Annual Report 2024

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V.
David Alfaro Siqueiros 106, Col.Valle Oriente
C. P. 66278
San Pedro Garza García, Nuevo León, México

This Annual Report was prepared in accordance with regulations applicable to companies issuing securities as well as other participants in the market with information for the fiscal year ending December 31st, 2024.

The 2,813,156,594 “O” series shares of Grupo Financiero Banorte, S.A.B. de C.V. in circulation as of December 31st, 2024 are traded in the Bolsa Mexicana de Valores (Mexican Stock Exchange) under the symbol "GFNORTE O" and are registered in the National Securities Registry ("RNV").

The second to last paragraph of Article 86 of the Stock Market Law states that:

Issuing companies with registered securities, must display in the prospectus, supplement or informative brochure, a legend that explicitly states that such registration does not imply a certification of the attractiveness of those securities, solvency of the issuer or the accuracy or truthfulness of the information contained in the prospectus, nor does it authenticate acts that, if the case, have been conducted in breach of these laws.

This report is available to the public at www.investor.banorte.com ,in the route “Financial Information / Annual Reports / Circular Unica CNBV 2024 Annual Report - GFNorte”.

San Pedro Garza García, N.L. April 30th, 2025.

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1. GENERAL INFORMATION

a) GLOSSARY OF TERMS AND DEFINITIONS

Unless the context suggests otherwise, for purposes of this Annual Report, the following terms have the meanings ascribed to them below and can be used interchangeably in singular or plural.

TERM	DEFINITION
ADR's:	American Depositary Receipts
Afores:	Retirement Saving Funds Managers.
Afore Bancomer:	Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.
Afore Banorte:	Banorte Generali, S. A. de C. V., AFORE (prior its merger with Afore XXI).
Afore XXI Banorte:	Afore XXI Banorte, S.A. de C.V. (corporate identity after the Afore Banorte and Afore XXI merger).
Almacenadora Banorte	Almacenadora Banorte, Organizacion Auxiliar del Credito, Grupo Financiero Banorte
Arrendadora y Factor Banorte:	Arrendadora y Factor Banorte, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada, Grupo Financiero Banorte.
ATM's:	Automated Teller Machine.
Bancen:	Banco del Centro, S. A.
Bancrecer:	Bancrecer, S. A.
Banking Subsidiaries:	Banorte and subsidiaries
Banorte:	Banco Mercantil del Norte, S. A., Institucion de Banca Multiple, Grupo Financiero Banorte.
Banorte Ahorro y Previsión	Banorte Ahorro y Previsión, S.A. de C.V.
Banorte Futuro	Banorte Futuro, S.A. de C.V.,
Banorte-Ixe Tarjetas:	Banorte-Ixe Tarjetas, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada (Formerly Ixe Tarjetas). Subsidiary of Banorte.
Banorte USA:	Banorte USA Corp., subsidiary of Banco Mercantil del Norte, S. A.
Banxico:	Bank of Mexico (Mexican Central Bank).
BCP	Business Continuity Plan
BIVA	Bolsa Institucional de Valores (Mexican Stock Exchange)
BMV:	Bolsa Mexicana de Valores, S.A.B. de C.V. (Mexican Stock Exchange).
Bineo:	Banco Bineo S.A., Institución de Banca Múltiple, Grupo Financiero Banorte
bp	Basis points
Capitalization requirements:	Capital requirements for credit institutions established in the LIC and Circular Unica de Bancos
Casa de Bolsa Banorte:	Casa de Bolsa Banorte, S.A. de C.V., Grupo Financiero Banorte (merged entity with Ixe Casa de Bolsa).
Casa de Bolsa Banorte Ixe:	Casa de Bolsa Banorte Ixe, S.A. de C.V., Grupo Financiero Banorte.
CAPS:	Comité de Auditoria y Prácticas Societarias (Audit & Corporate Practices Committe).
CC:	Credit letters.
CDP:	Not-for-profit organization which provides the major environmental divulgation system in the world.
CEBUR:	Certificado Bursátil (Stock Certificate).
CEDES:	Certificados de Depósito a Plazo Fijo (Fixed term Certificate of Deposit).

TERM	DEFINITION
CETES:	Certificados de la Tesorería de la Federación (Mexican Federal Treasury Certificates).
Circular Unica de Bancos (CUB):	General provisions applicable to credit institutions, published in the Official Gazette on December 2nd, 2005, as they have been modified.
Circular Única de Emisoras (CUE):	General provisions applicable to issuers and other market participants, published in the Official Gazette on March 19, 2003, as they have been modified.
CMPC	Código de Mejores Prácticas Corporativas (Best Corporate Practices Code).
CNBV:	Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission).
CNSF:	Comisión Nacional de Seguros y Fianzas (National Insurance and Bonding Commission).
COFECO/ COFECE:	Comisión Federal de Competencia Económica (Federal Commission of Economic Competion).
CONDUSEF:	Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (National Comission for the Protection and Defense of Financial Services users).
CONSAR:	Comisión Nacional del Sistema de Ahorro para el Retiro (National Comission of the Retirement Saving Funds System).
CPO's:	Certificados de Participación Ordinarios (Ordinary Participation Certificates).
CPR	Comité de Politicas de Riesgo (Risk Policies Committee).
CR:	Capitalization ratio.
Creditos Pronegocio:	Créditos Pronegocio, S.A. de C.V., Sociedad Financiera de Objeto Limitado, Grupo Financiero Banorte
CUSF:	General provisions applicable to Insurance and Bonding Insitutions.
D:	Director.
DMD:	Deputy Managing Director.
DOF:	Diario Oficial de la Federacion (Official Gazette).
ED	Executive Director
EMISNET:	Electronic Communications System with Securities Issuers.
EMV:	Europay, Mastercard, Visa
EPS:	Employee Profit Sharing Agreement.
FATCA:	Foreign Account Tax Compliance Act
FCICK 16-1	Conversion Trust FCICK 16-1
Fincasa Hipotecaria:	Fincasa Hipotecaria, S.A. de C.V. Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Grupo Financiero Banorte (merged in Banco Mercantil del Norte).
Fintech	Financial Technology Entities
Forward:	Non-standardized private contract to buy or sell a specific asset at a certain price level whose liquidation will be carried out at a future date.
Generali:	Assicurazioni Generali, S.P.A. Italian company and strategic partner of GFNorte until 2013.
GFInter	Grupo Financiero Interacciones, S.A.B. de C.V
GFNorte, the Company, the Issuer:	Grupo Financiero Banorte, S. A. B. de C. V.
GEO:	Corporación GEO, S.A.B. de C.V.
Holding:	Holding company.
Homex:	Desarrolladora Homex, S.A.B. de C.V.
IFC:	International Finance Corporation.

TERM	DEFINITION
IMSS:	Instituto Mexicano del Seguro Social. (Mexican Social Security Institute)
INB:	Inter National Bank.
Indeval:	S. D. Indeval, Institucion para el Depósito de Valores, S. A. de C. V. (Institute for Deposit of Securities).
IPAB:	Instituto para la Protección al Ahorro Bancario (Institute for the Protection of Bank Savings).
ISR:	Income Tax.
Ixe Automotriz:	Ixe Automotriz, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada, Grupo Financiero Banorte (merged in Arrendadora y Factor Banorte).
Ixe Banco:	Ixe Banco, S. A., Institucion de Banca Multiple, Grupo Financiero Banorte (merged in Banco Mercantil del Norte).
Ixe Casa de Bolsa:	Ixe Casa de Bolsa, S.A. de C.V., Grupo Financiero Banorte (changed its corporate identity to Casa de Bolsa Banorte)
Ixe Fondos:	Ixe Fondos, S.A. de C.V., Sociedad Operadora de Sociedades de Inversion, Grupo Financiero Banorte (changed its corporate identity to Operadora de Fondos Banorte Ixe).
Ixe GF:	Ixe Grupo Financiero, S.A.B. de C.V. (merged in GFNorte).
Ixe Servicios	Ixe Servicios, S.A. de C.V.
Ixe Soluciones:	Ixe Soluciones, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada, Grupo Financiero Banorte (merged in May 2013 with Solida which changed its name to Sólida Administradora de Portafolios)
Ixe Tarjetas:	Ixe Tarjetas, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada (changed its corporate identity to Banorte-Ixe Tarjetas)
KRI:	Key Risk Indicators
LFI:	Ley de Fondos de Inversión (Mutual Funds Law)
LIC:	Ley de Instituciones de Credito (Credit Institutions Law).
LISF:	Ley de Instituciones de Seguros y de Fianzas (Insurance and Bonding Institutions Law)
LGOAAC:	Ley General de Organizaciones y Actividades Auxiliares del Credito.
LGSM:	Ley General de Sociedades Mercantiles (General Corporate's Law)
LMV:	Ley del Mercado de Valores (Securities' Market Law).
LRAF:	Ley para Regular las Agrupaciones Financieras (Law Regulating Financial Groups)
LSAR:	Ley del Sistema de Ahorro para el Retiro (Retirement Savings System Law)
MD:	Managing Director
M. E.:	Moneda extranjera (Foreign currency).
M. N.:	Moneda nacional (Local currency, Mexican pesos).
Motran:	Motran Services Incorporated (remittance company based in Los Angeles, California acquired by Banorte and merged with Uniteller in 2014).
Nafin, Nacional Financiera:	Nacional Financiera, S.N.C., Institucion de Banca de Desarrollo.
Nearshoring:	Strategy of relocating business operations to nearby countries to reduce costs and improve efficiency.
NII:	Net Interest Income.
NIM:	Net Interest Margin.
NPS	Net Promoter Score, indicator that measures client loyalty and satisfaction.
OTC:	Over The Counter.
Operadora de Fondos Banorte Ixe	Operadora de Fondos Banorte Ixe, S.A. de C.V., Sociedad Operadora de Fondos de Inversion, Grupo Financiero Banorte
Participaciones federales	Federal Contributions

TERM	DEFINITION
PDL:	Past due loan ratio
Pensiones Banorte	Pensiones Banorte, S.A. de C.V., Grupo Financiero Banorte
Pensiones Banorte Generali	Pensiones Banorte Generali, S.A. de C.V., Grupo Financiero Banorte (changed its corporate identity to Pensiones Banorte)
pp:	Percentage points
PRLV:	Pagares Bancarios con Rendimiento Liquidable al Vencimiento (Bank notes with yield settlement at maturity)
Ransomware:	Malware that encrypts a victim's files and demands a payment (ransom) to restore access to the data.
RNV:	Registro Nacional de Valores (National Securities Registry).
ROA:	Return on Assets
ROE:	Return on Equity
ROTE	Return on Tangible Equity
RRWA	Return on Risk Weighted Assets
SAT:	Servicio de Administracion Tributaria (Tax Administration Service).
SCI/ICS:	Sistema de Control Interno (Internal Control System).
Seguros Banorte	Seguros Banorte, S.A. de C.V., Grupo Financiero Banorte
Seguros Banorte Generali	Seguros Banorte Generali, S.A. de C.V., Grupo Financiero Banorte (changed its corporate identity to Seguros Banorte)
Shares	Common, nominative shares, with a face value of Ps. 3.50, corresponding to Series "O" Class II shares, which represent the variable portion of equity
SHCP:	Secretaria de Hacienda y Credito Publico (Ministry of Finance and Public Credit).
SIEFORE:	Sociedad de Inversion Especializada en Fondos para el Retiro (Specialized Retirement Savings Fund).
SNA:	Sistema Nacional Anticorrupción(National Anticorruption System)
SMEs:	Small and Medium Sized Businesses
Sociedades de Información Crediticia:	Financial entities whose purpose is to provide the services of collection, handling and delivery or transmission of information relating to the credit history of individuals and corporate entities.
SOFOL:	Sociedad Financiera de Objeto Limitado (Restricted Non-Banking Financial Institution).
SOFOM:	Sociedad Financiera de Objeto Multiple (Multi-purpose Non-Banking Financial Institution).
Solida Administradora de Portafolios:	Solida Administradora de Portafolios, S. A. de C. V. which was spun-off from Banco Mercantil del Norte to later merge with Ixe Soluciones in May 2013. Once merged into Ixe Soluciones, Solida change its coporate identity to Solida Administradora de Portafolios.
Swap:	Private contract establishing the bilateral obligation to exchange one stream of cash flow for another for a set period of time on pre-established dates.
Tarjetas del Futuro	Tarjetas del Futuro, S.A.P.I. de C.V.
Tier 1:	Basic capital.
Tier 2:	Complementary capital.
TIIE:	Tasa de Interes Interbancaria de Equilibrio (Inter-bank Equilibrium Interest Rate).
TLAC	Total Loss Absorbing Capacity
TPV's/ POS:	Point of Sale.

TERM	DEFINITION
UAIR:	Unidad para la Administracion Integral de Riesgos (Unit for the Comprehensive Risk Management)
UDIS:	Unidades de inversion (Units of investment indexed to inflation).
UMS:	Bonos Soberanos Mexicanos (Sovereign Bonds).
Uniteller:	Uniteller Financial Services, Inc. (remittance company based in New Jersey).
Urbi	Urbi Desarrollos Urbanos, S.A.B. de C.V.
USA:	United States of America.
USD:	US dollars.
VaR:	Value at Risk.

b) EXECUTIVE SUMMARY

When analyzing the information contained herein is important to take the following into consideration:

- ✓ *Starting on 2Q24, a new methodology for calculating ratios was adopted, in line with the standardization issued by the CNBV for the Banking Sector. The adjustment is not retroactive for the periods before 2024 shown in this report, which makes the financial indicators incomparable.*
- ✓ *As of December 2023, Grupo Financiero Banorte consolidates line-by-line the operations of the Joint Venture with Rappi, hereinafter referred to as "Tarjetas del Futuro", in its financial statements.*
- ✓ *The financial information contained in this report is based on the Audited Consolidated Financial Statements of Grupo Financiero Banorte (GFNorte) for the year ended December 31, 2024 and 2023, published by Galaz, Yamazaki, Ruiz Urquiza, S. C. Member of Deloitte Touche Tohmatsu Limited, dated February 28, 2025. For the year ended December 31, 2022, the financial figures are based on the Audited Consolidated Financial Statements of GFNorte, published by Galaz, Yamazaki, Ruiz Urquiza, S. C. Member of Deloitte Touche Tohmatsu Limited, dated February 29, 2024.*
- ✓ *The financial information presented in this report has been calculated in pesos and the tables are in million pesos, thus, differences are the result of rounding effects.*
- ✓ *For comparison purposes, is relevant to consider that GFNorte owns 98.2618% of shares of the Bank, therefore in some cases certain figures may vary when referring to them, both for the Group and the Bank.*

SELECTED FINANCIAL INFORMATION

	2024	2023	2022
Net Income	$56,188	$52,418	$45,408
Total Assets GFNorte	$2,471,209	$2,274,859	$2,070,072
Total Liabilities GFNorte	$2,222,781	$2,025,654	$1,831,041
Stockholders' Equity GFNorte	$248,428	$249,205	$239,031
INFORMATION PER SHARE			
Earnings per share Basic (pesos) [1)]	$19.72	$18.31	$16.11
Earnings per share Diluted (pesos) [2)]	$ 19.72	$18.31	$15.96
Dividend approved per share (pesos) [3)]	$12.64	$13.08	$11.89
Book value per share (pesos) (excluding minority interest) [4)]	$88.69	$86.48	$81.86
Shares outstanding Basic (millions) [5)]	2,849.34	2,862.68	2,856.68
Shares outstanding Diluted (millions) [5)]	2,849.34	2,862.68	2,883.46
PROFITABILITY RATIOS			
NIM	6.26%	6.32%	6.32%
NIM Adjusted for Credit Risk	5.38%	5.53%	5.67%
NIM from Loan Portfolio	8.23%	8.59%	8.37%
Return on Assets (ROA)	2.32%	2.39%	2.26%
Return on Equity (ROE)	22.44%	21.41%	19.19%
OPERATIONS			
Efficiency Ratio [6)]	36.96%	36.23%	38.05%

Operating Efficiency Ratio [7)]	2.25%	2.22%	2.22%
LCR Banorte and SOFOM - Basel III	164.15%	160.54%	154.61%
ASSET QUALITY INDICATORS			
Non-Performing Loan Ratio	0.93%	1.04%	1.07%
Coverage Ratio	183.67%	182.33%	179.47%
CAPITALIZATION RATIO			
Banco Mercantil del Norte	21.78%	20.72%	22.85%
INFRASTRUCTURE AND EMPLOYEES			
Bank Branches [8)]	1,191	1,164	1,154
ATMs (automated teller machines)	11,284	10,372	9,938
Points of Sale	223,148	197,216	167,148
Full-time employees	33,765	32,705	30,941
Full-time employees and professional services	33,767	32,707	30,943

Million pesos.

1. Earnings per Share Basic= Net Income of the period / weighted average of accounting outstanding shares.
2. Earnings per Share Diluted = Net income of the period / (weighted average of accounting outstanding shares + weighed average of shares potentially dilusive).
3. In 2024, dividends declared by the Shareholders' meetings were those corresponding to 69% of the profit of 2023; a first dividend of Ps 26,209,114,772.24, at Ps 9.089477825598920 per share, paid on June 28, 2024, and a second dividend of Ps 10,000,000,000.00 at 3.554725684779990 per share, paid on December 18, 2024, charged against the profits of prior years. In 2023, dividends declared by the Shareholders' meetings were those corresponding to 83% of the profit of 2022; a first dividend of Ps 22,704,037,531.52, at Ps 7.873896065842770 per share, paid on June 12, 2023, and a second dividend of Ps 15,000,000,000.00, at Ps 5.202089752699080 per share, paid on October 16, 2023, charged against the profits of prior years. For 2022, dividends declared were those corresponding to 50% of the profit for 2021, or Ps 17,524,084,240.96, at Ps 6.077457270353830 per share, paid on May 31, 2022, and a second dividend corresponding to 25% of the profit of 2019 and 25% of 2020, or Ps 16,759,016,371.63, at Ps 5.812127155478170 per share, paid on December 8, 2022.
4. The number of shares outstanding considered for the 2024 period were 2,812,156,594.
5. Outstanding Shares= Outstanding shares in the Mexican Securities' Stock Exchange – shares held in the Treasury related to the share buyback program. On November 20th, 2024, the Ordinary General Shareholders' Meeting approved the cancellation of 70.3 million shares.
6. Non-Interest Expense / (Net Interest Income + Non- Interest Income).
7. Non-Interest Expense / Average Total Assets.
8. Includes bank modules and excludes 1 branch in the Cayman Islands.

Grupo Financiero Banorte's Results

Earnings' contribution for 2024 by business sector –as per the participation method– was as follows:

GFNorte's profit, given the participation of its subsidiaries, was Ps 56.19 billion at the end of 2024, a 7% increase versus last year. In 2023, GFNorte's net income was Ps 52.42 billion, a 15% increase versus 2022.

The Banking Sector, which includes Banorte and Bineo, reported a net income os Ps 43.09 billion in 2024, increasing Ps 1.88 billion or 5% compared to 2023, contributing with 76.7% of GFNorte's net income. For 2023, the net income amounted to Ps 41.22 billion in 2023, increasing Ps 7.27 billion or 21% compared to 2022, contributing with 78.6% of GFNorte's net income.

The Brokerage Sector, which includes Casa de Bolsa Banorte and Operadora de Fondos Banorte, reported net income of Ps 959 million in 2024, a 28% increase versus 2023. The accumulated profit represented 1.7% of the group's earnings. In 2023, net income totaled Ps 751 million, a (54%) decline versus 2022. The accumulated profit represented 1.4% of the group's earnings.

Net income of the Long-Term Savings sector, constituted by Seguros Banorte, Afore XXI Banorte (50% subsidiary), and Pensiones Banorte, amounted to Ps 9.71 billion, growing 19% compared to 2023, representing 17.3% of the group's earnings. In 2023, net income amounted to Ps 8.16 billion, growing 9% compared to 2022, representing 15.6% of the group's earnings.

SOFOM and other financial companies, comprised by Arrendadora Banorte and Almacenadora Banorte, reported a net income of Ps 1.02 billion, increasing 31% versus 2023, representing 1.8% of the financial group's earnings. In 2023, net income, including Ixe Servicios, was Ps 779 million, growing 17% versus 2022, and representing 1.5% of the financial group's earnings.

Bineo Bank reported a net loss of (Ps 981 million) at the end of 2024.

The following are the profits registered accordingly to the percentage of GFNorte's participation in each business sector:

Net Income by Segment	2024	2023	2022
Banking Sector	$43,093	$41,217	$33,949
Banco Mercantil del Norte	44,074	41,217	33,949
Bineo Bank	(981)	-	-
Brokerage	$959	$751	$1,649
Casa de Bolsa Banorte	480	369	1,287
Operadora de Fondos Banorte	479	382	361
Long-Term Savings	$9,714	$8,155	$7,509
Afore XXI Banorte	1,303	1,206	788
Seguros Banorte (Insurance) [1)]	5,580	4,429	3,993
Pensiones Banorte (Annuities)	2,827	2,470	2,733
Long-Term Savings Holding	4	50	(5)
SOFOM and Other Finance Companies	$1,023	$779	$663

Net Income by Segment	2024	2023	2022
Almacenadora (Warehouse)	26	51	36
Arrendadora y Factor	997	665	598
Ixe Servicios [2)] (Now Bineo)	-	63	30
Holding	$|,399	$1,517	$1,638
GFNORTE	**$56,188**	**$52,418**	**$45,408**

Million pesos.

