436,254,940**
Block for resale	40,072	1,120,655
Total electricity supply revenue	**486,635,813**	**437,375,595**
Consumption in the process of being billed	2,065,886	207,580
Illegal uses	1,426,417	1,977,686
Measurement failure	256,203	2,646,917
Billing error	371,826	336,697
Total income obtained from other programs	**4,120,332**	**5,168,880**
Total revenue from the sale of electricity	**$ 490,756,145**	**$ 442,544,475**

24. Other expenses

As of December 31, 2023 and 2022 the other expenses are as follows:

		2023		2022
Allowance for doubtful accounts	$	9,884,314	$	9,331,260
Impairment of long-lived assets		468,463		4,834,347
Allowance of trials and litigation		567,282		10,943,176
Otros		13,496,752		16,576,746
Total	**$**	**24,416,811**	**$**	**41,685,529**

25. Standards issued but not yet effective, in 2023

Following are listed the recent changes to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which are not yet effective and are described as follows:

– *Classification of liabilities as current or non-current (Amendment IAS 1)*

The amendment specifies the requirements to classify liabilities as current or non-current. IAS 1 indicates that a current liability is the liability where there is no right to defer the settlement during the following twelve months. The amendments become effective on January 1, 2024 and they must be applied retroactively.

– *Insurance Contracts (IFRS 17)*

IFRS 17 Insurance Contracts establishes a new comprehensive accounting model that provides the users of financial information a completely new perspective regarding the financial statements of insurance companies.

- *Accounting Estimates Definition (Modification IAS- 8)*

The amendments to IAS 8 clarify the difference between changes in accounting estimates and accounting policies resulting from obtaining new information and the correction of prior period errors.

- *Information to be Disclosed regarding Accounting Policies (Modification the IAS-1) and the amendment to Practice Statement 2*

Amendments to IAS 1 have the purpose to remove regulations for the disclosure of significant accounting policies and include instead guidance to assess the materiality thereof in order to select the accounting policies that should be disclosed.

- *Deferred Taxes related to Assets and Liabilities arising from a transaction* (Modification the IAS-12)

The standard reduces the exemption in the initial recognition of deferred taxes established in IAS 12, clarifying that there shall be recognized the deferred taxes on rights of use and liabilities for lease.

- Model International Tax Reform of the Second Pillar (IAS 12 Modifications)

The modifications to IAS 12 establish that entities considered to be in the Second Pillar (entities with income exceeding 750 million euros) will not recognize or disclose information on deferred tax assets and liabilities derived from the complementary tax system (Global Anti Base Erosion). , being mandatory to separately disclose the current tax corresponding to the complementary tax.

As of December 31, 2023, these modifications have had no impact on the Enterprise's consolidated financial statements.

b) The modified IFRS that are not yet effective are the following:

– Lease Liability in a Sale and Leaseback (Modification to IFRS 16)

The amendment to IFRS 16 Leases adds subsequent measurement requirements for sale and leaseback transactions. It begins its validity as of January 1, 2024.

– Non-current Liabilities with Agreed Conditions (Modification to IAS 1)

The modifications to IAS 1 Presentation of Financial Statements improve the information provided by an entity when its right to defer the settlement of a liability for at least twelve months is subject to compliance with agreed conditions. This rule will be effective from January 1, 2023.

– Sale or contribution of assets between an investor and its associate or joint business (Amendments to IFRS 10 and IAS 28)

The modifications to IFRS 10 and IAS 28 establish the recognition of the results resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture. The effective date of the amendments has not yet been set by the IASB; however, early application is permitted.

– Supplier financing agreements (IAS 7 and IFRS 7 Modifications)

The modifications to IAS 7 and IFRS 7 consist of disclosing information on supplier financing agreements. It begins its validity as of January 1, 2024.

– International Sustainability Standards (IFRS S1 and IFRS S2)

In March 2022, the ISSB published two draft standards: one on General Requirements for Sustainability Disclosures related to Financial Reporting (IFRS S1) and another on Climate-related Disclosures (IFRS S2). These new rules are expected to be applicable from January 1, 2024

26. Issuance of the consolidated financial information

The consolidated financial statements and notes will be approved by the Board of Directors. The Board of Directors has the power to amend the accompanying consolidated financial information.