1. The result does not consider AFORE XXI Banorte.
2. On November 29, 2022, the shareholders of Ixe Servicios, S.A. de C.V. adopted unanimous resolutions outside the shareholders' meeting by which it was agreed, among others, to modify its corporate name to Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte and the notarization of the respective resolutions were registered in the Public Registry of Commerce on January 3, 2023, prior authorization of the National Banking and Securities Commission.

Summary Analysis: December 31, 2024

Net Interest Income (NII-Financial Margin)

In 2024, **net interest income reached Ps 139.36 billion, expanding 9% versus 2023**. The result was driven by a 12% increase in interest income from the loan portfolio, due to the mix and volume of credit activities and the benefit of the FX depreciation over assets. Interest expense was 7% higher vs. 2023, mainly by a larger deposit base. Nevertheless, both the commercial efforts, and the average reference rate TIIE28d reduction contributed to the optimization of the mix and contained the cost of funds. **NIM stood at 6.26% at the end of 2024**. **NIM of the loan portfolio stood at 8.23%**.

In 2023, net interest income reached Ps 127.48 billion, expanding 10% versus 2022. The result was driven by a 17% expansion in the NII of the loan book, given volume and mix, together with the 75bps adjustment in the reference rate in the last 12 months, offsetting the negative effect of inflation in inflation-indexed securities of the annuities business. Interest expenses went up 63%, aligned with the reference rate's adjustments; nevertheless, deposits' mix has remained relatively stable, with 72% demand and 28% time. NIM stood stable at 6.32%, due to the combined effect of an improving mix of the loan portfolio and the benefit of the rate levels, which offset higher average earning assets and the effect of inflation in the annuities business. NIM of the loan book increased 22bps to 8.59% at the end of 2023.

Loan Loss Provisions

In 2024, **provisions** were **23% higher** or up Ps 3.59 billion **vs 2023**, associated mainly with: i) the 11% YoY increase in the consumer portfolio; ii) the incorporation of Tarjetas del Futuro into the credit card book; and iii) a base effect given the release of corporate reserves in 4Q23. Consequently, **cost of risk stood at 1.8%** at the end of 2024. Excluding Tarjetas del Futuro, cost of risk stood at 1.6% in 2024.

At the end of 2023, provisions were Ps 4.06 billion, or 34% higher vs. 2022, related with the dynamism and mix of credit origination, especially given the nature of payroll and credit card portfolios. Regarding the additional reserves created in 2020 to face the COVID-19 pandemic, during 2023, Ps 403 million were used and Ps 297 million were canceled. Therefore, the balance at the end of the year was zero. Cost of risk stood at 1.6% in 2023, growing 25bps vs. 2022.

Non-Interest Income

Non-interest income increased 28%, or Ps 1.82 billion, to Ps 8.42 billion compared to last year, due to higher fee income and trading results.

In 2024, premium income from insurance and annuities grew 15% compared to 2023, given the positive evolution in the insurance business, especially in the life and auto portfolios; coupled with an increase in the annuities business, amid recovering market dynamics. As a result, technical reserves rose 18%, impacted by the evolution of both businesses. In addition, claims grew 15%, in line with the growth and composition of the portfolios.

Non-interest income reached Ps 6.60 billion, increasing Ps 5.09 billion compared to 2022, associated with an improved technical result in insurance and annuities, benefiting from solid business generation and lower inflation in the period, along with better trading income, and higher other operating income (expenses). The technical result of insurance and annuities was (Ps 10.99 billion), growing 25% in the year. Premium income from insurance and annuities increased 13%, driven by insurance business generation, mainly in the life and auto portfolios; consequently, the acquisition cost increased 25%. Technical reserves fell (4%), in line with lower inflation in the period and a contraction in the annuities market. Claims increased 10% given a larger portfolio and the effect - albeit limited - of hurricane Otis in the insurance business.

Non-Interest Expense

In 2024, non-interest expenses grew 12% to (Ps 54.63 billion), driven by: i) organic expansion in commercial areas; ii) inertial business growth; iii) amortization of technology projects; and iv) Bineo's and Tarjetas del Futuro's operating expenses. Excluding the effect of both subsidiaries, expenses rose 7% YoY.

Non-interest expenses in 2023 were (Ps 48.58 billion), expanding 9% vs. 2022, resulting from the IT center investment, to increase redundancy and stability of the systems, as well as higher personnel expenses related to: i) inflationary adjustments on wages; ii) development of organic growth projects; and iii) incentives provisioning, in line with business generation and advanced severance payments.

Net Income

In 2024, net income reached Ps 56.19 billion, expanding 7% compared to 2023, driven by solid results in core banking services and the Group's non-banking subsidiaries' overall performance, despite the impact of the forgone interest from the repurchase operation.

In 2023, net operating income grew 14% vs 2022, due to good business dynamics in the group's main subsidiaries. Net income reached Ps 52.42 billion at the end of 2023, 15% higher than 2022.

Stage 1 and 2 Loans

In 2024, **stage 1 and 2 loans rose 14%,** showing double digit growth in most portfolios. **Consumer loans increased 11%,** driven by an 8% growth in mortgages, increasing around Ps 19.6 billion in the year, in line with the selectivity strategy for this product; auto +25%, supported by the increasing demand and new commercial partnerships, which accounted for about 58% of the book's growth; credit card +18%, and payroll +10%. Furthermore, **corporate loans expanded by 24% and commercial loans 18%,** driven by working capital demand to develop their business's productive capacities; both portfolios benefitted from the depreciation of the Peso against the Dollar in the period. The government book increased 7%.

In 2023, the consumer portfolio expanded 15%, driven by a 12% rise in mortgages, with an average monthly increase of over Ps 2.1 billion in high-value customers. Payroll and credit cards grew 11% and 29%, respectively, and auto loans rose 32%. The commercial portfolio expanded 10%, reflecting dynamism in economic activity and the strategic focus on growing and monetizing relationships with SMEs. On the other hand, the government portfolio remained flat versus the previous year, influenced by credit regulatory restrictions as we approached the electoral period.

Stage 3 Loans

During the year, stage 3 loans increased Ps 235 million, mainly due to the commercial and credit card portfolios, considering the consolidation of Tarjetas del Futuro. At an institutional level, Banorte is focused on growing with quality.

In 2023, stage 3 loans increased Ps 917 million, growing mainly in credit card, considering the consolidation of Tarjetas del Futuro.

Deposits.
In 2024, total bank deposits increased 7%, with demand deposits growing 8% and time deposits 16%, driven by efforts to balance stable funding and loan growth.

In 2023, GFNorte's total deposits reached Ps 1,056.42 billion, growing 18% YoY. Demand deposits stood at Ps 689.22 billion, in line with the low-cost funding strategy; the mix remained stable despite the rate conditions in 2023, as well as the loan book's expansion.

Capital
Shareholders' equity in 2024 was **Ps 248.43 billion**, down (0.3%) versus 2023. The main changes during the year were: net income of Ps 56.19 billion, dividend payments in June and December of (Ps 35.94 billion), repurchase of share-based payment plan liquidable in equity instruments of (Ps 11.47 billion) and interest on subordinated notes of (Ps 3.87 billion).

Shareholders' equity in 2023 was Ps 249.21 billion, up 4% versus 2022. The main changes during the year were: net income of Ps 52.42 billion, dividend payments in June and October of (Ps 37.70 billion), and interest on subordinated notes of (Ps 3.99 billion).

Monthly stock performance for the last 6 months:

Date	Maximum	Minimum	Close	Volume of Shares (Daily Average)	Total Volume Operated
31/10/2024	157.47	137.01	139.33	7,164,446	157,617,812
30/11/2024	150.29	132.76	135.33	7,876,862	157,537,235
31/12/2024	146.52	131.60	133.97	6,317,657	126,353,144
31/01/2025	150.59	134.77	143.20	6,599,880	145,197,351
28/02/2025	157.49	143.17	144.84	8,073,549	153,397,433
31/03/2025	151.35	141.25	141.93	6,963,320	139,266,404

In Section 2. "a) The Company - Development and History of the Company" of this Annual Report are the Material Events of 2024, as well as those which happened during the first quarter of 2025.

c) RISK FACTORS

The risks and uncertainties described below are not the only ones faced by the Company and the importance of the risk attributed to them today may increase in the future. GFNorte's operations may also face unknown risks or risks that currently are considered immaterial. If any of the risks described below occur, they could affect adversely and significantly activities, results of operations, projections and the financial situation of the Company, as well as the price or liquidity of Shares. Unless otherwise stated, when referring to Banorte, only Banorte, our

main subsidiary is considered. Unless otherwise indicated, or if in the context is required, the terms "GFNorte", "us" and "our" refer to Grupo Financiero Banorte, S.A.B. de C.V. and its subsidiaries.

a. Risks Related to Our Business

a.1. Our financial results are subject to fluctuations in interest rates and other market risks.

Market and interest rate risks refers to the probability of variations in our net interest income, or in the market value of our assets and liabilities, and / or securities positions, due to changes in interest rate and other market risk factors such as exchange rates and equity market volatility. Changes in the above-mentioned market risk affect the following areas, among others, of our business:

- our net interest income;
- our funding cost;
- the value of our capital; and/or on the income statement
- the volume of originated loans;
- the market value of financial assets and securities;
- Credit ratings affecting financial securities reserves

Interest rates are sensitive to many factors beyond our control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors. A significant portion of our assets, including our loans, are long-term assets. At the same time, a significant percentage of our financial borrowings are short-term. Variations in short-term interest rates could affect our net interest income, which comprises the majority of our revenue. When interest rates rise, we may be required to pay higher interest on our borrowings while interest earned on our assets may not rise as quickly, which could cause profits to grow at a reduced rate or decline in some parts of our portfolio.

In addition, increases in interest rates may reduce the volume of loans we originate. Sustained high interest rates have historically discouraged customers from borrowing and have resulted, to some extent, in anin increased delinquencies in outstanding loans and deterioration in asset quality. Increases in interest rates may also reduce the value of our financial assets. We hold a substantial portfolio of loans and debt securities that have both fixed and adjustable interest rates.

With respect to debt securities and derivative instruments, in addition to the exposure to interest rate fluctuations, there is exposure to expected credit loss.We are also exposed to foreign exchange rate risk as a result of mismatches between assets and liabilities denominated in different currencies. Fluctuations in the exchange rate between currencies may negatively affect our ability to repay our foreign currency-denominated liabilities, net interest income, our earnings and the value of our balance sheet.

a.2. We may be unable to effectively control the level of non-performing or low credit quality loans in our loan portfolio, and our loan loss reserves may be insufficient to cover future loan losses.

GFNorte complies with current regulations for rating loans, and considers that loans loss provisions provide coverage for expected loan portfolios losses for the next twelve months; nevertheless, we cannot assure that we will be able to control and reduce effectively the level of the impaired loans in our loan portfolio. Particularly, the amount of our reported non-performing loans may increase in the future as a result of growth in our loan portfolio or factors beyond our control, e.g. the impact of epidemiological risks, global financial crisis, macroeconomic trends, political events in Mexico, climate change or natural disasters or unexpected events. Such scenarios could negatively affect our operations' results.

As of December 31, 2024 and December 31, 2023, the aggregate outstanding principal amount and accrued interest of loans for Banorte's 15 largest clients (including corporate and Mexican government loans) represented 16.5% and 15.8%, respectively, of its total loan portfolio. If the financial stability of any of these clients were to be negatively impacted by health, political, economic or industry-related events or any other factor, it could lead to an increase in Banorte's stage 2 or 3 loans or low credit quality loans.

In addition, current loan loss reserves may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of Banorte's or any other subsidiary's loan portfolio. Our loan loss reserves, which are calculated in accordance with CNBV regulations, are based on our current assessment of, and expectations concerning, various factors affecting us, including the quality of our loan portfolio. These factors include, among others, our borrowers' financial condition, the payment behavior in our loans and in the information of Sociedad de Información Crediticia,repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for guarantor support, government macroeconomic policies, interest rates and the legal and regulatory environment.

As a result, if Banorte's or any other subsidiary's loan portfolio deteriorates it may be required to increase their loan loss reserves, which may adversely affect our financial position and results of operations. Moreover, there is no precise method for predicting credit losses, and we cannot assure that Banorte's or any other subsidiary's loan loss reserves are sufficient to cover effectively incurred losses. If Banorte or any other subsidiary is unable to control or reduce the level of its stage 2 or 3 loans or poor credit quality loans, their financial position and results of operations could be adversely affected.

a.3. The rules applicable to loan loss provisions have been modified throughout time.

The Mexican government, in an effort to adapt its resolutions to Basel Committee's recommendations, since 2009 has implemented new regulations regarding the way in which Mexican banks should classify loans and determine the required loan loss reserves. These regulations changed from an incurred loss perspective to an expected loss perspective.

In 2009, the credit card loan book methodology was implemented, in 2010 the one for consumer loan book and mortgages, in 2011 for the government book, in 2013 for commercial loans, and in 2014 for the financial institutions' book. For further information regarding preventive loan loss reserves, please refer to section 8 "Annex, section c)Audited Financial Statements – Note 13 Preventive Loan Loss Reserve Estimation" in this Annual Report.

Moreover, CNBV (The National Banking and Stock Market Commission) adjusted the rating methodology for revolving consumer loans, in place since April 2016, as well as the rating methodology for non-revolving credit and mortgages, in place since June 2017, with the objective of incorporating the external credit behavior and leverage levels of our customers as reported by Credit Information Entities.

Starting in January 2018, the CNBV authorized Banorte to use its internal methodology with an advance rating focus for Loan Loss Reserve and Capital Requirements calculation by credit risk for consumer revolving loans.

Likewise, since January, 2019, the CNBV authorized Banorte to use the Basic Internal Methodology for a Commercial Portfolio, to estimate provisions and capital requirements for legal entities (other than federal entities, municipalities and financial entities). and individuals with business activities, both with annual sales greater than or equal to 14 million IDUs.

As of January 2020, the CNBV authorized the use of internal methodology in the rating of auto Individuals, for the constitution of regulatory capital and reserves for credit risk with an advanced approach.

Since July 2023, CNBV authorized Banorte to use the Internal Methodology with advanced rating approach for the calculation of Reserve and Capital Requirements for credit risk for the Mortgage Portfolio.

Since August 2024, the CNBV authorized Banorte to use the Internal Methodology with an advanced approach for the estimation of provisions and capital requirements for the Commercial Portfolio in corporate clients (other than federal entities, municipalities, and financial entities) and individuals with business activities, both with annual sales of less than 14 million UDIs.

These internal methodologies improve the integral management of credit risk, estimating the risk parameters through the experience of the Institution, such rating methodology is calibrated with the historic credit behavior of our customers with Banorte and also with other financial institutions.

As of January 2022, the CNBV implemented changes in the rating methodology for the commercial portfolio, including investment projects and loans to states and municipalities in order to incorporate the most recent information from the Mexican financial system, adhere more closely to Basel practices and better reflect the main risk factors of such operations. Additionally, NIF C-16 (IFRS9) was incorporated for the classification of loan stages according to their degree of impairment and the consequent reserve.

In the future, CNBV could modify the accounting criteria to determine loan loss subsidies, and may continue modifying methodologies to measure credit risk and/or preventive loan loss reserves requirements for the rest of the portfolios. This could negatively affect the operating results and financial performance of GFNorte and any of its subsidiaries.

a.4. Banorte may experience asset quality problems, including collaterals, and may report relatively large loan losses.

The asset quality of Banorte's loan portfolio, including collaterals, could negatively be affected by unfavorable financial and economic conditions in Mexico due to unfavorable economic conditions. Unfavorable financial and economic conditions in Mexico and posible regulatory initiatives may cause the Mexican banking sector to experience asset quality problems and to record relatively large loan loss provisions. We also believe that recoveries from those non-performing loans as a percentage of the non-performing loan portfolio are likely to decline over time as a consequence of the aging of such non-performing loan portfolio, as well as the decreased value of the collateral supporting these loans.

Future changes on reserve requirements could have an adverse impact on our financial results, which could affect our ability to pay dividends to our shareholders. Unfavorable financial and economic conditions in Mexico may deteriorate Banorte and cause asset quality problems, which would increase loan loss provisions, leading to potential negative impacts on its financial results.

In Mexico, foreclosure procedures may be subject to delays and administrative requirements that may result in lower levels of recovery on collateral compared to its original value, even though the financial reform aims to make these processes more diligent. In addition, other factors such as defects in Banorte's collaterals fulfillment, fraudulent transfers by borrowers or a reduction in the value or liquidity of the collateral may impair its ability to recover on its collateral. Accordingly, there cannot be assurance that we will be able to realize the full value of our collateral. As a result, lower recovery rates, asset quality deterioration, decreased value of collateral and lower levels of recovery on collateral compared to its value, could have a material and adverse effect on our business, financial condition and results of operations.

a.5. We may be unable to successfully implement and continue to improve our credit risk management system, which could substantially and adversely affect our results of operations and financial position.

One of the main risks Banorte faces as a credit institution is credit risk. Therefore, the Bank is always seeking to have state of the art tools and adequate models to value the impact from unfavorable scenarios for the portfolio. However, it is possible that we may not be able to develop a credit risk management system that functions effectively. For example, an important element of Banorte's credit risk management system is the usage of an internal credit rating system to assess the particular risk profile of customers. As this process involves detailed analyses of customer's credit risk, considering both quantitative and qualitative factors, it involves judgments by our management team and employees and, therefore, it is subject to human error. In exercising their judgment, Banorte's employees may not always be able to assign an accurate credit rating or to identify a customer's credit risk, which may result in exposure to higher credit risks than those indicated by Banorte's risk rating system. In addition, Banorte has been trying to refine and strengthen its credit policies and guidelines to address potential risks associated with particular industries or customers, such as affiliated entities. However, Banorte may not be able to timely detect these risks before related losses occur, or due to limited resources or tools available, its employees may not be able to implement effectively the risk identification and management system, which may increase its credit risk. As a result, failure to implement effectively, monitor consistently or revise continuously Banorte's risk management system may result in an inappropriate measurement of risk exposure, which could materially and adversely affect our results of operations and financial position.

In assessing customers' creditworthiness, we rely largely on the credit information available from our own internal databases, the Mexican Credit Bureaus and other sources. Due to limitations in the availability of information and the developing information infrastructure in Mexico, our assessment of credit risk associated with a particular customer may not be based on complete, accurate or reliable information. We cannot assure you that our credit scoring systems collect complete or accurate information reflecting the actual behavior of customers or that their credit risk can be assessed correctly. Without complete, accurate and reliable information, we have to rely on other publicly available resources and our internal resources, which may not be effective. As a result, our ability to effectively manage our credit risk and subsequently our impairment losses and allowance for impairment losses may be materially adversely affected.

a.6. The credit card industry is highly competitive and entails risks.

The credit card industry in Mexico is highly competitive, and is subject to a number of risks and uncertainties, including the possibility of over-indebtedness of the customers, their economic condition and level of employment and income. This is a shared risk with other financial institutions, which increases with the entry of new players, such as Fintech, among others Part of our current growth strategy is to increase volume in the credit card portfolio, prioritizing asset quality, although this may increase our exposure to risk in our loan portfolio.

Our current strategy leverages the relationship with the Financial Group's clients that do not have a credit card through cross-sale efforts and focuses in already known low-risk and highly profitable segments, aiming to maintain the same profile and level of risk.

However, we cannot assure that adverse or material effects may arise as a result of higher risk exposure derived from such growth as there are risks attached to the willingness and creditworthiness of our customers, for instance, credit offer in the market and economic conditions.

Furthermore, credit card products are characterized by higher consumer default than other consumer credit products, and defaults are highly correlated with macroeconomic indicators that are beyond our control, and that could increase in the future as a result of external factors, financial crises in other parts of the world, macroeconomic

variables, political events in Mexico or other unexpected events and may trigger an economic slowdown, contraction or depression.

If Mexican economic growth slows or declines, or if we fail to effectively analyze the creditworthiness of our customers, we may be faced with unexpected losses that could have a material adverse effect on us, including our financial condition and results from operations.

a.7. The retail banking market is exposed to macroeconomic shocks that may negatively impact household income and a downturn in the economy could result in increased loan losses.

One of our main strategies is to focus on the retail banking sector so we can expand our loan portfolio. The recovery of these loans in particular, as well as our ability to increase the amount of performing loans and our results of operations and financial condition in general, may become increasingly vulnerable to macroeconomic shocks that could negatively impact the household income or constraint the liquidity of our retail customers and result in increased loan losses, which in turn could have a material adverse effect on us.

Although Mexican GDP has grown since 2010, the Mexican economy has historically experienced cycles of growth followed by slowdowns. We can provide no assurance that previously observed GDP growth rates will continue.

Furthermore, because of the historically low penetration of banking loan products in the Mexican retail sector, there is little evidence on which to estimate retail sector's performance in the event of an economic crisis, such as a recession or a significant devaluation, among others. Consequently, our historical loan loss experience may not be indicative of the performance of our loan portfolio in the future.

a.8. GFNorte maintains lower levels of capital or reserves in connection with loans to the Mexican Federal, State and Municipal governments.

The Mexican regulation regarding capitalization and constitution of reserves for loan losses in credit institutions generally require significantly lower capitalization levels or reserves formation regarding to loans granted to the Mexican Federal, State or Municipal governments (together, the "***Governmental Loans***").

GFNorte has constituted sufficient capital and reserves pursuant to new regulations in Mexico which require provisions according to expected losses for governmental loans, and these reserves represent a lower percentage of the total portfolio of its corresponding loans compared to the percentage of reserves established in portfolios for other segments; nonetheless, this situation is inherent to the risk profile of the portfolio. As of December 31, 2024 Governmental loans amounted to Ps. 183.9 billion, or 15.4% of GFNorte's total loan portfolio. As a result, if the credit quality of Governmental Loans were to deteriorate, either specifically or at a generalized level, this could result in an adverse impact on our financial position and results of operations, and this impact would be in function of the size of the exposures to these entities, the extent of the deterioration in their risk level assigned according to the methodology approved by the CNBV, and the guarantees of these loans, among other factors. As of December 31, 2024, government stage 3 loans amounted to Ps 4 million.

It is important to highlight that loans are granted to a State or a Municipal government through a decree, which authorizes funding under specific conditions (amount, term, rate, etc.), and are not granted to a specific governor or municipal president, for that reason, subsequent administrations have to recognize prior operations.

a.9. Some of GFNorte's loans to Mexican States and Municipalities may be restructured.

State and Municipal governments and credit institutions, including Banorte, have, from time to time, agreed to refund or restructure Governmental Loans. In this process, modifications in terms and reductions in interest rates have been made. As of December 31, 2024, GFNorte has restructured Ps. 25.04[1] billion pesos of current governmental loans. Therefore, it may be the case that current restructured loans or future loans may be subject to further restructures, considering the disposition of the Financial Discipline Law.

In May 26, 2015 the Constitutional Reform through which provisions regarding Financial Discipline were amended and added was published, this aims to establish limits on indebtedness for States and Municipalities, as well as diverse control and transparency measures.

Derived from the aforementioned, the Law on Financial Discipline for the States and Municipalities was published on April 27, 2016; consequently, restructuring or refinancing activities as of this date they´ll have to adopt measurements on financial discipline, indebtedness limits and transparency –to be published in the corresponding governmental websites, and must be registered in the SHCP's Unique Public Registry.

a.10. The credits to the state and municipal governments of Mexico are guaranteed by the right they have to participate in the tax collection of the Mexican federal government.

Most of our loans to Mexican State and Municipal governments are secured by such entities' that is, for the part of the federal tax collection that by law corresponds to the states and municipalities, respectively.

Furthermore, since federal participations are a function of the condition of the Mexican economy y, the structure of our loans is affected by 2x or 3x the monthly amount of the amortization and interests we receive, this is a protective measure facing the adverse economic factor that could lead to a reduction of this source of payment.

a.11. The future of lending to the government sector in Mexico is uncertain.

Our business is subject to a continuously evolving regulatory and legislative regime of financial service laws, regulations, administrative actions and policies in each jurisdiction in which we operate. Furthermore, due to certain high profile restructurings of Mexican State and Municipal that was observed prior to the publication of the legal amendments debt in April 2016 the Mexican Congress approved changes on this subject. Consequently, State and Municipal governments now will have to comply with the Law on Financial Discipline for the States and Municipalities which seeks to organize and align budgetary and financial instruments of the States, Municipalities and agencies to ensure a sustainable administration of local public finance. This Law established general principles on financial discipline including among others, rules to incur and register debt –applicable to states and municipalities, as well as rules to participate in competitive processes or public tenders for granting credit. Nevertheless, we expect that these measures lead to sounder public finance and transparency in debt allocation, the implementation of these provisions will be gradual and the benefits of such new standards will materialize within the next one to six years; therefore, we cannot forecast the impact on our business.

Additionally, although State and Municipal public debt is regulated by Mexican regulation, there are certain provisions and limitations set forth in the Mexican Federal Constitution, in local constitutions, and other Federal and State laws (especially in connection with using *participaciones federales* as a source of payment and the use of *participaciones federales* as a public funding investment). In the past, there have been inconsistencies between State law and Federal law which have been subject to resolution by the Mexican Supreme Court. Some of these judgments

[1] It considers the bank portfolio and the securitized portfolio on the irrevocable Trust No. 4907 of Bank Actinver, established on 5 December 2023

have had an adverse effect on the manner in which Governmental Loans have been granted. We cannot ensure that future judicial interpretations or resolutions will not have an adverse effect on our Governmental Loans.

a.12. Exposure to Mexican Federal government debt could have a material adverse effect on us.

Like many other Mexican financial groups, we invest in debt securities of the Mexican government. As of December 31, 2024, approximately 35.7% of GFNorte's total government loan portfolio were comprised of debt securities issued by the Mexican government.

Any failure by the Mexican government to fulfil timely payments under the terms of these securities, or a significant decrease in their market value, will have a material adverse effect on us.

a.13. Our borrowers that are Mexican Federal, State or Municipal governments or agencies may claim privileges under Mexican law, and our ability to sue and recover may be limited.

Article 9 of the Fiscal Coordination Law (*Ley de Coordinacion Fiscal*) provides that *participaciones federales* corresponding to States and Municipalities may not be subject to attachment or liens, may not be assigned for specific objectives or subject to retention or withholding, except that they may be used to satisfy payment obligations of such states and municipalities whenever, previously and according to the regulation, they comply with the following conditions:

- have the authorization of the local congress;
- be in the Registry of State Debt;
- be in the Unique Public Registry of the SHCP;
- be registered in the Management Trust used that serves as vehicle of payment;
- have a positive legal opinion by which the modifications of the *participaciones federales* be confirmed.

The risk that any of the three levels of government may claim privileges, reducing our capacity to sue or recover debts is limited to the constitutional provisions that state the non-retroactivity of laws.

In addition, it is worth noting that article 4 of the Mexican Federal Code for Civil Procedures (*Código Federal de Procedimientos Civiles*) does not allow attachment prior to judgment or attachment in and of execution upon a judgment by a Mexican court upon any of the assets of the Federal, State or Municipal governments or their agencies, so sentences would not be executed against such governments or agencies if tax burden or public goods be constituted as guarantee of our loans. The aforementioned, could adversely affect our financial situation or results of operations of our business; therefore, in such cases, our guarantees must always be private goods.

a.14. Loan loss reserves in Mexico differ from those applicable to banks in the United States and other countries.

Except for Government Loans and loans to certain Mexican development banks guaranteed by the federal government and Banco de México, GFNorte is required to classify each loan type according to a risk assessment based on criteria established by Mexican banking regulations and to constitute corresponding reserves. The criterion to establish reserves includes both qualitative and quantitative factors. Mexican banking regulations related to loan classification and determination of loan loss reserves are generally different than those applicable to banks in the United States and certain other countries.

We may be required or deem it necessary to increase our allowances for loan losses in the future, as a result of changes in CNBV rules or for other reasons. Moreover, the CNBV could further change accounting regulations for determination of allowance for loan losses or the methodology to measure credit risk of government institutions, which could require a substantial increase in our allowances, and could result in an adverse effect to our business, financial condition and results of operations.

a.15. The short-term nature of Banorte's funding sources may imply a liquidity risk.

We anticipate that in the near future, customers in Mexico will continue to demand short-term deposits and that Banorte will maintain a core of stable deposits based on the trust of the depositors of the Institutions. Regardless that the short term nature of this source of funding may cause a liquidity problem, a statistical analysis has shown that term and demand deposits have shown a stable long term behavior that guarantees this source of funding. However, if a substantial number of customers fail to roll over their deposits at maturity or withdraw them, Banorte's liquidity position could be affected, and more expensive funding sources may be required, affecting then our financial condition and results of operations.

a.16. Liquidity and funding risks are inherent to our business.

Liquidity risk is the risk that we either do not have available sufficient financial resources to meet our obligations as they fall due or can secure them only at excessive cost. This risk can be heightened by a number of company-specific factors, including over- reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation.

Considering the nature of the traditional banking operations, it is acknowledged that institutions' funding needs increase on par of the credit portfolio, then with the aim of having a sustained growth on the credit portfolio an equivalent growth of the stable funding sources is required. The ongoing availability of this type of funding is sensitive to a variety of factors outside our control, such as general economic conditions and the confidence of customer depositors in the economy, in general, and the financial services industry in particular, the availability and extent of deposit guarantees, and competition between banks for deposits. Any of these factors could significantly increase the amount of customer deposit withdrawals in a short period of time, thereby reducing our ability to access customer deposit funding on appropriate terms, or at all, in the future. If these circumstances were to arise, this could have a material adverse effect on our operating results, financial condition and prospects.

For the purpose of providing an accurate measurement of the liquidity risk and funding needs, a series of metrics have been implemented such as liquidity gaps and survival horizon, thus helping to detect funding needs and the institutions capabilities to cover its short and medium term funding needs, securing then Banorte's liquidity rate. Additionally, the institution analyses its liquidity and funding needs under adverse economic scenarios with Stress Testing and Liquidity Coverage Ratio, where the latter is a regulatory measurement that enables a consistent comparison of the liquidity positions of the institutions across the financial system.

Furthermore, and in line with the current regulation and industry best practices, Banorte has implemented a Contingency Funding Plan and a Solvency and Liquidity Contingency Plan, both of which establish recovery strategies under adverse events based on monitoring liquidity indicators and early warning alerts.

a.17. We engage in transactions with our subsidiaries and affiliates on terms that others may not consider to be on an arm's length basis.

We have entered into certain service agreements with subsidiaries and affiliates, allowing them to offer their products and services within Banorte's branch network in exchange of certain fees. In addition, we and our subsidiaries and affiliates have entered into a number of agreements to share revenues or expenses in connection with the performance of certain activities, including loan recovery.

Mexican law applicable to public companies and financial groups and institutions and our by-laws provide for several procedures designed to ensure that the transactions entered into with or among our financial subsidiaries do not deviate materially from prevailing market conditions for those types of transactions, including the approval by our Board of Directors and the receipt of an independent expert's opinion.

We are likely to continue to engage in transactions with our subsidiaries and affiliates, and our subsidiaries and affiliates are likely to continue to engage in transactions among themselves, and no assurance can be given that the terms that we or our subsidiaries consider to be "substantially on market conditions" will be considered as such by third parties. In addition, future conflicts of interest between us and any of our subsidiaries or affiliates, and among these, may arise, which may or may not be resolved in our favor. (*See section 4 "Administration, subsection b)Operations with Related Parties and Conflicts of Interest" of this Annual Report.)*

a.18. We are exposed to volatility in Peso exchange rates and interest rates in Mexico.

We are exposed to currency risk any time we hold an open position in a currency other than Pesos and to interest rate risk when we have an interest rate re-pricing gap or carry interest-earning securities having fixed real or nominal interest rates. A sustained increase in interest rates may cause losses in the assets or securities portfolio, increasing our funding costs and may reduce GFNorte's loan demand, especially on retail banking products.

Although the majority of our loan portfolio is subject to revisable rates, increases on interest rates may therefore require us to re-balance our asset portfolio and our liabilities in order to minimize the risk of potential mismatches and maintain our profitability.

a.19. We are subject to market and counterparty risks associated with derivative transactions, as well as structuring risks and the risk that documentation does not incorporate accurately the terms and conditions of derivative transactions.

Banorte performs financial derivative transactions primarily for hedging purposes, trading and, to a lesser extent, on behalf of its customers. Accordingly, we are subject to market risk by unfavorable fluctuations in risk factors and operational risks associated with these transactions, including basis risk (the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedging cost) and counterparty or default risk (the risk of insolvency or other inability of the counterparty to a particular transaction to perform its obligations thereunder). Likewise, the counterparty risk associated with margin calls to our main counterparts.

Market and counterparty risk monitoring is carried out using robust risk systems and on a daily basis. Our ability to adequately monitor, analyze and report derivative transactions continues to depend, to a great extent, on our IT systems and our ability to hire and retain qualified personnel, which further increases the risks associated with these transactions and could have a material adverse effect on us.

As of December 31, 2024, the Expected Shortfall in the Bank associated with our financial instruments sensitive to domestic interest rates was Ps 49.74 million. Although we follow various risk management procedures in connection with our trading and treasury activities, there can be no assurance that we will not experience losses with respect to these positions in the future, any of which could have a material adverse effect on our results of operations

and financial position. In addition, our foreign currency liabilities are subject to regulation by the Mexican Central Bank, which imposes liquidity requirements in matching currencies, depending upon the maturities of such liabilities.

a.20. Our growth strategy is in part dependent on our ability to acquire other financial institutions and we may not be successful in integrating the operations of those financial institutions.

Our ability to continue to grow by acquisitions is dependent upon, and may be limited by, the availability of suitable acquisition candidates, our ability to negotiate acceptable acquisition terms and our assessment of the characteristics of potential acquisition targets such as:

- financial condition and results of operations;
- attractiveness of products and services;
- suitability of distribution channels;
- management ability; and
- the degree to which the acquired operations can be integrated with our operations and systems.

Furthermore, the completion of these acquisitions is subject to a number of risks, including the following:

- access to capital and financing sources;
- restrictions contained in our debt instruments;
- the uncertainty of the legal environment related to mergers and acquisitions; and
- ability to integrate successfully the operations of the acquired entity with ours.

Growth through acquisitions involves risks that could have a material and adverse effect on our results of operations, including:

- difficulties in integrating the operations;
- undisclosed liabilities and other hidden asset quality problems which could significantly impact the capital requirements or applicable reserves;
- failure of the acquired entities to achieve expected results;
- non-qualified personnel of the acquired companies;
- diversion of management attention from the operation of the existing businesses;
- possible inability to achieve expected synergies and/or economies of scale; and
- the potential loss of key personnel and customers of acquired companies.

We cannot assure that we will be able to identify suitable acquisition candidates, complete the acquisitions on satisfactory terms or, if any such acquisitions are consummated, satisfactorily integrate the acquired businesses. If we are unable to implement and manage our growth strategy, our financial results, operations and business could be materially and adversely affected. [For more information on the history of GFNorte's acquisitions, see the Development and History of the Company section in Chapter 2.].

a.21. We may need additional capital in the future, and may not be able to obtain it on acceptable terms, or at all.

In order for us to grow, remain competitive, enter into new businesses, or meet regulatory capital adequacy requirements, we may require new capital in the future. Likewise, we may need to raise additional capital in the event

of large losses derived from any of our activities that result in a reduction of our stockholders' equity. Our ability to obtain additional capital in the future is subject to a variety of uncertainties, including:

- our future financial position, results of operations and cash flows;
- any government regulatory or corporate approvals;
- general market conditions for capital raising activities by commercial banks and other financial institutions;
- any reduction in our credit rating or the credit rating of our subsidiaries; and
- social, economic, political and other conditions in Mexico and elsewhere.

Banorte complies with the current regulation by monitoring its capital requirements on timely basis and revising its future capital need through financial projections under ordinary and stress scenarios, including in the latter category, the Capital Adequacy Assessment, indicating that capital adequacy in the institution is strong even under adverse economic conditions.

We may not be able to obtain needed capital in a timely manner or on acceptable terms or at all.

a.22. We are subject to capital adequacy requirements. Any failure by us to maintain this ratio will result in administrative actions or sanctions which may affect our ability to fulfill our obligations, including losing our banking license.

In order to sustain Banorte's operations, and with the aim of anticipating future capital needs, a Capital Plan has been implemented based on the balance growth expectations under normal and stress conditions, while including contingent events that could have an impact on the capital requirements or in the available capital during the planning period.

Our Capital Plan is related to the Capital Adequacy Assessment established in local regulation and encompasses both regulatory and internal stress scenarios, as well as the institution's Solvency and Liquidity Contingency Plan, which lays down recovery strategies based on monitoring risk measurements and an early warning system.

A new rule issued by the CNBV establishes that our Tier 1 and Tier 2 capital instruments cannot be considered above the 50% of our Common Equity Tier 1 Capital if our CET1 is below 10.0%. As of December 31, 2024 the CET1 was 13.2%.

Moreover, in 2024 Banorte endorsed as a Level II - Domestic Systemically Important Financial Institution by the CNBV; therefore, Banorte must maintain a capital buffer of 0.90 bps, to be constituted progressively in up to four years starting on December 31, 2016. Minimum Capitalization Ratio ("CR") stood at 16.275% at the end of 2024 (corresponding to the minimum regulatory of 10.5% plus supplementary capital constituted as of that period), including TLAC's parcial implementation

Additionally, as of December 2022, Multiple Banking Institutions of Local Systemic Importance must also maintain a Supplement to Net Capital, which must be additional capital to that necessary to comply with the minimum Capitalization Ratio. This Supplement to Net Capital corresponds to 6.5% of the Total ASR and it isconstituted from December 31, 2022 to December 31, 2025, with annual increases of 1,625 pp, in accordance with the following:

	Commencing December 31,			
	2022	**2023**	**2024**	**2025**
Minimum Capital Ratios				
Total Net Capital (*capital neto*)	13.025%	14.650%	16.275%	17.900%

Our Capital Adequacy Ratio as of December 31, 2024, stood at 21.8%.

a.23. Reductions in our credit ratings or those of any of our subsidiaries would increase our cost of borrowing and negatively impact our ability to raise new funds, attract deposits or renew maturing debt.

Our credit ratings are an important component of our liquidity profile. Our clients, creditors and counterparties in financial derivative transactions (and those of our subsidiaries) are sensitive to the risk of a rating downgrade. Changes in our credit ratings or those of any of our subsidiaries would increase the cost of raising funds in the capital markets or of borrowing funds or could restrict our participation in certain activities. In addition, our ability to renew maturing debt may be more difficult and expensive.

The ability of Banorte, our banking subsidiary, to compete successfully in the marketplace for funding depends on various factors, including its financial stability reflected by its credit ratings. A downgrade in Banorte's credit ratings may adversely affect perception of GFNorte's or any other subsidiaries' financial stability, which could significantly affect our business, financial conditions and results of operations.

a.24. We are exposed to risks faced by other financial institutions.

Routinely, we transact with counterparties in the financial services industry, including brokers, dealers, commercial banks, investment banks, mutual funds, hedge funds and other institutional clients. Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. Many of the routine transactions we engaged, expose us to significant credit risk in the event of default by one of our counterparties. Concerns relating to the financial soundness of governments, the deceleration of economic growth in major economies and emerging markets, oscillation in oil prices and commodities. the uncertainty regarding the economic, political and commercial environment...

Should any of these nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be destabilized. A default by a significant financial counterparty, or liquidity problems in the financial services industry generally, could have a material adverse effect on our business, financial position and results of operation.

a.25. We are subject to significant competition from other financial groups in providing financial services.

We face strong competition in all sectors of our business, including our banking business. The competition comes principally from Mexican and foreign banks, mortgage banking companies, consumer finance companies, insurance companies, other credit institutions, brokerage houses and financial advisory institutions. We anticipate that we will encounter greater competition as we continue expanding our operations in Mexico. A number of institutions with which we compete have significantly greater assets and capital at national level, name recognition and other resources. Besides traditional banking services, specialized entities exist such as non-regulated multiple purpose financial companies (*Sociedades Financieras de Objeto Multiple*), are not subject to the extensive Mexican banking regulations to which Banorte and its subsidiaries are subject, including for example, maintaining certain levels of capital, liquidity and reserves for loan losses. As a result, certain of our competitors may have advantages in conducting certain businesses and providing loans and other financial services.

Likewise, competition is also likely to increase as a result of the entry of new participants into the financial services sector derived from the financial reform, which aims to strengthen development banks in order to complement services offered by commercial banks, as well modify legal framework of the later and promote more and cheaper

loans offered by credit institutions. Mexican financial authorities continue granting licenses for the establishment and operation of several new financial institutions.

On the other hand, the publication of the Law to Regulate Financial Technology Institutions that establishes the rules applicable to this type of company, is likely to increase the number of competitors in products and services we offer to customers. Therefore, Banorte could experience greater competition in certain sectors of its business as the CNBV issues authorizations for this type of institution. We believe that the commitment of the Mexican government to implement reforms to accelerate and liberalize the financial industry in Mexico translates into greater competition among financial institutions in Mexico. As long as the financial sector reform continues in this regard, foreign financial institutions, many of which have more resources than us, will continue to enter the Mexican market to compete with us, either by themselves or in collaboration with institutions. Mexican financial companies. There can be no assurance that we will be able to successfully compete with domestic or foreign financial institutions or that increased competition will not have a material adverse effect on our financial condition or results of operations.

An increase in competition or a more aggressive competition strategy by our competitors may force GFNorte to decrease certain active rates or pay higher interest rates on deposits and operating creditors, to avoid losing clients preferring more attractive rates offered by other banks, which would increase our interest expenses and reduce our net interest income and, consequently could adversely impact our financial position or operating results.

In addition, if our customer service levels were perceived by the market to be materially below those of our competitor financial institutions, we could lose existing and potential business. If we are not successful in retaining and strengthening customer relationships, we may lose market share, incur losses on some or all of our activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on us.

a.26. Our ability to maintain our competitive position depends, in part, on the success of new products and services we offer our clients and to our ability to continue offering products and services from third parties.

The success of our operations and our profitability depends, in part, on the success of new products and services we offer our clients and to our ability to continue offering products and services from third parties. However, we cannot guarantee that our new products and services will be successfully responsive to clients' demands, or that they will be successful in the future or that we will have the information systems, personnel or innovative capacity sufficient to offer our clients the products and services they demand. In addition, our clients' needs or desires may change over time, and such changes may render our products and services obsolete, outdated or unattractive and we may not be able to develop new products that meet our clients' changing needs. If we cannot respond in a timely fashion to the changing needs of our clients, we may lose them, which could in turn materially and adversely affect our business, financial position and results of operation.

As we expand the range of our products and services, some of which may be at an early stage of development in the Mexican market, we will be exposed to new and potentially increasingly complex risks and development expenses, with respect to which our experience and our partners' may not be helpful. Our employees and our risk management systems may not be adequate to handle such risks. In addition, the cost of developing products that have not been launched is likely to affect our results of operations. Any or all of these factors, individually or collectively, could have a material adverse effect on our business, financial position and results of operation.

a.27. GFNorte's increasing focus on individuals and SMEs could lead to higher levels of non-performing loans and subsequent charge-offs.

Part of GFNorte's business strategy, seeks to increase lending and other services to individuals and SMEs. Individuals and SMEs are, however, more likely to be adversely affected by downturns in the Mexican economy than large corporations and high income individuals are. Consequently, GFNorte may experience higher levels of non-performing loans, and also derived from the effects on the economy, which could result in higher provisions for loan losses.

Approximately 40.4% of the value of our total gross loan portfolio as of December 31, 2024 consisted of exposure to individuals, while SMEs comprised approximately 4.9% of the value of the total gross loan portfolio. These portfolios are more likely to be adversely affected by downturns in the Mexican economy. Consequently, we may experience higher levels of non-performing loans, which could result in higher provisions for loan loss reserves, which in turn would negatively affect us.

For December 31, 2024, non-performing loans were Ps. 11,125 million and total charge-offs against our allowance for loan losses were Ps. 19,932 million. Non-performing loans related to individuals and SMEs represented 62.3% and 7.5%, respectively, compared to 64.2% and 5.1% respectively for the period ended December 31, 2023.

We cannot provide assurance that the levels of non-performing loans and subsequent charge offs will not be materially higher in the future and affect our financial condition and results of operations.

a.28. We are subject to extensive Mexican governmental regulation, which is subject to frequent revisions and changes.

We are subject to extensive regulation by Mexican governmental authorities regarding our organization, operations, capitalization, corporate governance, transactions with related parties and other matters. These laws and regulations impose numerous requirements on us and our subsidiaries, including the maintenance of minimum risk based capital levels and loan loss reserves, regulation of our business practices, diversification of our investments, maintenance of liquidity ratios, regulation of loan granting policies and interest rates charged, other terms contained within loan agreements, as well as application of required accounting regulations. Amendments to financial laws could result in additional capital requirements and give financial authorities discretion to impose capital requirements or modify the usage of our net income.

Many of the applicable laws and regulations have been subject to extensive changes in recent years, some of which have had a material effect on our and our subsidiaries' financial and capitalization position and results of operations. For example, several laws were enacted during 2008 and 2009 by the Mexican Congress requiring the elimination of certain fees for credit cards, deposit accounts, and the use of ATMs, as well as granting the Mexican Central Bank the authority to approve, reject or limit account management and general fees that banks, including Banorte, charge to their customers and also granting the ability to impose penalties if in its judgment banking institutions are limiting competition among themselves. Moreover, Mexican financial regulatory authorities possess significant powers to enforce applicable regulatory requirements in the event of our or our subsidiaries' failure to comply with such regulatory requirements, including imposing fines, requiring that new capital be contributed, prohibiting the payment of dividends to shareholders or the payment of bonuses to employees, imposing sanctions or revoking our licenses and permits to operate our businesses; moreover, the 2014 financial reform aims to further strengthen these powers and grant greater discretion to authorities. In case we or our subsidiaries face significant financial problems or become insolvent or in danger of so, Mexican financial regulatory authorities have the power to take over our management and operations.

Given the current environment of frequent changes to laws and regulations affecting the financial services sector, there may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us and our subsidiaries. (See Section 2 “The Company, subsection b) Business Description – Applicable Legislation and Tax Situation – Applicable Law and Supervision” in this Annual Report.)

In particular, on July 26, 2010, the Group of Governors and Supervision Chiefs, the supervision body of the Basel Committee on Banking Supervision, reached broad agreement on the overall design of a capital and liquidity reform package for internationally active banking organizations around the world (known as Basel III), which includes, among others, the definition of capital, the treatment of counterparty credit risk, the leverage ratio and the global liquidity standard. On September 12, 2010, the Basel Committee announced a substantial strengthening of existing capital requirements in connection with Basel III. The full text of the Basel III rules and the results of a quantitative impact study to determine the effects of the reforms on banking organizations were published on December 16, 2010. These rules include, among others, the gradual elimination of securities that count as basic capital (Tier 1) and complementary capital (Tier 2) with prepayment provisions, based on incentives or the implementation of leverage ratios applicable to institutions, in addition to the capital requirements in effect based on risk over assets.

In order to strengthen the net capital of the banking sector, in accordance with the guidelines established by the Capital Accord issued by the Basel Committee , the SHCP published on November 28, 2012 an amendment to the Mexican Banking Regulations that aims to, among others: (i) strengthen the composition of the net capital of banking institutions under Basel III guidelines, and (ii) allow certain securities issued by commercial banks to absorb losses incurred by these institutions when submitting a detriment in their capital, either through a conversion into their shares or by the loss of the agreed value at the time of issuance in order to be recognized as part of the net capital of such institutions. The regulations from this amendment were implemented on January 1, 2013 and are in force. (See Section 2 “The Company, subsection b) Applicable Legislation and Tax Situation – Applicable Law and Supervision - Adoption of New Rules in Mexico in accordance with Basel III” in this Annual Report.)

In April 2016, the CNBV determined the Banks of Local Systemic Importance, which must constitute an additional capital supplement of the Minimum Capitalization Index required, in a maximum period of four years (2016-2019), and must constitute 25% of the capital increase. on an annual basis Banorte was classified as grade II, so the additional supplement is 0.90 percentage points. In 2024 Banorte was ratified with the same grade II.

The application of provisions changing the methodology, calculation or compliance of Capital Ratios of banking institutions or the adoption of changes to the minimum requirements for Tier 1 and Tier 2 capital of banking institutions, overviewed by Mexican authorities, may have a material adverse effect on our business and results of operations.

On December 31, 2014, the CNBV published the General Provisions on Liquidity Requirements for Multiple Banking Institutions that include the guidelines for the calculation of the Liquidity Coverage Ratio, which aims to provide that the institutions of Multiple banks keep liquid assets freely available and of high credit quality, as defined in the applicable general provisions, to meet their obligations and liquidity needs for 30 days, these rules entered into force in January 2015. In 2020, the CNBV published the guidelines for calculating the Net Stable Funding Coefficient, which is a metric complementary to the Liquidity Coverage Ratio and which aims to ensure that the congruence of the funding of the balance, analyzing that long-term assets are funded with financing stable.

We cannot provide assurance whether the reform packages regarding terms and conditions of government lending or the financial reform enacted on January 9, 2014, will not have a materially adverse effect on our business, financial condition or results of operations.

On December 31, 2014, the SHCP published the General Rules for Financial Groups, which stipulate March 31, 2016 as the deadline to adequate the Bylaws of the Holding Company on the resolution of conflicts of interest among the financial institutions integrating the Financial Group. Consequently, on November 19, 2015 GFNorte held an Extraordinary General Shareholders' Assembly, in which it was agreed to amend its Bylaws in order to adapt them to the regulations, subject to the authorization of competent authorities.

On November 26, 2013, the Mexican Congress approved a financial reform package that granted broader authority to financial authorities and ordered the Mexican competition authorities to initiate an investigation into the fairness of trade practices in the Mexican financial system.

One of the main aspects of the changes in recent years in the Mexican Banking Law approved by Congress consists of the authority granted to the SHCP to conduct evaluations of Mexican banks. The guidelines for such evaluations were published in the Official Gazette on December 31, 2014, and the final results of the first evaluation for 2015 were published on July 31, 2016, in which we received a positive evaluation, and no corrective measures were ordered. Negative or deficient results of evaluations may result in corrective measures being ordered, including a requirement that the bank present a plan to correct such deficiencies. In the event that we receive a negative or deficient evaluation in the future, it is uncertain what corrective measures may be ordered by the SHCP and whether the imposition of such measures may have a material adverse effect on our business.

In June 2014, the Mexican Supreme Court of Justice decided that federal judges have discretion to determine whether or not an interest rate agreed in a promissory note is evidently excessive, violating an individual’s human rights, and consequently establishing a reduced rate. The elements the judge should take into account to determine if a rate is evidently excessive are:

- the type of relationship between the parties;
- the qualification of the persons intervening in the subscription of the note and if the activity of the creditor is regulated;
- the purpose of the credit;
- the amount of the loan;
- the term of the loan;
- the existence of guaranties for the payment of the loan;
- the interest rates applied by financial institutions in transactions similar to the one under analysis, as a mere reference;
- the variation of the national inflation index during the term of the loan;
- market conditions; and
- other issues that may be considered relevant by the judge.

The mandatory and partly discretionary application of such criteria in the lawsuits affecting our portfolio could have a material adverse effect on the interest rates we charge and on our operating results.

Changes in regulations may also cause us to face increased compliance costs and limitations on our ability to pursue certain business opportunities and provide certain products and services. As some of the banking laws and regulations have been recently adopted, such as the regulations implementing Basel III in Mexico, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have a material adverse effect on our business and results of operations.

On November 27, 2018, an amendment to the Single Banking Circular (CUB) was published, which describes various requirements that Financial Entities must comply with in order to implement and monitor the Internal Control System in terms of information security. The foregoing, has important challenges for the Financial Institutions that come into force as of August 2019, such as; permanently evaluate the internal control system, carry out an annual vulnerability scanning plan with scope to all the components of the technological infrastructure of critical applications, perform 2 Ethical Hacking tests per year through third parties, designate an Officer in Head of Information Security and generate annually a Safety Master Plan which must contain the projects that address the findings derived from the aforementioned revisions. Also begins the measurement of 30 risk indicators (KRI) in the field of Information Security, establishing the obligation to have certifications in the debit and credit card industry, such as PCI-DSS, PA-DSS, PTS and EMV, and raises a whole process for the management of security incidents. It is important to comply in a timely manner with each of the aspects mentioned, as from August 2019, several monthly reports are being prepared for the Bank's General Director, various corporate governance bodies and the CNBV with the results of the evaluations. and diagnosis of the internal control system in terms of information security.

Banxico also published the Circular 15/2018 where it establishes the operation of the “Credits associated with Payroll accounts”, this measure will apply a debt limit of the Clients of 40% of their average monthly salary, and will provide the Financial Entities with the guarantee of collection of the credits assigned in this category, since a system will be put into operation that will allow to centrally identify the level of indebtedness of each Client and the possibility of processing direct debits with a charge in the ordering account of another bank. Said regulation indicates that if as of March 26, 2019 the Financial Institutions do not implement said functionality, they will not be able to grant credits charged to payroll accounts, however there is a draft modification to said rule that was published during the 1st quarter of 2018, where it is resolved to extend the term until November 1, 2019.

As of March 26, 2019, Financial Institutions that have an Issuer and/or Acquirer role must allow the use of a second authentication factor as an authorization requirement in debit card and credit card transactions (present and not present)), the foregoing is established in Circulars 8/2018 and 9/2018 issued by Banxico. If this functionality is not implemented within the established term, the Issuer or Acquirer must assume the risk and immediately pay the claims for unrecognized charges issued by the clients, which could lead to multiple losses that can be avoided if properly implement the functionality in Banorte.

On 28 December 2023, SHCP published a decree in the Official Journal of the Federation amending a number of provisions of the Securities Market Act, including the inclusion of simplified issuers, the simplified registration of securities in the National Register, and the authority of SHCP to establish general provisions on sustainable and sustainable development, as well as to strengthen gender equity, following the opinion of CNBV and Banxico.

a.29. We are subject to Mexican and U.S. regulatory inspections, examinations, inquiries and audits that could result in sanctions or the imposition of corrective measures.

We are subject to exhaustive regulation and supervision by the Mexican regulatory authorities. We are subject to comprehensive regulation and supervision by U.S. and Mexican regulatory authorities. The Mexican regulatory authorities include the Mexican Central Bank, CNBV, SHCP, CONSAR and CNSF. (See Section 2 “The Company, subsection b) Applicable Legislation and Tax Situation – The Mexican Financial System” in this Annual Report). These regulatory authorities have broad powers to adopt regulations and other requirements that affect all aspects of our capitalization, organization and operations, including changes to capital adequacy and reserve requirements, compliance with rules relating to secrecy, the imposition of anti-money laundering measures and the authority to regulate the terms of products, including the interest rates we charge and the fees we collect in exchange for services.

Moreover, Mexican and U.S. financial regulatory authorities possess significant powers to enforce applicable regulatory requirements, including the imposition of fines, requiring that new capital be contributed, inhibiting us from paying dividends to shareholders or paying bonuses to employees, or the revocation of licenses to operate our business (including our banking or broker-dealer licenses).

In the event we encounter significant financial problems or become insolvent or in danger of becoming insolvent, Mexican banking authorities would have the power to take over our management and operations. (See Section 2 "The Company, subsection b) Applicable Legislation and Tax Situation – Applicable Law and Supervision" in this Annual Report).

As noted above, our business and operations are subject to rules and regulations that are required to conduct banking and financial services business. These affect our financial returns and include reserve and reporting requirements. The regulators seek to maintain the safety and soundness of Mexican financial institutions with the aim of strengthening the protection of customers and the financial system. The continuing supervision of financial institutions is conducted through a variety of regulatory tools, reports, visits to firms and regular meetings with management to discuss issues such as performance, risk management and strategy. In general, regulators in Mexico have a more outcome-focused approach that involves more proactive enforcement and more punitive penalties for infringement, including intervening in institutions and restricting dividends or bonuses to employees. As a result, we face significant high levels of supervisory scrutiny (resulting in increasing internal compliance costs and supervision fees) and in the event of a breach of our regulatory obligations we may face significant regulatory fines.

Some of the regulators focus primarily on consumer protection, including a focus on the design and operation of products, the behavior of customers and the operation of markets. Applicable regulations may prevent institutions such as ours from providing products to customers until changes are made to address the regulators' views on potential detriment to consumers. Regulations require us to be in compliance across all aspects of our business, including the training, authorization and supervision of personnel, systems, processes and documentation. If we fail to comply with the relevant regulations, we may face adverse impacts on our business from sanctions, fines or other actions imposed by the regulatory authorities, including the revocation of our authorization and the intervention in our operations.

Furthermore, customers of financial services institutions, including our customers, may seek redress if they have suffered loss as a result of an offered product, or through incorrect application of the terms and conditions of a particular product.

Given the inherent unpredictability of litigation and judgments by the relevant authorities, it is possible that an adverse outcome in some matters could harm our reputation or have a material adverse effect on our operating results, financial condition and prospects arising from any penalties imposed or compensation awarded, together with the costs of defending such an action, thereby reducing our profitability.

a.30. We are subject to revocation of authorization to operate as a banking institution granted by the CNBV to Banorte

Under the Mexican Banking Law, the CNBV may revoke Banorte's banking license upon the occurrence of certain events, including - without limitation - if Banorte does not:

- comply with minimum corrective measures ordered by the CNBV, if the case;
- comply with the minimum Capitalization Ratio required under the Mexican Banking Law and the Mexican Capitalization Rules;

- pay certain of its debts or fails to comply with its obligations with one or more participants in clearing systems or with its depositors; and
- comply with restrictions on certain types of transactions prohibited by the Mexican Banking Law.

If the CNBV were to revoke Banorte's banking license, our business, results of operations and financial condition would be materially and adversely affected. (See Section 2 "The Company, subsection b) Applicable Legislation and Tax Situation – Applicable Law and Supervision - Banking Regulation" in this Annual Report).

a.31. Our success depends, in part, on our retention of certain key personnel, our ability to hire additional key personnel, and the maintenance of good labor relations.

We depend on our executive officers and key employees. Our senior management has significant experience in the banking, financial services and pension fund management businesses, therefore, the loss of any of our executive officers, key employees or senior managers could negatively affect our ability to execute our business strategy.

Our future success also depends on our continuing ability to identify, hire, train and retain other qualified sales, marketing and managerial personnel. Competition for such qualified personnel is intense and we may be unable to attract, integrate or retain qualified personnel at levels of experience or compensation that are necessary to sustain or expand our operations. Our businesses could be materially and adversely affected if we cannot attract these necessary personnel.

As of December 31, 2024, approximately 31% of GFNorte's employees were unionized, and we could incur higher ongoing labor costs and disruptions in our operations in the event of a strike or other work stoppage.

a.32. We are subject to litigation and other judicial, administrative and regulatory proceedings that may affect our operations and financial position.

We are regularly party to litigation and other legal proceedings related to claims resulting from our operations in the normal course of business. Litigation is subject to inherent uncertainties, and unfavorable rulings may occur. We cannot assure that these or other legal proceedings will not materially and adversely affect our ability to conduct our business in the manner that we expect or otherwise adversely affect our results of operations and financial position should an unfavorable ruling occur.

We face various issues that may give rise to risk of loss from legal and regulatory proceedings, including tax litigation. These issues, including appropriately dealing with potential conflicts of interest, and legal and regulatory requirements, could increase the amount of damages asserted against us or subject us to regulatory enforcement actions, fines and penalties. The current regulatory environment, has resulted in an increased supervisory focus on enforcement, combined with uncertainty about the evolution of the regulatory regime, may lead to material compliance costs.

a.33. Our businesses rely heavily on data collection, processing and storage systems in order for our internal control systems and other operating to function properly.

At a time when transaction processes have become increasingly complex, with increasing volume, our principal businesses are highly dependent on the ability to timely collect and process a large amount of financial and other information across numerous and diverse markets and products at our various locations and channels. The proper functioning of financial control, accounting or other data collection and processing systems is critical to our business and to our ability to compete effectively. A partial or complete failure of any of these primary systems could materially

and adversely affect our decision making process and our risk management and internal control systems, as well as our timely response to changing market conditions. If we cannot maintain an effective data collection and management system, our business operations, financial position and results of operations could be materially and adversely affected.

Furthermore, we are dependent on information systems to operate our website, process transactions, respond to customer inquiries on a timely basis and maintain cost efficient operations. We may experience operational problems with our information systems as a result of system failures, viruses, computer “hackers” or other causes. Any material disruption or slowdown of our systems could cause information, including data related to customer requests, to be lost or to be delivered to our clients with delays or errors, which could reduce demand for our services and products and could materially and adversely affect our financial position and results of operations.

a.34. We depend on our ability to effectively improve or upgrade our information technology infrastructure and management information systems in a timely manner.

Our ability to remain competitive in the markets in which we operate depends partially on our ability to upgrade our information technology infrastructure on a timely and profitable basis, through continuous investment. The opening of new offices and branches, and our hyper-personalizalied offerings approach, requires us to improve our information technology infrastructure, and to maintain and upgrade our software and hardware systems and back office operations.

Additionally, any failure or interruption in the improvement, development and expansion of our information systems could result in a delay in our ability to respond to the demands of our customers, our ability to manage risk, or defects in our service. This could adversely affect our customers or our reputation for reliability.

Any failure to improve effectively or upgrade our information technology infrastructure and management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations, and result in losses for our customers, resulting in liabilities for us.

a.35. We may not be able to detect money laundering, terrorist financing and other illegal or improper activities fully or on a timely basis, which could expose us to liability and damage our business.

We and our subsidiaries are required to comply with applicable anti-money laundering and anti-terrorism laws. These laws require us, among other things, to adopt and enforce “know your customer” policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision.

In the event that Mexican drug cartels are declared as Terrorist Organizations by the U.S. Government, it may generate an impact and increase demands for information about our clients and processes from correspondent banks. Similarly, Mexican regulatory authorities could establish new provisions and controls in this regard. This decree presents various challenges for Banorte in terms of Anti-Money Laundering and Terrorism Financing Prevention, which may lead to the creation of new processes, structures, governance, and systems to adapt to the new environment, in order to maintain high Compliance standards within our Institution.

While our subsidiaries have adopted policies and procedures aimed at detecting and preventing the use of our banking network for money laundering activities, terrorisms financing and other illegal, inappropriate or inadequate activities, through organizations and people related to terrorism, such policies and procedures may not effectively

detect all the activities related to money laundering and other illegal inappropriate or inadequate activities. To the extent we fail to fully comply with applicable laws and regulations, the relevant government agencies to which we report have the power and authority to impose fines and other penalties on us. In addition, our business and reputation could suffer if our infrastructure or our subsidiaries are used for money laundering or illegal, improper or inadequate purposes. Any of these situations could have a materially adverse effect on our business, financial position or results of operations.

In addition, while we review our relevant counterparties' internal policies and procedures with respect to such matters, we, to a large degree, rely upon our relevant counterparties to maintain and properly apply their own appropriate anti-money laundering procedures. Such measures, procedures and compliance may not be completely effective in preventing third parties from using our (and our relevant counterparties') operations as a conduit for money laundering (including illegal cash operations) without our (and our relevant counterparties') knowledge. If we are associated with, or even accused of being associated with, or become a party to, money laundering, then our reputation could suffer and/or we could become subject to fines, sanctions and/or legal enforcement (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with us), any one of which could have a material adverse effect on our reputation, business, financial condition or results of operations.

a.36. We are a holding company and depend upon dividends and other funds from subsidiaries to pay dividends, debts and other obligations.

We are a holding company and our operations are conducted through our subsidiaries. As a result, our ability to, pay dividends, pay our own debts, and have the resources to fund our operations primarily depends on the ability of our subsidiaries to generate earnings and to pay dividends to us or otherwise provide us with resources. Banorte may be restricted from paying dividends to us if it does not meet its required regulatory Capital Ratios. Additionally, distribution of profit by our subsidiaries is subject to the income effectively generated by those subsidiaries and their financial and business situations. Our right to receive any amount from any of our subsidiaries upon their liquidation or reorganization will be effectively subordinated to the claims of our subsidiaries' creditors, including trade creditors. (See Section 3 "Financial Information, subsection d) Management Analysis and Comments on Operating Results and the Company's Financial Situation" and Section 2 "The Company, subsection b) Business Description – Dividends" in this Annual Report.)

It is worth mentioning that the Extraordinary Shareholders' Meeting held on April 30, 2019 agreed to modify GFNorte's Dividend Policy to be between 16% and up to 50% of the net income of the prior year.

a.37. Under the Statutory Responsibility Agreement, we are responsible secondarily and without limitation for the performance of the obligations incurred by our subsidiaries.

Under the Statutory Responsibility Agreement that we entered into with our financial subsidiaries, pursuant to the Law Regulating Financial Groups, we are responsible secondarily and without limitation for performance of the obligations incurred by our subsidiaries as a result of the authorized activities of such subsidiaries, and we are fully responsible for certain losses of such, up to the total amount of our assets. For such purposes, a subsidiary is deemed to have losses if:

- its stockholders' equity is less than the amount the subsidiary is required to have as minimum capital under applicable law;
- its capital and reserves are less than the subsidiary is required to have under applicable law; or
- in the judgment of the regulatory authority supervising the subsidiary's activities, the subsidiary is insolvent and cannot fulfill its obligations.

Furthermore, if GFNorte is deemed to have losses we will not be allowed to pay any dividends or transfer any monetary benefit to our shareholders as of the date on which IPAB determines that Banorte has losses extending to the date on which we pay those. Moreover, we would be required, among other things, to guarantee to IPAB the payment of such losses. Pursuant to the Law Regulating Financial Groups, our shares or the shares of our subsidiaries could be posted as collateral to guarantee the payment of GFNorte's losses in favor of IPAB. Pursuant to Article 120 of the Law Regulating Financial Groups, our shareholders, by virtue of their holding of our shares, accept that their shares could be posted as a guarantee in favor of IPAB, and that such shares will be transferred to the Institute if we are unable to pay for any amounts due to IPAB as a result of Banorte's losses.

We cannot assure that in the future, Banorte or any of our other subsidiaries will not be deemed to have losses, and if so, that we will have sufficient assets to cover such losses. (See Section 2 "The Company, subsection b) Applicable Legislation and Tax Situation – Applicable Law and Supervision - Financial Groups' Statutory Responsibility" in this Annual Report.)

a.38. We are subject to the Federal Anticorruption Law in Public Contracting, the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

In July 2016, as part of the historic constitutional reform which created the National Anticorruption System (*Sistema Nacional Anticorrupción*) ("SNA"), the Mexican Congress approved a group of laws that comprises the legal framework that will ensure the implementation of the public strategies and policies for fighting corruption and impunity. The objective of this reform is to achieve full coordination of efforts from the federal, state and municipal governments, and the government of Mexico City, in order to prevent, investigate and punish administrative violations and corrupt practices by public officers, companies and individuals.

For the operation of the SNA, the Mexican Congress approved the General Law on the National Anticorruption System (*Ley General del Sistema Nacional Anticorrupción*), the Federal Anticorruption Law on Public Contracts (*Ley Federal Anticorrupción en Contrataciones Públicas*), the General Law on Administrative Accountability (*Ley General de Responsabilidades Administrativas*) and the Organic Law of the Federal Tribunal of the Administrative Justice (*Ley Orgánica del Tribunal Federal de Justicia Administrativa*). In addition, it approved the Law on Auditing and Accountability of the Federation (*Ley de Fiscalización y Rendición de Cuentas de la Federación*), and amendments on internal controls of the federal executive branch to the Organic Law of the Public Administration (*Ley Orgánica de la Administración Pública Federal)*, to the Fiscal Coordination Law (*Ley de Coordinación Fiscal*) and to the General Law for Governmental Accounting (*Ley General de Contabilidad Gubernamental*).

The Federal Anticorruption Law on Public Contracts, the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments, in money or in kind, to government officials directly or through other persons, for the purpose of obtaining or retaining business or to promote illicit conduct by these officials.

Banorte has an Anti-corruption policy approved by its Board of Directors, which is reviewed annually to ensure that it is kept updated based on changes in the regulatory context. However, it cannot be guaranteed that our internal control policies and procedures will protect us from imprudent acts or committed crimes by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and could have a material adverse effect on our reputation, business, financial condition or results of operations.

a.39. We are subject to epidemiological risks affectations

GFNorte recognizes that human health and well-being are a priority in any socioeconomic activity, and the lack of it directly affects social development, as well as the profitability and resilience of companies. Risks related to pathologies that cause diseases of great population scope, to the extent of epidemics or pandemics, are a risk factor in the fulfillment of GFNorte's strategy. Faced with the potential threat of new epidemics or pandemics, GFNorte has implemented various measures to prevent and mitigate the effects of potential health crises on the operation, business performance, and the integrity of GFNorte's employees.

Epidemiological risk in GFNorte is managed and mitigated through a solid Corporate Governance, the Business Continuity Plan (BCP), the Integrated Health System, the Crisis Management Committee, communication of relevant information with stakeholders, technological adaptation, identification and timely containment of portfolio deterioration, as well as monitoring of risk indicators.

a.40. Our loan and investment portfolios are subject to prepayment risk, which could negatively affect our net interest income.

Our loan portfolio and our subsidiaries' loan and investment portfolios are subject to prepayment risk, which results from the ability of a borrower or issuer to pay a debt obligation prior to maturity. Generally, in a declining interest rate scenario, prepayment activity increases, reducing the weighted average lives of our interest earning assets and therefore our expected results relating to these assets. If prepayment activity were to increase, we would also be required to amortize net premiums into income over a shorter period of time, thereby reducing the corresponding asset yield and net interest income. Prepayment risk also might have a significant adverse impact on credit card portfolio and collateralized mortgage obligations, since prepayments could shorten the weighted average life of these portfolios, which would negatively impact our business, financial condition and results of operation.

a.41. Future Mexican government restrictions on interest rates, banking fees or reserves could negatively affect GFNorte's profitability.

A significant portion of our revenues and operating cash flow is generated by Banorte's consumer loans and any such limitations or additional informational requirements could materially and adversely affect our results of operations and financial position. In Mexico, the Financial Services Users Protection and Defense Act (Ley Federal de Protección y Defensa al Usuario de Servicios Financieros) currently does not impose any limit on the interest rate or in the banking fees, subject to certain exceptions, that a bank may charge.

However, under the Law for the Transparency and Ordering of Financial Services (Ley para la Transparencia y Ordenamiento de los Servicios Financieros), the Mexican Central Bank has broad authority to determine that reasonable competitive conditions do not exist and to issue temporary regulations in respect of credit and debit cards, checks, fund transfers and other means of payment, as a means to ensure competition, free access, no discrimination and protection of the interest of users.

Currently, the Congress and regulators have not yet proposed any specific limit on the interest rates we may charge. We cannot predict what impact the issuance of any such regulations may have on our business and results of operations,

In addition, if Mexican governmental authorities require banks and other financial institutions to increase their reserve requirements for loan losses or change the manner in which such loan reserves are calculated, it may adversely affect our results of operations and financial position.

a.42. Banorte may be required to make significant contributions to IPAB.

Under Mexican law, banks are required to make monthly contributions to support the operations to the Mexican Institute for the Protection of Banking Savings (Instituto para la Protección al Ahorro Bancario), or IPAB, in an amount equal to one-twelfth of 0.4% (the annual rate) multiplied by the average of certain liabilities minus the average of certain assets. IPAB was created in January 1999 to manage the bank savings protection system and regulate the financial support granted to banks in Mexico. Mexican authorities impose regular assessments on banking institutions covered by IPAB for funding. Banorte contributed Ps 4.74 billion and Ps 4.29 billion to IPAB during 2024 and 2023 respectively. In the event that IPAB's reserves are insufficient to manage the bank savings protection system and provide the necessary financial support granted to troubled banking institutions, IPAB maintains the discretionary right to require extraordinary contributions to participants in the system. Any such requirement can be a result of a multitude circumstances, cannot be predicted and could adversely affect our business, financial condition or results of operations.

a.43 We are subject to risk factors derived from cyber-attacks and other security breaches

One of the main risks faced by GFNorte and most of the companies that support their business processes through information technology is to be exposed to attacks from the Internet, internally, and through supply chains, to affect the availability of the services they offer. In recent years there has been a significant increase in this type of attack and, in some cases, it has materialized in the financial industry with significant losses for the institutions. The most common attack recognized by the industry is called Ransomware. Another risk factor to which we are exposed is malware attacks, which come through different vectors and can pose a threat to the continuity of the institution's operations. Since this type of attack can reach the last link (end user), much depends on awareness and internal control practices, as well as on the technologies implemented in the institution's perimeter to reduce the probability of occurrence of this type of attack. Another attack that is rapidly escalating is the one that uses Generative Artificial Intelligence (Gen AI), which reproduces audio, images, and video, making them powerful tools to enhance social engineering attacks.

In addition to the above, the cybersecurity awareness of the regulatory bodies has been growing, apart from completely updating the security sections of the current regulation, therefore, it is expected that there will be greater scrutiny in their reviews and may lead, in case of deviations, to fines that have not been foreseen or sized at the moment. In recent years, GFNorte has strengthened the security of the information systems that support its operations, and has allocated budget and resources in accordance with the needs of the industry,incorporating defense mechanisms that use Artificial Intelligence to anticipate and prevent sophisticated attacks. With this, we hope to protect the confidentiality, integrity, and availability of information more robustly with which we expect to protect the confidentiality, integrity and availability of information, and thus be prepared for the new challenges in cybersecurity. All the aforementioned elements are part of Banorte's Risk Profile, which also considers a cyber risk management model for effective and timely mitigation.

a.44. The entry of Financial Technology Companies into the Mexican financial market could reduce the participation of incumbent players, such as GFNorte.

GFNorte has the necessary tools and has been prepared since 2014 to face the digital challenge of banking in Mexico. Various operational, tactical and strategic digital transformation initiatives have been developed,, within which we can highlight strong alliances with companies with a solid and innovative model, such as Google, TEC de Monterrey, Rappi and Clip . Theses alliances, in addition to providing us with an integral vision of the operation and business model of Fintechs, have helped us to strengthen the Group's competitiveness.

Mexico, by maintaing an attractive development potential, promotes the increase of Fintechs and new digital players; several of them are even in the process of becoming Banking Institutions to expand their product and service offerings. Proof of this is the impact they have generated on the market by serving various sectors in the population through products such as credit cards, point of sale terminals, mutual funds, and consumer loans, seeking potential disruptions in the operation, offerings, and services of traditional banking. This increase in competitiveness could result in a decrease in our market share and, consequently our loan portfolios, and lose potential customers against these digital players. With Banorte's progress in digital transformation into a "digital bank with branches," and the commercial alliances that allow us to analyse our customers' consumption habits we have established a firm path to integrate into the digital market, convering the financial needs of any client or user through their preferred channel.

a.45. We are exposed to climate and nature-related risks.

Climate change is one of the biggest global threats, with physical risks and transition risks generating effects that impact on the safety and health of populations, on the balance of nature, as well as on the stability of economies. There is an urgent need for organized and science-led global action that enables both mitigation and adaptation to its effects in order to a resilient, equitable, sustainable and prosperous future.

Physical risks associated with climate change have consequences such as increase in the frequency and severity of extreme weather events, like tropical cyclones, floods, severe storms, rising sea levels, water tensions in some areas, the spread of wildfires, droughts, among other events. Physical risk impacts can be direct in our operations or indirect through our clients, in which case, it could imply an increase in the likelihood of credit default or an erosion in the value of the collateral that supports our credits, resulting in incremental credit losses, the generation of higher reserves, an additional capital requirement and a reduction in utilities in GFNorte.

Transition risks involve major political, legal, technological and market changes as a result of the need for a transition to a green economy to mitigate climate change-related impacts. Reducing greenhouse gases to a green economy will affect all sectors of the economy, but to varying degrees. Significant investments will be required to move towards clean energy generation and zero-net targets. The sectors that are harder to decarbonise will face greater transition risks, such as oil and gas, energy generation, agriculture, cement and steel, among others. One of the key variables in transition risk scenarios is the price of carbon, which has already been implemented in some countries around the world to mitigate the impact of industries on climate change, causing increased costs at all levels of the production chain and consequently could trigger liquidity and/or solvency problems for some of our accredited.

In addition, one of the emerging risks we face is the loss of biodiversity that is recognized by the world's central banks as a source of systemic risk alongside climate change. There is increasing evidence that degradation of nature poses risks for, capital providers, financial systems and economies. Critical global supply chains, from agribusiness to semiconductor supply, suffer from water shortages and water stress. Land and soil degradation has been shown to have a negative impact on the market value of enterprises and to increase the credit risk for associated lenders. The loss of pollinators is damaging agricultural production, and in some countries, it is increasingly difficult to meet the growing demand for these processes. Companies in various sectors, from the agrochemical industry to the mining industry, which have not managed their environmental impacts properly have faced denied permits and legal claims, with the consequent deterioration of their credit ratings and market ratings, which could lead to an increase in their risk and, if they are our customers, to a possible increase in the preventive estimates for credit risks.

b. Risks Related to Mexico

b.1. Economic and financial risks in Mexico.

In recent years, the global economy has undergone a series of transformations due to technological advancements, political changes, geopolitical factors, and foreign trade, from which Mexico has not been exempt. Additionally, there are factors specific to the Mexican economy, such as uncertainty regarding judicial reform and erosion of the rule of law, challenges in addressing public security issues, the potential downgrade and loss of investment grade of Mexico's sovereign debt, as well as the imposition of tariffs and renegotiation of the free trade agreement with the United States and Canada (USMCA).

These factors could impact the Mexican economy and on our business. If it is negative, there may be no certainty that these conditions will improve. In addition, future economic, political and geopolitical conditions could deteriorate further.

In particular, we may face, among others, the following risks related to international market and economic conditions:

- Increased regulation of the financial industry, whose compliance may increase our costs and limit our ability to pursue business opportunities.

- The global economic slowdown could result in reduced demand for financial products and services;

- The process we use to estimate losses inherent in credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of borrowers to repay their loans as well as the operational risks we face. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of these estimates, which may, in turn, impact the reliability of the process;

- The derivatives markets and similar operations could impact financial systems and the solvency of its participants; and

- The value of our portfolio of investment securities may be adversely affected.

A worsening of any of the foregoing risks and conditions may delay the dynamics of the financial industry, thereby negatively impacting our financial condition.

b.2. We are subject to economic and political developments in Mexico that could affect domestic economic policy and our business.

Most of our operations and assets are located in Mexico. As a result, our business, financial condition and results of operations may be affected by the general condition of the Mexican economy, changes in national GDP, personal incomer, unemployment rate, increase of formal labor market, the devaluation of the peso compared to the U.S. dollar, price instability, inflation, changes in oil prices, interest rates, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico over which we have no control. Decreases in the growth rate of the Mexican economy, periods of negative growth or reductions in disposable income may result in lower demand for our services and products. In 2016 Mexican government cut spending in response to a downward trend in international crude oil prices, and it may further cut spending in the future. These cuts could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Mexican government actions concerning the economy and regulation of certain industries, including the

banking sector, could have a significant effect on Mexican private sector entities in general, and on us and our subsidiaries in particular, and on market conditions, prices and returns on Mexican securities, including ours.

The Mexican government can implement significant changes in the law, public policies and/or regulations that can affect the political and economic situation of Mexico, negatively affecting our business. *(See Section 2 "The Company, subsection b) Applicable Legislation and Tax Situation" in this Annual Report).*

In recent years, there has been an increasing amount of social instability in Mexico derived from violent crime carried out by organized cartels and others involved in drug trafficking, which has particularly affected the areas of northern Mexico that border the United States. The continuation or escalation of such crime could have negative consequences for the Mexican economy or destabilize its political system, which could adversely affect our business.

We cannot provide any assurance that future economic or political developments in Mexico, over which we have no control, will not have an unfavorable impact on our financial position or operating results.

b.3. Nearshoring may not be fully realised if Mexico does not develop the infrastructure and conditions for it.

Currently, GFNorte and other companies in the country are benefiting from an increasing flow of investment resulting from the relocation of companies in Mexico, a process known as nearshoring. However, this flow of capital could be stopped if Mexico does not develop its road, rail, port and airport infrastructure; as well as the development of industrial plants, the improvement of its capacity for energy and water supply, and the strengthening of public security to create an environment conducive to economic progress.

Failure to develop the necessary conditions for the effective materialization of nearshoring would imply a decrease in the cuntry's economic growth trayectory in the medium and long term ; negatively impacting human capital and infrastructure investments made to capitalize on this trend, affecting the financial situation of GFNorte.

b.4. We are subject to the risk of depreciation or fluctuation of the peso with respect to the dollar and other currencies, which could adversely affect our results of operations and financial situation.

A severe depreciation of the peso vs. the dollar could limit our capacity to transfer or convert pesos to dollars or other currencies, which could have an adverse effect on our financial situation, operational results and cash flows in the future, increasing the amounts of our foreign-denominated obligations in peso terms.

A severe depreciation of the peso could also result in government and/or central bank intervention (changes in monetary policy) or disruptions in international currency markets. Devaluation or depreciation of the peso against the U.S. dollar may also adversely affect our business, financial condition and results of operations.

b.5. The increase in violence and public insecurity in Mexico has adversely impacted, and may continue to adversely impact, the Mexican economy.

The presence of high levels of violence and public insecurity can discourage investment and undermine confidence in government institutions, which in turn affects economic stability. In addition, insecurity can impact labour productivity by generating stress, fear and distraction in workers, as well as hindering labour mobility and increasing safety costs for companies. The informal economy can flourish in insecure environments, affecting tax collection and the formalization of the economy.

Mexico has experienced a significant insecurity increase over the past few years in violence related to illegal drug trafficking and high levels of impunity, having a negative impact on the economic activity in Mexico, in general terms. Furthermore, insecurity in Mexico and adverse social or political developments in Mexico or that affect the country could adversely affect us, our ability to conduct our business and offer our services, as well as our ability to obtain financing. We cannot assure that the levels of violence and public insecurity in Mexico, over which we have no control, will not increase or decrease and will have no further adverse effects on mexican economy or on our business, financial position or results of operation.

b.6. Developments in other countries may adversely affect our operations and the prices of our securities.

Economic and market conditions in other countries can influence, to o a greater or lesser extent, the market value of securities of Mexican companies. Although economic conditions in other countries may differ significantly from those in Mexico, investors' reactions to international events can negatively impact the market value of these securities.

b.7. Our corporate disclosures may be different or less substantial than those of issuers in other countries.

In Mexico issuers of securities are required to publicly disclose information, in terms that are potencially different and that may be less detailed than disclosures required in countries with more developed capital markets. In addition, accounting and other reporting principles and standards applicable to credit and other financial institutions in Mexico and the financial results reported using such principles and standards may result in material differences between our results and those results that would have been obtained using other principles and standards, such as U.S. GAAP.

c. Risks Related to the Securities Markets and Ownership of Common Shares

c.1. An active and liquid market for common shares may not develop.

Although they are traded on the BMV, our shares could change in the amount traded and liquidity. Since 2018 the BMV is no longer the only stock market in Mexico, with the integration of the Stock Market Institutional, (BIVA), we see ourselves in the need to adapt to the new regulations and changes in the way of reporting stock information. However, we are aware that compared to international markets, the Mexican market is less liquid, more volatile and has a lower institutional investor base. These market characteristics may affect the ability of holders of our common stock to enter into timely purchase or sale transactions, having an effect on the price of our common stock.

c.2. Non-compliance with requirements for maintaining our shares listed in the BMV or of their registration with the CNBV may have an adverse effect on the price or liquidity of our shares.

We are subject to certain requirements set forth by the CNBV and the BMV, such as those of disclosure, to maintain our registration with the CNBV and through the National Registry of Securities (RNV) and our shares listed on the BMV. If we are not able to comply with such requirements, the listing of our shares in the BMV may be suspended or cancelled.

c.3. The market price of our common shares may fluctuate significantly, and investors could lose all or part of their investment.

The market price and liquidity for our common shares may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, among others:

- significant volatility in the market price and trading volume of securities of companies in our sectors or those of our subsidiaries, which are not necessarily related to the operating performance of these companies;
- performance of the banking sector in Mexico;
- changes in earnings or variations in operating results;
- future equity offerings by other financial groups, banks or financial institutions in Mexico;
- changes in the financial recommendation of the fundamental analysts that cover us and our sector;
- new laws, regulations or new interpretations of these, including tax guidelines or others applicable to our business or that of our subsidiaries; and
- economic trends in the Mexican, U.S. or global economies or financial markets, including those resulting from wars, incidents or terrorism or violence or responses to such events; and political conditions or events.
- the possibility of a decrease in the liquidity of our shares in the market as a result of the use of the buyback fund.

c.4. Future issues of our common shares may result in a decrease of their market price and could have a dilutive effect for our shareholders.

In the event we seek to raise capital by issuing shares or market's perception that we could issue new shares, could result in a reduction in the price of our common shares or create volatility in the market price of our common shares. Furthermore, future capital increases could cause a dilution of shareholders' investment in common shares, if they do not, or are not able to exercise their preemptive rights in subscribing to any such issuance.

c.5. There cannot be assurance that we will be able to pay or maintain cash dividends, and our dividend policies are subject to change.

The amount of cash available for dividends, if any, will be affected by many factors, including our future operating results, financial condition and capital requirements, legal restrictions, including capital adequacy requirements, and contractual restrictions in our current and future debt instruments, and those of our subsidiaries, as well as our ability to obtain funds from our subsidiaries, among other variables. Cash currently available for dividend payments may vary significantly from estimates. We cannot assure that we will be able to pay or maintain dividends or that they will increase over time. Our actual results may differ significantly from the assumptions used by our Board of Directors in recommending dividends to shareholders or in adjusting our dividend policy. Also, there cannot be assurance that our Board of Directors will recommend the payment of dividends to our Shareholders' Meeting or that, if recommended, our shareholders will approve disbursing such dividends. Dividend policies adopted by our Board of Directors, are subject to change at any time.

It is worth mentioning that the GFNorte's Ordinary Shareholders' Meeting held on April 30, 2019 agreed to modify the Dividend Policy of the Financial Group so the dividend payment be between 16% and up to 50% of the net income of the prior year. For a description of the factors that can affect the availability and timing of cash dividends to shareholders, see section 2 *"The Company, subsection b) Business Description - Applicable Legislation and Tax Situation – Applicable Law*

c.6. Certain provisions of our by-laws and applicable law may delay or limit a change of control.

Pursuant to the LRAF, the LMV and the Bylaws no person or entity, or group thereof, may, directly or indirectly, in one or more transactions:

- acquire or transfer more than 2% of our shares without informing the SHCP (Article 26 LRAF and Article 9 of our Bylaws);
- acquire 5% or more of our shares, except with prior authorization from the SHCP, who can grant this at its discretion after hearing the Bank of Mexico's opinion and, as appropriate, the opinion of the CNBV, CNSF or CONSAR (Article 28 LRAF and Article 9 of our Bylaws);
- acquire 20% or more of our shares, except with prior authorization from the SHCP, who can grant this at its discretion after hearing the Bank of Mexico's opinion and, as appropriate,
- acquire 10% or more, but less than 30% of our shares, unless the transaction is reported, revealing individual holding in the case of a group of individuals, as well as informing the intention or not to acquire significant influence in the Institution. (Article 109 LRAF and Article 9 of our Bylaws)
- acquire 30% or more of our shares, except with prior authorization from the CNBV and undertake a public offer to purchase up to 100% of our shares (Articles 98 and 99 LMV and Article 18 of our Bylaws).

Notwithstanding the aforementioned, the public must be informed of such simultaneous or successive operations which directly or indirectly, involve people related to the Institution seeking to increase or decrease their participation by 5%, as well as inform of their intention to influence or significantly increase influence in such Institution, and inform of the intention to acquire, increase or not acquire significant influence in such Institution. (Article 110 LMV and Article 9 of our Bylaws).

Sales and acquisitions made by Board members, relevant Directors, a group of people or an individual who holds, either directly or indirectly, 10% or more of shares must inform the CNBV and the public where appropriate. (Article 111 LMV and Article 9 of our Bylaws).

Furthermore, under the Mexican Financial Groups Law, foreign entities with governmental authority and Mexican financial entities, including those that form part of a financial group, unless such entities are institutional investors as defined in the Law Regulating Financial Groups, cannot purchase our shares. Additionally, our Bylaws provide that any person or entity, or group thereof, that plans to acquire more than 5% of our shares, requires the authorization of our Board of Directors, this prior approval must be requested again when any of the following ownership percentages is reached or exceeded: 10%, 15%, 20%, 25% and up to 30% less one share, of the total outstanding shares of the capital stock. As previously mentioned, to acquire 30% or more of our shares, a public tender offer to purchase up to 100% of such shares must be made; if the public tender offer manages to acquire only a percentage equal to or less than 50% of the offered shares, the Purchaser must request the Board of Directors' approval for this acquisition. Moreover, shareholders representing the following percentages, or if the case, exceed them, must notify the company within a period of 30 business days after the date of the acquisition, when reaching or exceeding ownership of 4%, 8%, 16% and 24%, respectively. (Article 18 of our Bylaws). The Securities Market Law also requires that any person or entity, or group thereof, that plans to acquire a controlling stake in our company, make a public tender offer for 100% of the shares at the same price.

Such provisions may delay or limit a change of control or a change in our management. The existence of such provisions may limit the price that investors would be willing to pay for the shares in the future.

c.7. The rights afforded to minority shareholders in Mexico are not as comprehensive as those in the United States and certain other jurisdictions.

Under Mexican law, the protections afforded to minority shareholders and the fiduciary duties of loyalty, diligence, and others of Board members and officers are, in some respects, distinct or less clear than those applicable in the United States and in other jurisdictions. In particular, Mexican law concerning fiduciary duties of Board members and directors is not as comprehensive as in other markets and the criteria applied to ascertain the independence of corporate directors is different from the criteria applicable under corresponding Mexican laws and regulations.

Although Mexico has enacted rules permitting class actions, there is limited experience in respect of such actions, and the requirements to proceed with and the potential outcomes of such actions are not predictable. As a result, in practice it may be more difficult for our minority shareholders to enforce their rights against us and our Board members and directors than it would be for shareholders of a U.S. or other non-Mexican company. Additionally, even when such rights are exercised, the response time and the consequences may be different than those expected in other markets.

c.8. Our bylaws restrict the ability of non-Mexican shareholders to invoke the protection of their governments with respect to their rights as shareholders.

As required by Mexican law, our bylaws provide that non Mexican shareholders are treated like Mexican shareholders with respect to their ownership interests and are deemed to have agreed not to invoke the protection of their governments. Our corporate documents also provide that any legal action relating to the execution, interpretation or performance of our bylaws is governed by Mexican law and may be brought only in Mexican courts. As a result, it could be difficult for our non-Mexican shareholders to enforce their rights as shareholders under our bylaws before courts other than Mexican courts or obtain protection from their governments regarding acts or events affecting their shares.

c.9. According to Mexican laws, shareholders' rights could be more limited, different or less clear than in other jurisdictions.

Our corporate matters are regulated by our by-laws provisions and Mexican law (including special laws applicable to Financial Groups), which differ from those legal provisions applicable if we were a company constituted in any U.S. jurisdiction or in other than Mexico.

The shareholders' rights protecting their interests from acts of our Board of Directors or any of its members or main officers that do not comply with their duties of loyalty, could be limited or less clear than those granted in other jurisdictions. Particularly, any action against our officers and Board members can be initiated by the Company, the affected financial entity or by shareholders with at least 15% stake in capital stock, and not by a single shareholder or group of shareholders, and these actions are derived in benefit of The Company and not of the affected shareholders. Furthermore, rules and guidelines related to operations with related parties and conflicts of interest could be less defined in Mexico than in the United States, therefore shareholders would be in disadvantage.

The duties of loyalty and diligence of Board members and officers are properly defined in the Securities Market Law and Law Regulating Financial Groups and have not been interpreted or defined by courts at the present moment, consequently, legal interpretation of the meaning and scope of such duties is still uncertain. Recently diverse reforms allowing collective actions have been published in Mexico; nevertheless, procedures to implement such actions have been developed recently, but experience regarding the practical implications is still inexistent. At the present moment, there are not significant and enough complaints related to the non-compliance of fiduciary duties, through *collective* or derived actions, in order to motivate judicial complaints based on the non-compliance of fiduciary duties that help to predict the possible outcome of a possible complaint.

As a result, for our minority shareholders is more difficult to enforce their rights against us or our Board members, officers or controlling shareholders, that it would be in a company constituted in the U.S.

c.10. We are not subject to the control of a principal shareholder group.

There is no principal shareholder of our capital stock. Consequently, there is no principal shareholder or group of shareholders that exercises control over us and this could delay our ability to make strategic decisions if no agreement is reached by a majority of our shareholders at a Shareholders' Meeting. In particular, our bylaws provide that certain decisions, including entering into transactions representing 20% or more of our consolidated assets, certain transactions with related parties (Material Asset Acquisition) that imply the acquisition of assets during the fiscal year equal to or above 5% of our consolidated assets (based on figures of the previous quarter) carried out by GFNorte or any of the companies it controls -directly or indirectly-, the appointment or removal of Board members, and increases or decreases in our capital, must be approved by a majority of shareholders at a Shareholders' Meeting. The inability of our shareholders to agree on a matter that could be material to our operations could result in a material adverse effect on our financial condition and results of operations.

c.11. We or other intermediaries may be subject to certain U.S. withholding tax requirements under FATCA, including a requirement to withhold U.S. tax on payments made on our shares to certain non-U.S. financial institutions.

Under certain provisions of the US Internal Revenue Code and the US Internal Revenue Service Guidance Tax Circular, commonly referred to as "FATCA", entities may be subject to withholding taxes at a rate of 30% on certain payments received by them, unless certain audit, reporting and withholding procedures determined by the US Internal Revenue Service are met. IRS") or that such payments are eligible for exemption, in accordance with the " Intergovernmental Agreement" signed between the United States and Mexico on November 19, 2012. However, Grupo Financiero Banorte and its subsidiaries subject to this regulation (Banco Mercantil del Norte, Banco Mercantil del Norte, Fiduciary Division, Banco Mercantil del Norte, Cayman Islands Branch, Banorte Stock Exchange, Banorte Insurance , Operator of Banorte Funds, Investment Funds administered by the latter) continue to be duly registered with the IRS as Participating Foreign Financial Institutions, each of the aforementioned companies are assigned a GIIN (Global Intermediary Identification Number) granted by the IRS, with which, the payments that these companies receive from a source located in the USA are not subject to 30% withholding, and starting from the current year, Banco Bineo.

Pursuant to FATCA and other regulations issued pursuant to these, any payment made with respect to our shares as of December 31, 2016, may be subject to withholding tax at a rate of 30%, to the extent that such payment is consider as a "payment transferred abroad," but only if said payment is made through a foreign financial institution that does not comply or is deemed not to comply with FATCA. The holders of our shares should consult with their tax advisors regarding the consequences of the application of FATCA to an investment in our shares and their ability to obtain a refund of any amount retained in accordance with FATCA.

c.12. As from June 30, 2017, we will be required to report, as well as other intermediaries, on compliance with the Common Reporting Standards (CRS), contained in Annex 25 Bis of the Fiscal code of the federation (Código Fiscal de la Federación - CFF).

In accordance with the recommendation adopted by the Board of the Organization for Economic Cooperation and Development (OECD) on July 15, 2014 and in order to comply with the contents of Annex 25 Bis of the CFF published on January 12, 2016 and amended on July 15, 2016, corporations and legal entities - which are financial institutions and residents in Mexico - will be required to effectively implement and comply with the CRS standard. To this purpose, they must implement procedures to identify foreign accounts and reportable accounts among new, existing, high and low value accounts, as well as implement a special register of the application of procedures for their identification.

The same fines for offences provided for in Articles 81, Section I, II and 83, Section II of the CFF will apply to whoever does not present information or presents incomplete information, or with errors or different to that indicated by the standard, as well as to those who do not provide a special register of the application of procedures to identify the aforementioned accounts.

c.13 Political and economic events in Mexico and Mexican governmental policies, including the recently approved judicial reform, may result in disruptions to, or interferences in, our business operations and financial condition.

We are a Mexican bank and most of our operations and assets are located in Mexico. As a result, our business, financial condition and results of operations may be affected by the general condition of the Mexican economy. Decreases in the growth rate of the Mexican economy, periods of negative growth or reductions in disposable income may result in lower demand for our services and products. The Mexican government has cut spending since the beginning of the previous administration in 2018, and it may further cut spending in the future. These cuts could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects.

Presidential, congressional, and other governmental elections were held in Mexico on June 2, 2024, resulting in the election of Ms. Claudia Sheinbaum from the ruling National Regeneration Movement (Movimiento de Regeneración Nacional), or Morena coalition, as president. She assumed office on October 1, 2024. President Sheinbaum, a former mayor of Mexico City and former Secretary of the Environment for the city, is expected to continue the social and economic policies of her predecessor, Mr. López Obrador. The newly elected legislators took office on September 1, 2024, with the Morena coalition holding a qualified two-thirds majority in the Mexican House of Representatives and nearing a qualified majority in the Senate. These majorities grant the Morena coalition considerable authority to enact changes to the Constitution, as well as to Mexican laws, policies, and regulations. The Mexican government could take actions that materially and adversely affect our operations, the manner in which we conduct our business or the manner in which the banking industry generally operates in Mexico.

In February 2024, the Mexican executive branch proposed an amendment to the Mexican Constitution aimed at significantly restructuring the judiciary. This judicial reform was approved in September 2024 by the House of Representatives, the Senate, and a majority of state legislatures, and was subsequently published in the Official Gazette on September 15, 2024, becoming effective on September 16, 2024. Pursuant to this constitutional reform, all federal judges will be elected and the first election of federal judges is expected to take place in 2025. Following this, the Mexican federal and local legislatures have been given 90 and 180 calendar days, respectively, from September 16, 2024, to amend federal and local laws to align with the judicial reform. In addition, a judiciary disciplinary tribunal will be created, taking over the duties of the currently existing Federal Judiciary Council (Consejo de la Judicatura Federal). As of the date of this offering memorandum, no assurance can be given regarding the specifics of the final implementing legislation that will be passed by the Mexican federal and local legislatures. For further details on the judicial reform, see “The Mexican Financial System—Judicial Reform.”

In addition, as part of the proposed constitutional amendments submitted in February 2024, it is currently being discussed to disappear certain autonomous governmental bodies, such as the National Institute for Transparency, Access to Information, and Personal Data Protection (INAI), the National Council for the Evaluation of Social Development Policy (Coneval), the Mexican Antitrust Commission (COFECE), the Federal Telecommunications Institute (IFT), the National Commission for the Continuous Improvement of Education (MEJORADU), the Energy Regulation Commission (CRE), the National Hydrocarbon Commission (CNH) and the National Center of Energy Control (CENACE), and to transfer their functions to Mexican government agencies dependent of the Mexican executive branch.

We cannot predict the impact that these developments will have on us, our business, or Mexico more broadly. No assurance can be given that these reforms, along with the related amendments to federal and local laws, will not materially and adversely impact the Mexican economy, the banking sector, the market value of our Notes, our ability to recover collateral in judicial processes, or our financial results and operations.

d) OTHER SECURITIES

Banorte has the following registered and existing financial instruments:

Subordinated Preferred Tier 2 capital notes, D2 BANOC36 (in US dollars):

Issuance of subordinated preferred preferential capital obligations by Banorte for an amount of USD 500 million, with a maturity date of October 4, 2031, and callable in October 4, 2026. Currently amount of this issuance is USD 74 million

Interests are paid bi-annually at a fixed rate of 5.75% on April 4 and October 4, each year. The capital amortization will be at the end of the 14 years, with the option to be prepaid in the tenth year.

At the moment of issuance, ratings granted by Moody's and Fitch were Ba1 and BB+, respectively.

Non-preferential, non-cumulative, perpetual subordinated capital notes callable to 10 years D2_BANOE91_999999 (in US dollars)

Issuance of non-preferential, non-cummulative, subordinated capital notes, callable to 10 years, for an amount of USD $ 550 million, and callable in January 10, 2028.

Interest is payable quarterly, taking place on January 6, April 6, July 6 and October 6, of each year at a fixed rate of 7.625%.

At the time of the issue, Moody's and S&P granted the ratings Ba2 and BB, respectively.

Non-preferred, non-cumulative, perpetual subordinate capital notes callable to 10 years D2_BANOB48_999999 (in US dollars)

Issuance of non-preferred, non-cumulative perpetual subordinated Capital Notes in the amount of USD 500 million callable in June 27, 2029.

Interest is payable quarterly, taking place on June 27, September 27, December 27 and March 27, of each year at a fixed rate of 7.5%.

At the time of issuance, Moody's / S & P rated Ba2 / BB respectively.

Subordinated Non-Preferred, Non-cumulative, perpetual notes callable to 10 years D2_BANOC21_999999 (in US dollars)

Issuance of non-preferred subordinated capital notes, non-cumulative perpetual, for an amount of USD 500 million with the call date of October 14, 2030.

Interest is payable quarterly, taking place on October 14, January 14, April 14 and July 14, of each year at a fixed rate of 8.375%.

At the time of issuance, Moody's / S&P rated Ba2 / BB- respectively.

Subordinated Non-Preferred, Non-cumulative, perpetual notes callable to 5 years D2_ BANOA99_999999 (in US dollars)

Issuance of non-preferred subordinated capital notes, non-cumulative perpetual, for an amount of USD 500 million with the call date of January 24, 2027.

Interest is payable quarterly, taking place on January 24, April 24, July 24 and October 24, of each year at a fixed rate of 5.875%.

At the time of issuance, Moody's / S&P rated Ba2 / BB- respectively.

Subordinated Non-Preferred, Non-cumulative, perpetual notes callable to 10 years D2_ BANOB72_999999 (in US dollars)

Issuance of non-preferred subordinated capital notes, non-cumulative perpetual, for an amount of USD 500 million with the call date of January 24, 2032.

Interest is payable quarterly, taking place on January 24, April 24, July 24 and October 24, of each year at a fixed rate of 6.625%.

At the time of issuance, Moody's / S&P rated Ba2 / BB- respectively.

Subordinated Non-Preferred, Non-cumulative, perpetual notes callable to 10.5 years D2_ BANOE88_999999 (in USD)

Issuance of non-preferred subordinated capital notes, non-cumulative perpetual, for an amount of USD 750 million with the call date of May 20, 2035.

Interest is payable quarterly, taking place on November 20, February 20, May 20 and August 20, of each year at a fixed rate of 8.750%.

At the time of issuance, Moody's / S&P rated Ba2 / BB- respectively.

Subordinated Non-Preferred, Non-cumulative, perpetual notes callable to 6.5 years D2_ BANOD06_999999 (in USD)

Issuance of non-preferred subordinated capital notes, non-cumulative perpetual, for an amount of USD 750 million with the call date of May 20, 2031.

Interest is payable quarterly, taking place on November 20, February 20, May 20 and August 20, of each year at a fixed rate of 8.375%.

At the time of issuance, Moody's / S&P rated Ba2 / BB- respectively.

Stock Market Certificate 94_BINTER_16U (in UDIS)

Bank Stock Certificate for an amount of 365.2 million UDIs with a term of 3,640 days (10 years), maturing in October 01, 2026.

Payment periodicity every 182 days, fixed rate of 4.97%.

At the time of issuance, HR Ratings and Fitch granted HR ratings AA- and A + (Mex), respectively.

Stock Market Certificate 94_BANORTE_20U (in UDIs)

Bank Stock Certificate for an amount of 106.9 UDIs with a 10-year term and maturity in September 18, 2030.

Payment frequency every 182 days and a fixed Rate of 2.76%.

At the time of issuance, HR Ratings / Fitch granted the HR AAA and AAA(mex) ratings, respectively.

Bank Stock Certificate 94_BANORTE_23-2 (in MXN):

Bank Stock Certificate for an amount of Ps 6,582 million with a 2-year term maturing in February 21, 2025.

Payment frequency every 28 days. Yield linked to the 28-day Equilibrium Interbank Interest Rate published by Banco de México plus surcharge (0.04%).

At the time of issuance, Moody's / HR Ratings granted the AAA.mx and HR AAA ratings, respectively.

Bank Stock Certificate 94_BANORTE_23-3 (in MXN):

Bank Stock Certificate for an amount of Ps 4,180 million with a 4-year term maturing in February 19, 2027.

Payment frequency every 28 days. Yield linked to the 28-day Equilibrium Interbank Interest Rate published by Banco de México plus surcharge (0.08%).

At the time of issuance, Moody's / HR Ratings granted the AAA.mx and HR AAA ratings, respectively.

Bank Stock Certificate 94_BANORTE_23-4 (in MXN):

Bank Stock Certificate for an amount of Ps 5,277 million with a 3-year term maturing in May 21, 2026.

Payment frequency every 28 days. Yield linked to Funding Equilibrium Interbank Interest Rate published by Banco de México plus surcharge (0.30%).

At the time of issuance, S&P / HR Ratings granted the mxAAA.and HR AAA ratings, respectively.

Bank Stock Certificate 94_BANORTE_23-5 (in MXN):

Bank Stock Certificate for an amount of Ps 2,387 million with a 7-year term maturing in May 16, 2030.

Payment frequency every 182 days at a fix rate of 9.41%.

At the time of issuance, S&P / HR Ratings granted the mxAAA.and HR AAA ratings, respectively.

Bank Stock Certificate 94_BANORTE_23U (in UDIs):

Bank Stock Certificate for an amount of Ps 275.8 million with a 10-year term maturing in May 12, 2033.

Payment frequency every 182 days at a fix rate of 4.68%.

At the time of issuance, S&P / HR Ratings granted the mxAAA.and HR AAA ratings, respectively.

Bank Stock Certificate 94_BANORTE_24X (in MXN)

Bank Stock Certificate for an amount of Ps 4,172 million with a 4-year term maturing in February 14, 2028.

Payment frequency every 28 days. Yield linked to Funding Equilibrium Interbank Interest Rate published by Banco de México plus surcharge (0.33%).

At the time of issuance, Fitch / Moody's granted the AAA(mex).and AAA.mx ratings, respectively.

Bank Stock Certificate 94_BANORTE_24-2X (in MXN)

Bank Stock Certificate for an amount of Ps 3,642 million with a 7-year term maturing in February 10, 2031.

Payment frequency every 182 days at a fix rate of 9.74%.

At the time of issuance, Fitch / Moody's granted the AAA(mex).and AAA.mx ratings, respectively.

Bank Stock Certificate 94_BANORTE_24UX (in UDIs)

Bank Stock Certificate for an amount of Ps 648 million with a 10-year term maturing in February 6, 2034.

Payment frequency every 182 days at a fix rate of 4.90%.

At the time of issuance, Fitch / Moody's granted the AAA(mex).and AAA.mx ratings, respectively.

Bank Stock Certificate 94_BANORTE_24 (in MXN)

Bank Stock Certificate for an amount of Ps 5,000 million with a 2-year term maturing in August 26, 2028.

Payment frequency every 28 days. Yield linked to Funding Equilibrium Interbank Interest Rate published by Banco de México plus surcharge (0.02%).

Structured Debt 99_BANORTE_1-24 (in MXN)

Structured Bank Bond for an amount of Ps 75 million with a 1 year term maturing on April 4, 2025.

Paying a maximum yield of 17.42% at maturity linked to the S&P.

Short-term Structured Debt 83_BANORTE_2-24 (in MXN)

Structured Debt for an amount of Ps 200 million with a 1 year term maturing in July 4, 2025.

Payment frequency every 28 days. Yield linked to Funding Equilibrium Interbank Interest Rate published by Banco de México plus surcharge (0.70%).

Warrants WA_AMX508R_BN001 in MXN

Warrant on AMXB MM for an amount of Ps 19.2 million, with a term of 1 year, maturing on August 20, 2025.

Paying a maximum yield of 28.50% at maturity.

Warrants WA_GOL506R_BN001 (in MXN)

Warrant on GOOGL for an amount of Ps 44 million, with a term of 0.5 years, maturing on June 17, 2025.

Paying a maximum yield of 6.75% at maturity.

In compliance with Securities Market Law and the Circular Unica de Emisoras, corresponding quarterly and annual information was presented on timely and in due form to the CNBV and BMV, as well as information regarding material events affecting us. Moreover, during the last three years we have completely and timely presented reports that Mexican and foreign laws require.

Furthermore, we have completely and timely presented Banorte's reports required by foreign law, as well as public reports submitted to regulatory authorities and corresponding stock exchanges. This information includes the same annual and quarterly information that must be presented to the CNBV and BMV in English and that is submitted in the next 15 days that these reports are presented to the CNBV.

GFNorte and its subsidiaries have fulfilled their obligations in reporting material events through the Emisnet system of the Mexican Stock Exchange (BMV) and STIV-1 of the CNBV, as well as with the financial and legal information that it are obligated to present periodically in accordance with the law.

e) SIGNIFICANT CHANGES TO REGISTERED SECURITIES' RIGHTS

Issuance of Subordinated Notes, Stock Market Certificates, Structured Debt and Warrants

Subordinated Note D2 BANOC36 311004

Issuance Date: October 4, 2016.
Call Date: October 4, 2026.
Maturity Date: October 4, 2031.
Amount Issued: USD 500 million.
Current Amount: USD 87.7 million.
Coupon Rate: 5.75%

Subordinated Note D2 BANOE91 999999

Issuance Date: July 6, 2017.
Call Date: January 10, 2028.
Maturity Date: Perpetual.
Amount Issued: USD 550 million.
Coupon Rate: 7.625%

Subordinated Note D2 BANOB48 999999

Issuance Date: June 27, 2019.
Call Date: June 27, 2029.
Maturity Date: Perpetual.
Amount Issued: USD 500 million.
Coupon Rate: 7.50%

Subordinated Note D2 BANOC21 999999

Issuance Date: July 14, 2020.
Call Date: October 14, 2030.
Maturity Date: Perpetual.
Amount Issued: USD 500 million.
Coupon Rate: 8.375%

Subordinated Note D2 BANOA99 999999

Issuance Date: November 24, 2021.
Call Date: January 24, 2027.
Maturity Date: Perpetual.
Amount Issued: USD 500 million.
Coupon Rate: 5.875%

Subordinated Note D2 BANOB72 999999

Issuance Date: November 24, 2021.
Call Date: January 24, 2032.
Maturity Date: Perpetual.
Amount Issued: USD 550 million.
Coupon rate: 6.625%

Subordinated Obligation D2_BANOE88_999999

Issuance Date: November 20, 2024
Call Date: May 20, 2035
Maturity Date: Perpetual
Amount Issued: USD 750 million
Coupon Rate: 8.750%

Subordinated Obligation D2_BANOD06_999999

Issuance Date: November 20, 2024
Call Date: May 20, 2031
Maturity Date: Perpetual
Amount Issued: USD 750 million
Coupon Rate: 8.375%

Stock Certificate 94 BINTER 16U

Issuance Date: October 13, 2016.
Maturity Date: October 1, 2026.
Amount Issued: 365.2 million UDIS.
Coupon Rate: 4.97%

Stock Certificate 94 BANORTE 20U

Issuance Date: September 30, 2020.
Maturity Date: September 18, 2030.
Amount Issued: 106.9 million UDIS.
Coupon Rate: 2.76%

Stock Certificate 94_BANORTE_23-2

Issuance Date: February 23, 2023.
Maturity Date: February 21, 2025.
Amount Issued: Ps 6,582 million.
Coupon Rate: TIIE28 + 0.04%

Stock Certificate 94_BANORTE_23-3

Issuance Date: February 24, 2023.
Maturity Date: February 19, 2027.
Amount Issued: Ps 4,180 millones.
Coupon Rate: TIIE28 + 0.08%

Stock Certificate 94_BANORTE_23-4

Issuance Date: May 25, 2023.
Maturity Date: May 21, 2026.
Amount Issued: Ps 5,277 million.
Coupon Rate: Funding TIIE +0.30%

Stock Certificate 94_BANORTE_23-5

Issuance Date: May 25, 2023.
Maturity Date: May 16, 2030.
Amount Issued: Ps 2,387 million.
Coupon Rate: 9.41%

Stock Certificate 94_BANORTE_23U

Issuance Date: May 25, 2023.
Maturity Date: May 12, 2033.
Amount Issued: 275.8 million UDIs.
Coupon Rate: 4.68%

Stock Certificate 94_BANORTE_24X

Issuance Date: February 19, 2024
Maturity Date: February 14, 2028
Amount Issued: Ps 4,172 million
Coupon Rate: Funding TIIE + 0.33%

Stock Certificate 94_BANORTE_24-2X

Issuance Date: February 19, 2024
Maturity Date: February 10, 2031
Amount Issued: Ps 3,642 million
Coupon Rate: Fixed Rate of 9.74%

Stock Certificate 94_BANORTE_24UX

Issuance Date: February 19, 2024
Maturity Date: February 6, 2034
Amount Issued: 648 million UDIs
Coupon Rate: Fixed Rate of 4.90%

Stock Certificate 94_BANORTE_24

Issuance Date: August 28, 2024
Maturity Date: August 26, 2026
Amount Issued: Ps 5,000 million
Current Amount: Ps 2,000 million
Coupon Rate: Funding TIIE + 0.02%

Structured Debt 99_BANORTE_1-24

Issuance Date: February 19, 2024
Maturity Date: April 4, 2025
Amount Issued: Ps 75 million
Underlying Asset: S&P
Maximum Yield Rate: 17.42%

Structured Debt 83_BANORTE_2-24

Issuance Date: July 5, 2024
Maturity Date: July 4, 2025
Amount Issued: MXN 200 million
Underlying Asset: TIIE
Coupon Rate: TIIE28 + 0.70% or 12.75%

Optional Titles WA_AMX508R_BN001

Issuance Date: August 20, 2024
Maturity Date: August 20, 2025
Amount Issued: Ps 19.2 million
Underlying Asset: AMXB MM
Maximum Yield Rate: 28.50%

Optional Titles WA_GOL506R_BN001

Issuance Date: December 19, 2024
Maturity Date: June 17, 2025
Amount Issued: Ps 44.0 million
Underlying Asset: GOOGL
Maximum Yield Rate: 6.75%

f) DESTINATION OF FUNDS

The funds raised by the Subordinated Notes and Stock Certificates issues were used to optimize the cost of funding and strength capital.

g) PUBLIC DOCUMENTS

The Investor Relations, Corporate Development, Sustainability and Financial Planning Executive Department, in charge of Tomás Lozano Debez, is the department responsible for assisting analysts and investors. It is located at:

Av. Prolongación Reforma 1230, 15th Floor
Col. Cruz Manca Santa Fe, Delegación Cuajimalpa, Ciudad de México, 05349
Telephone: (5255) 1670-2256
E-mail: tomas.lozano@banorte.com or investor@banorte.com

This Annual report is available for the general public in our web page: investor.banorte.com in the route Financial Information / Annual Reports / “Circular Unica CNBV 2022 Annual Report”.

2. THE COMPANY

a) DEVELOPMENT AND HISTORY OF THE COMPANY

Grupo Financiero Banorte, S.A.B. de C.V. operates under the commercial name of "Banorte" and was constituted on July 21, 1992 in Mexico City for an indefinite period of time.

The main offices are located in:

MEXICO CITY
Ave. Prolongación Reforma 1,230, Col. Cruz Manca Santa Fe, Delegación Cuajimalpa
Zip Code 05349, México, Mexico City (0155) 1103-4000

MONTERREY, N. L.
Ave. Revolución 3000, Col. Primavera
Zip Code 64830 Monterrey, Nuevo León., Mexico 81-8319-7200

SAN PEDRO GARZA GARCÍA, N.L.
David Alfaro Siqueiros 106, Col.Valle Oriente
Zip Code 66278, San Pedro Garza García, Nuevo León, México 81-8173-9000

GFNorte's most relevant historical events

GFNorte's origins date back to the founding of Banco Mercantil de Monterrey in 1899 and Banco Regional del Norte in 1947, both with headquarters in Monterrey, Nuevo Leon, Mexico. These banks merged in January 1986 under the name of Banco Mercantil del Norte, Sociedad Nacional de Crédito. In 1987, under a Mexican government privatization initiative, the government sold to the public approximately 34% of Banorte's capital stock. In 1990, the Mexican Constitution was amended to permit the re-privatization of Mexican commercial banks; afterwards, the government enacted the LIC which permitted private ownership of Mexican commercial banks. Additionally, in the same year, leasing services were offered, and in 1991 factoring and warehousing services were also available.

The re-privatization of Mexican commercial banks began in 1991. Derived from this process, in July 1992 Afin Grupo Financiero, S.A. de C.V. was incorporated and later on, in September of the same year, the SHCP authorized the operations of the Holding company as a financial services provider under the LRAF, thus originating Grupo Financiero Banorte.

The 1995 Mexican peso crisis and the penetration of foreign institutions in Mexico prompted the consolidation of the Mexican Banking System which resulted in the absorption of many smaller Mexican banks. With the objective of becoming a national financial institution and taking advantage of Banorte's relative strength in the Mexican banking system, GFNorte completed the acquisition and integrated Bancen in March 1997 in order to gain additional market share, specifically in the central and western regions of Mexico. Additionally in August 1997, 81% of Banpais' shares were acquired, enabling further expansion of the client base, geographical position and national coverage. Aiming to consolidate banking activities and strengthen Banorte's capitalization levels, Banpais was merged into Banorte in January 2000, the later one subsisting.

Subsequently, in December 2001, Banorte acquired Bancrecer and on March 31, 2002, Banorte took over its management, initiating its integration. The SHCP authorized the merger, being Bancrecer the merging entity and

Banorte the merged institution, changing the name of the merging entity to “Banco Mercantil del Norte, S.A., Institución de Banca Multiple, Grupo Financiero Banorte.

On August 28, 2006, Bancen merged with Banorte through the resolutions of their respective Extraordinary General Shareholders' Meetings held on August 16 and 17, 2006, thereby concluding the last phase of integration of this bank, as of that date, Bancen extinguished (being the merged company.)

As part of the development strategy in the U.S., in November 2006, Banorte acquired 70% of INB shares, a regional bank based in Texas with its headquarters in McAllen. Banorte finalized the 100% acquisition of Uniteller, a New Jersey-based remittances company, and in the same year acquired 100% of Motran Services, Inc., another remittances company based in California (the latter merged with Uniteller in 2014). Later on, on April 1, 2009, Banorte purchased the remaining 30% of INB Financial Corp. shares.

On March 30, 2007, Fianzas Banorte (“Afianzadora”) was disincorporated from the Financial Group and, as of January 31, 2008, Arrendadora Banorte, as the merging and surviving company, merged with Arrendadora y Factor Banorte, as the merged and dissolved company; the merging company changed its name to Arrendadora y Factor Banorte (“Arrendadora”).

Regarding the Long-Term Savings sector, on September 30, 1997, a joint-investment contract was signed with Assicurazioni Generali S.P.A., entitling the Italian institution to 49% of Afore Banorte (until December 2011), Seguros Banorte and Pensiones Banorte, officially integrating the Long-Term Savings sector. In 2009, Afore Banorte Generali (former Afore *joint venture*) acquired Ixe Afore, Afore Ahorra Ahora and Afore Argos pension funds in order to further increase its market share in the Mexican pension fund management sector. On August 16, 2011, GFNorte and the Instituto Mexicano del Seguro Social (IMSS) signed an agreement to merge their respective Afores. On January 16, 2012, the merger of Afore Banorte and Afore XXI, and their respective Siefores (Retirement Savings Funds) became effective after receiving the authorizations from their Shareholders’ Assemblies, SHCP and Mexican National Commission for the Retirement Savings System (CONSAR), thereby creating Afore XXI Banorte, Banorte and the IMSS each owning 50% of the entity. In January 2013, Afore XXI Banorte finalized the acquisition of 100% of Afore Bancomer, previously approved by the corresponding authorities, including CONSAR and COFECE, thus becoming the largest retirement savings manager in Mexico. On October 4, 2013, GFNorte finalized the acquisition of the 49% stake in the Seguros Banorte and Pensiones Banorte held by Assicurazioni Generali S.P.A.’s, after receiving the corresponding governmental authorizations from COFECE and SHCP.

Furthermore, as part of the efforts to consolidate as one of the most important financial groups in Mexico, on November 17, 2010, GFNorte and Ixe GF reached a binding merger agreement through a stock-for-stock transaction valued at approximately Ps.16.2 billion (approximately USD 1.3 billion). The merger took effect on April 15, 2011 and originated a process of corporate restructuring.

i. On January 1st, 2012, Casa de Bolsa Banorte merged into Ixe Casa de Bolsa ; thus, originating Casa de Bolsa Banorte Ixe (As of 2018 changes its name to Casa de Bolsa Banorte).
ii. On May 7, 2013 came into effect the merger of Ixe Automotriz - as merged entity - into Arrendadora y Factor Banorte, which survived as merging company.
iii. On May 24, 2013, Ixe Banco and Fincasa Hipotecaria merged into Banorte, as the merging entity, and Banorte divested Sólida Administradora de Portafolios (“Sólida Administradora de Portafolios”), through the spin-off of Banorte and the merger of Sólida Administradora de Portafolios as the merged and dissolved company, with Ixe Soluciones as the merging and surviving entity, which in turn changed its corporate name to Sólida Administradora de Portafolios (“Sólida”). (“Sólida”). As a result of this merger and spin-off, Ixe Banco, Fincasa Hipotecaria and Sólida Administradora de Portafolios ceased to exist.

On November 12, 2009 International Financial Corporation (IFC) invested US 150 million dollars in Banco Mercantil del Norte, which represented 4.48% of the bank's equity. During March, 2013, GFNorte signed an agreement with the IFC in order to finalize the capital investment made in November 2009, which contemplated a 5 year term to cover with a cash payment the investment plus capital gains, or convert Banorte's shares held by the IFC into shares of GFNorte, in order to then sell them through an orderly process. In this sense, and given that the exchange period ended in November 2014, GFNorte made an initial cash payment of Ps 2.14 billion, which was funded through dividends paid by its subsidiaries. Subsequently, on December 6, 2013 the IFC received the payment in order to finalize its participation in GFNorte, equivalent to 54,364,887 shares of the Group. With this payment, the IFC does not longer have any patrimonial interest on GFNorte or its subsidiaries.

During 2016 GFNorte launched a series of efforts to improve the Group's and its subsidiaries' corporate structure, to provide greater flexibility to foster the Group's growth, align business units and subsidiaries to GFNorte's diversification strategy and improve the capital allocation of the entities comprising it.

In May 2016, Banorte merged (merging and existing company) with Banorte-Ixe Tarjetas (merged and extinguished company) and later in October was spin-off creating Banorte Futuro, to which the shares representing Afore XXI Banorte were transferred (previously held by Banorte).

Furthermore, in April 2016, the sub holding Banorte Ahorro y Previsión was constituted, GFNorte transferred to the former, the shares of Seguros Banorte and Pensiones Banorte. Moreover, in October, the Financial Group transferred to Banorte Ahorro y Previsión the shares of Banorte Futuro, which later were transferred to Seguros Banorte.

On March 31, 2017, Banco Mercantil del Norte, SA, Institución de Banca Múltiple, Grupo Financiero Banorte ("Banorte"), through INB Financial Corporation (a subsidiary of Banorte), completed the sale of all the shares representatives of the capital stock of Inter National Bank of which it owned, in favor of a group of investors from the United States of America. On that date, the item of long-lived assets available for sale that had been registered in December 2016 was deregistered and the cash received from the sale was entered for an amount of USD 170 million. Prior to the sale, a cash dividend payment was received in the amount of USD 60 million. The foregoing, in relation to the Parent's corporate restructuring program, the terms of which were published in Banorte's consolidated financial statements corresponding to the end of 2016.

On December 5, 2017, the Extraordinary General Shareholders' Meetings approved the merger by acquisition of GFNorte, as a merging company, with Grupo Financiero Interacciones, S.A.B. of C.V. ("GFInter"), as a merged company.

On July 10, 2018, GFNorte and Grupo Financiero Interacciones, S.A.B. of C.V. (GFInter) obtained from the Ministry of Finance and Public Credit, hearing the opinion of the Bank of Mexico and the National Banking and Securities Commissions and Insurance and Bonding, respectively, the necessary authorizations to carry out the merger of: (i)) GFInter, as a merged company, with GFNorte, as a merging company; (ii) Banco Interacciones, S.A., as a merged company, with Banco Mercantil del Norte, S.A., as a merging company; (iii) Interacciones Casa de Bolsa, S.A. de C.V., as a merged company, with Casa de Bolsa Banorte, S.A. of C.V., as a merging company; (iv) Aseguradora Interacciones, S.A. de C.V., as a merged company, with Seguros Banorte, S.A. of C.V., as a merging company; and (v) Interacciones Sociedad Operadora de Fondos de Inversión, S.A. de C.V., as a merged company, with Operadora de Fondos Banorte, S.A. of C.V., as a merging company.

On June 17, 2019 Grupo Financiero Banorte and Payclip, Inc. entered into an alliance through Banorte's investment in Clip's capital stock, in order to strengthen our existing commercial alliance and to reinforce our digital strategy and technological innovation.

On July 1, 2020, the merger of Sólida (merger that subsists) and Arrendadora (merged that is extinguished) took effect. Additionally, Sólida changed its name to become Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., Grupo Financiero Banorte; the Financial's Group percentage participation in the capital stock of the merging company is 99.9009%.

In continuity with our digital strategy and technological innovation. During the second quarter of 2022, Grupo Financiero Banorte and the most relevant PropTech in Latin America, "TuHabi", reached an greement into a strategic commercial alliance to develop and offer financial products and services to the users of TuHabi ecosystem. Likewise, Banorte participated in the financing round C of McN Investments Ltd. ("Habi"), with a minority investment in the Company.

On June 22, 2020, GFNorte signed a strategic alliance agreement with Rappi, through which both companies obtained the applicable regulatory authorization from the financial and antitrust authorities, we are shareholders (50%-50%) of this alliance, and we will participate in the same proportions in the board of directors of a newly created company called Tarjetas del Futuro ("TDF"), which offers digital financial services, on an initial basis, mainly aimed at Rappi's customers. By means of this agreement, GFNorte committed to make available to TDF up to Ps 4.4 million, which was fully drawn upon having met the performance metrics within the established terms. In addition, GFNorte made an additional contribution and, beginning in December 2023, consolidates TDF's operations line by line in its financial statements.

On September 30, 2022, the National Banking and Securities Commission (CNBV), through a resolution of its Board of Governors, approved the organization and operation of Ixe Servicios as a commercial banking institution under the name Banco Bineo. Furthermore, on November 17, 2022, the SHCP (Securities and Exchange Commission) approved the incorporation of Banco Bineo as a financial institution within GFNorte, and on December 19, 2022, the CNBV (National Banking and Securities Commission) approved Banco Bineo's bylaws.

In November 2023, Uniteller Financial Services, Inc. ("UniTeller") signed an agreement to acquire the shares representing the capital stock of More Payment Evolution ("MORE"). MORE is a leading international payments company headquartered in Montevideo, Uruguay, with presence in Argentina, Brazil, Chile, Paraguay, Spain, Senegal, and the United States of America. With this acquisition, UniTeller, our international payment processing company, seeks to consolidate its position as a global leader in cross-border payments. Furthermore, the acquisition will allow UniTeller to leverage MORE's extensive experience and knowledge in global payments, thus driving the creation of global products and solutions for our customers.

UniTeller is a company incorporated in the United States of America, a subsidiary of Banorte Financial Services, Inc. (BFS), which, in turn, is a subsidiary of Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte ("Banorte").

On December 11, 2023, GFNorte, in line with the 1-2-3 Strategic Plan, received approval from the CNBV to start operations of Banco Bineo, its digital bank. The launch was in January 2024, marking a milestone in financial innovation in Mexico. Banco Bineo is focused on offering a secure and efficient, customer-centric platform.

On December 15, 2023, Visa acquired a 51% majority stake in Prosa, with Controladora Prosa holding the remaining 49%. This acquisition seeks to strengthen Prosa's technological and commercial capabilities with Visa's global payments expertise. Completion of the transaction is subject to a number of closing conditions, including, but not limited to, obtaining the necessary regulatory approvals.

A summary of the principal investments that GFNorte or some of its subsidiaries have made during the last three years is shown below:

Date	Concept	Company
May 11, 2022	Strategic Alliance	Grupo Financiero Banorte and the most relevant PropTech in Latin America, “TuHabi”, reached an greement into a strategic commercial alliance to develop and offer financial products and services to the users of TuHabi ecosystem. Likewise, Banorte participated in the financing round C of McN Investments Ltd. ("Habi"), with a minority investment in the Company.
September 30, 2022	Authorization to Banco Bineo to organize as a multiple banking institution.	The CNBV, through a resolution of its Board of Directors, approved that Ixe Servicios be organized and operate as a multiple banking institution, under the name Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
November 17, 2022	Authorization for the incorporation of Banco Bineo to Grupo Financiero Banorte	The SHCP approved the incorporation of Banco Bineo as a member of GFNorte.
December 19, 2022	Approval of the by-laws of Banco Bineo	The CNBV approved Banco Bineo's bylaws.
November 25, 2023	Uniteller Financial Services' investment in MORE Payment Evolution	UniTeller, a company incorporated in the United States of America, a subsidiary of BFS and this in turn, of Banorte, signed an agreement for the acquisition of the shares representing the capital stock of More Payment Evolution, which will allow UniTeller to take advantage of MORE's extensive experience and knowledge in global payments, thus promoting the creation of global products and solutions for our clients.
December 1, 2023	GFNorte's controlling interest in Tarjetas del Futuro	Beginning December 2023, Grupo Financiero Banorte, through an additional contribution in Tarjetas del Futuro, consolidates line-by-line the operations of Tarjetas del Futuro in its financial statements.
December 11, 2023	Authorization for the start of operations of Banco Bineo	The CNBV, with the favorable opinion of Banco de México, authorized the commencement of operations of Banco Bineo S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
December 15, 2023	Visa enters into a purchase and sale agreement for Prosa shares	Controladora Prosa, S.A. de C.V. (“Controladora Prosa”) and Visa International Service Association (“Visa”) entered into a purchase and sale agreement for shares representing the capital stock of Promoción y Operación S.A. de C.V. (“Prosa”), through which Visa acquired a majority interest in Prosa. The consummation of the transaction is subject to various closing conditions, including, but not limited to, obtaining the necessary regulatory approvals.

August 9, 2024	GFNorte increases its investment in Banorte Leasing and Factoring (AyF).	As a result of the amendments to the CUIFE (Federal Administrative Code) regarding maximum financing limits, GFNorte's investment in the capital stock of Arrendadora y Factor Banorte was increased by $2,001,938,287.00. The aforementioned was done to cover AyF's capitalization needs and continue serving clients who exceed the new maximum financing limit established by the CUIFE, which is set at 25% of the SOFOMES' equity.

Material Events in 2024 and First Quarter 2025.

Current Events. First Quarter 2025.

1. BANORTE EXPERT ON SECURITY STANDARDS

On January 27th, Banorte received the PCI-DSS recertification by the Security Standards Council of the Cards Payments Industry. This regulation provides greater security to operations made in our Contact Center, Digital Banking, and Acquiring Business.

2. RAPPICARD STRENGTHENS ITS LEADERSHIP AND ESTABLISHES AN AGREEMENT WITH WALMART MEXICO

On February 3rd, RappiCard joined Walmart Mexico, business focused con commerce, to offer its customers the possibility to defer their purchases with no interest in Walmart Supercenter, Bodega Aurrera and Sams' Club, either at the physical or online stores.

3. BANORTE DRIVES YOUNG TALENT: CONCLUSION OF THE THIRD EDITION OF THE INTERUNIVERSITY PROGRAM

On February 24th, Banorte concluded the third edition of the Interuniversity Program regarding Public Finance and Professional Development, which took place in coordination with the Universidad Juárez del Estado de Durango (UJED) during five months.

4. BANORTE LAUNCHES NEW HOUSE PRICING INDICATOR

On March 12th, Banorte launched its Indicador Banorte de Precios de Vivienda (INBAPREVI), a new tool that offers a precise and up to date vision about the real estate market in Mexico to help strategic decision making.

5. MEXICO WILL HAVE ONE OF THE PRETTIESTS STADIUMS IN THE WORLD: ESTADIO BANORTE

On March 14th, Banorte and Grupo Ollamani proudly announced the end of an operation consisting in the financing, publicity and sponsorships to drive the modernization and transformation of the historic and iconic stadium for football and Mexican Culture. From now on, the cathedral of world football will be called Estadio Banorte.

6. THE CONTACT CENTER IS RECOGNIZED BY THE INSTITUTO MEXICANO DE TELESERVICIOS (IMT)

On March 25th, on the twentieth edition of the National Award *Employee & Customer Experience*, the contact center team was awarded the category *Best Customer Experience Strategy*. The award given by the IMT highlights

teamwork where the customer connects through an initiative designed for elderly people, offering attention that is close, empathic, and aligned to their needs.

7. BANORTE IS RECOGNIZED AS MEXICO'S BEST BANK BY GLOBAL FINANCE

On March 29th, Global Finance recognized Banorte as Mexico's Best Bank 2025. Within the considered objective criteria, asset growth, profitability, geographic reach, strategic relations and development of new business and product innovation stand out. In the subjective criteria, opinions of equity and rating analysts, banking consultants, and other people related to the sector are considered. The selections were made by Global Finance's editors after consultations with financial executives, bankers, consulting bankers, and analysts or all around the world

8. FORBES AND STATISTA RECOGNIZE BANORTE AS ONE OF THE BEST BANKS IN THE WORLD 2025

On April 9th, Forbes published the World's Best Banks list, where more than 50,000 clients around the world grade banks in 34 countries, in five categories: trust, terms and conditions, customer service, digital services and financial advisory. Under these criteria, Banorte positioned itself in the list as one of the Best Banks in the world in 2025.

9. BANORTE IS RECOGNIZED IN MEXICO'S LEGAL 500 AWARDS 2025

On April 9th, Legal 500 awarded Banorte as the Best Internal Legal Team in Mexico. Such recognition was based on investigating firms and legal teams in 100 countries around the world with the objective of recommending, according to their investigations and corporate clients, the best legal teams. Legal 500 analyzes confidential information from more than 300,000 law firms' customers, to study each area: industry, jurisdiction, customer and satisfaction metrics.

10. ACQUISITION OF TARJETAS DEL FUTURO AND EXECUTION OF STRATEGIC COMMERCIAL AGREEMENT

On April 15th, GFNorte informed the investing public that GFNorte (through Banorte bank) and Rappi entered into a definitive agreement for the acquisition of the 44.28% equity interest in Tarjetas del Futuro, S.A.P.I. de C.V. ("TDF"), that Rappi will hold upon consummation of a corporate restructure in TDF. The purchase price agreed for this transaction is USD 50 million. In addition to the acquisition, Banorte, TDF and Rappi will enter into an exclusive 15-year commercial agreement whereby GFNorte, Banorte, TDF and its affiliates will exclusively offer financial services and products such as RappiCard™ to Rappi's customers from within the Rappi Ecosystem. The closing of this transaction is subject to customary conditions, including the receipt of the regulatory approval from the Mexican antitrust authorities.

Current Events of 2024.

1. GRUPO FINANCIERO BANORTE LAUNCHES BINEO, THE FIRST 100% DIGITAL BANK IN MEXICO

On January 8th, Grupo Financiero Banorte, in line with its vision to be the best financial group doing banking in a digital world, launched Bineo, the first 100% digital bank in Mexico, which combines more than 120 years of Grupo Financiero Banorte's experience with the best of the digital world.

Bineo is the first digital bank that operates with its own Multiple Banking Institution license, with which it has the capacity to offer the full range of financial products and services from a single, fast, and easy-to-use app. It is also backed by the IPAB, which guarantees the protection of savings.

An agile bank that innovates and will consistently deliver new products and functionalities to its customers, providing an exceptional experience.

2. GRUPO FINANCIERO BANORTE WAS RECOGNIZED BY GREAT PLACE TO WORK AS ONE OF THE BEST COMPANIES TO WORK

On February 12th, Grupo Financiero Banorte was recognized by the prestigious institution "Great Place to Work" as one of the Best Places to Work, in the category of companies with more than 5 thousand employees. Banorte was also selected as one of the top five places to work for women in Mexico.

3. BANORTE ISSUES ITS FIRST SUSTAINABLE BOND IN MEXICO

On February 15th, in line with its commitment to contribute to the financing of sustainable projects, Banorte issued its first sustainable bond amounting to Ps 13.06 billion. This step reaffirms Banorte's commitment to be a pillar in the financing of initiatives that promote social welfare and environmental preservation, emphasizing its leadership and vision of the future towards a greener and more socially responsible economy.

This bond has a solid sustainability framework, backed by a Second Party Opinion (SPO) and a Pre-issuance Letter for the allocation of resources to sustainable projects, both documents prepared by Sustainalytics. This endorsement not only guarantees Banorte's transparency and commitment to projects that have a tangible positive impact on society and the environment, but also sets a precedent for corporate responsibility and green financing in Mexico.

4. GRUPO FINANCIERO BANORTE RECEIVES THE LSEG STARMINE AWARD FOR MAKING THE MOST ACCURATE ECONOMIC PROJECTIONS IN MEXICO

On February 20th, and for the fourth time, Grupo Financiero Banorte's Economic and Financial Analysis area received the LSEG StarMine Award for making the most accurate economic predictions for Mexico's economic indicators in the Reuters Polls for 2023.

The Reuters Polls compile the expert opinion of leading forecasters in financial markets and are a major reference for economic professionals around the world. Since the award's inception, Grupo Financiero Banorte has remained in the top 7.

5. PNUD MEXICO AND GRUPO FINANCIERO BANORTE PROMOTE PARTICIPATORY BUDGETING WITH A GENDER PERSPECTIVE

On February 27th, the United Nations Development Program (PNUD) in Mexico and Grupo Financiero Banorte presented the "Strategy for mainstreaming the gender perspective in local participatory budgeting exercises," with which Mexican states and municipalities will be able to strengthen the gender perspective in their budgeting exercises, instruments, and tools, as well as transparency and accountability in the exercise of public spending.

This strategy is the second phase of a three-year alliance in which Grupo Financiero Banorte and PNUD collaborate to contribute to strengthening capacities in Results-Based Budgeting (RBB) in local governments in Mexico, through the incorporation of the sustainable development approach promoted by the 2030 Agenda.

6. BANORTE WAS RECOGNIZED AS THE BANK WITH THE BEST DOMESTIC SERVICE IN FOREIGN TRADE FINANCING IN MEXICO BY EUROMONEY MAGAZINE

On February 27th, as a result of Euromoney magazine's annual survey of banks and companies on international trade, Banorte was recognized by this publication as the Bank in Mexico with the Best Foreign Trade Financing Service in 2024.

This demonstrates that at Banorte we understand the relevance of global trade for our country, and we are focused on being the best ally for companies and banks that seek to continue growing their international business and take advantage of the benefits of nearshoring in Mexico.

7. MSCI ESG CONFIRMS THE RATING OF GRUPO FINANCIERO BANORTE

On March 27th, MSCI reaffirmed Grupo Financiero Banorte's ESG rating to "AA" and ratified us in the index for the third consecutive year thanks, among others, to its best practices in data protection and certification in information security management.

8. BANORTE IS RECOGNIZED AS THE BEST BANK IN MEXICO BY GLOBAL FINANCE

On March 28th, Global Finance recognized Banorte as the Best Bank in Mexico 2024. Among the considered objective criteria, were: asset growth, profitability, geographic reach, strategic relationships, and new business development and product innovation. Subjective criteria included the opinions of equity analysts, credit rating analysts, banking consultants and others involved in the industry.

Selections were made by the editors of Global Finance after extensive consultation with corporate finance executives, bankers and banking consultants, and analysts from around the world.

9. MUNDO EJECUTIVO INCLUDES BANORTE IN THE RANKING OF THE BEST BANKS 2024

On April 11th, the magazine Mundo Ejecutivo included Banorte in its ranking of the Best Banks in Mexico 2024, where it held the second position. The magazine considers financial data such as ROE, Net Income, Revenues and Non-Performing Loan Ratio, with the latter placing Banorte as the best in the Mexican system.

10. GRUPO FINANCIERO BANORTE IS PART OF THE LINKEDIN LIST OF BEST COMPANIES 2024 IN MEXICO

On April 16th, the business and employment social network LinkedIn included Banorte in its list of the best companies to work in Mexico. LinkedIn analyzes the capacity for professional growth within the organization, evaluates the careers of former employees and how their time at the company could have helped them to obtain better opportunities. Finally, it counts the skills that people acquired while working there to determine whether the companies helped the employees' evolution.

11. FORBES AND STATISTA INCLUDE BANORTE IN THE LIST OF THE BEST BANKS IN THE WORLD 2024

On April 16th, Forbes magazine published the list of the Best Banks in the World, in which 49,000 customers around the world rated banks in 33 different countries, based on customer evaluations in different categories, including: recommendation, overall satisfaction, trust in the bank, digital services, customer service, and financial advice. Under these criteria, Banorte entered the list as one of the Best Banks in Mexico in 2024.

12. SHAREHOLDER MEETING

On April 29th, GFNorte held its Annual Ordinary General Shareholders' Meeting, in which the following resolutions were approved:

FIRST.- The Chief Executive Officer´s Annual Report was approved with prior opinion of the Board of Directors. The report was prepared pursuant to the provisions of Article 44, Section XI of the Securities Market Law and Article 59, Section X of the Law to Regulate Financial Groups, which includes, among other items: (i) the balance sheet; (ii) the

income statement; (iii) the statement of changes in the stockholder´s equity; and (iv) the cash flow statement of the Company as of December 31st, 2023.

SECOND.- The Annual Report of the Board of Directors was approved in which the main accounting and information policies and criteria are stated and explained, followed by the preparation of financial information as of December 31st, 2023, pursuant to the provisions of Article 172, paragraph b) of the General Law of Business Corporations.

THIRD.- The Annual Report of the Board of Directors regarding the transaction and activities in which it intervened was approved.

FOURTH.- The Annual Report on the Activities of the Audit and Corporate Practices Committee was approved.

FIFTH.- Each and every operation performed by the Company during the fiscal year ended December 31st, 2023, and the actions taken by the Board of Directors, the Chief Executive Officer, and the Audit and Corporate Practices Committee during the same period were approved.

SIXTH.- It was approved the allocation of the entire net profits corresponding to fiscal year 2023 reflected in the financial statements of the Company in the amount of $52,418'229,544.48 (Fifty-two billion, four hundred eighteen million, two hundred twenty-nine thousand, five hundred forty-four pesos 48/100 Mexican currency) to the "Retained Earnings" account, given that the Company's legal reserve fund has been fully established.

SEVENTH.- It was approved the distribution of a dividend to the shareholders, equivalent to 50% of the net income of 2023, in the amount of $26,209,114,772.24 (Twenty-six billion, two hundred nine million, one hundred fourteen thousand,
seven hundred seventy-two pesos 24/100 Mexican currency), or $9.089477825598920 pesos for each outstanding share, to be paid on June 28th, 2024, upon delivery of coupon number 8. The payment of the cash dividend will be debited from the profits of previous years. For the purposes of the Income Tax Law, it will be sourced from the net fiscal income account as of December 31st, 2014, and subsequent years.

EIGHTH.- It was approved that the dividend corresponding to fiscal year 2023 be paid on June 28th, 2024, through S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. (Central Securities' Depository), following a notice to be published by the Secretary of the Board of Directors in one of the newspapers with the largest circulation in the city of Monterrey, Nuevo León and through the Electronic Delivery and Information (SEDI) of the Mexican Stock Exchange.

NINETH.- It is hereby noted that, in accordance with the provisions of Article 76, section XIX, of the Income Tax Law, the report from the External Auditor regarding the fiscal situation of the Company as of December 31st, 2022 is distributed among the attendees to the Shareholders' Meeting and a copy was added to the file.

TENTH.- It was approved that the Board of Directors will be comprised of 13 Regular members and, as the case may be, their respective Alternates, with the independence of the directors being qualified, since they are not within the restrictions provided by the Securities Market Law and the Law to Regulate Financial Groups.

Grupo Financiero Banorte			
Director		**Alternate Director**	
Carlos Hank González	Chairman	Graciela González Moreno	
Juan Antonio González Moreno		Juan Antonio González Marcos	
David Juan Villarreal Montemayor		Alberto Halabe Hamui	Independent
José Marcos Ramírez Miguel		Gerardo Salazar Viezca	
Carlos de la Isla Corry		Alberto Pérez-Jácome Friscione	
Alicia Alejandra Lebrija Hirschfeld	Independent	Roberto Kelleher Vales	Independent
Clemente Ismael Reyes Retana Valdés	Independent	Cecilia Goya de Riviello Meade	Independent
Mariana Baños Reynaud	Independent	José María Garza Treviño	Independent
Federico Carlos Fernández Senderos	Independent	Manuel Francisco Ruiz Camero	Independent
David Peñaloza Alanís	Independent	Carlos Césarman Kolteniuk	Independent
José Antonio Chedraui Eguía	Independent	Humberto Tafolla Núñez	Independent
Alfonso de Angoitia Noriega	Independent	Carlos Phillips Margain	Independent
Thomas Stanley Heather Rodríguez	Independent	Diego Martínez Rueda-Chapital	Independent

THIRTY SEVENTH.- It was approved to designate Mr. Héctor Ávila Flores as Secretary of the Board of Directors, who shall not be member of the Board of Directors.

THIRTY EIGHT.- Pursuant on the Fortieth Ninth Article of the Bylaws it is exempt from the obligation to post a bond or pecuniary guarantee to support the performance of their duties to the Board of Directors of the Company.

THIRTY NINTH.- It was approved to pay the Directors and Alternate Directors, as applicable, as compensation for each attended meeting, the amount equivalent to two gold coins with a nominal value of Fifty Pesos (commonly referred to as “centenarios”) including the withholding of the corresponding taxes, at the quotation value on the date of each meeting.

FORTY.- It was approved to appoint Mr. Thomas Stanley Heather Rodríguez as Chairman of the Audit and Corporate Practices Committee.

FORTY FIRST.- The Board of Directors' Report regarding the purchase and sale of proprietary shares during 2023 was approved.

FORTY SECOND.- It was approved to earmark up to $32,344’000,000.00 (thirty-two billion three hundred forty-four million pesos 00/100 Mexican currency), equivalent to 6.6% of the capitalization value of Grupo Financiero as of the closing of 2023, charged against the Stockholders’ Equity, for the purchase of the Company’s own shares, for fiscal year 2024, including any operations made up to April 2025, subject to the Company’s Own Share Acquisition and Placement Policy.

FORTY THIRD.- It was approved the designation of delegate or delegates to formalize and execute, if applicable, the resolutions passed by the Meeting.

13. BANORTE MÓVIL WAS AWARDED FOR FINANCIAL INCLUSION

On May 10th, Banorte was awarded in the nine edition of *Fintech Americas* with the Platinum Award, in the "Financial Inclusion" category for enabling the *Voice Over* function, which allows visually impaired people make financial transactions independently in its Banorte Móvil application.

The *Fintech Americas* Awards recognize the most innovative financial projects in the continent that are changing the sector and the millions of clients that are part of the financial industry.

14. BANORTE IS RATIFIED AS SOCIALLY RESPONSIBLE COMPANY BY CEMEFI

On June 3rd, Banorte was certified as a Socially Responsible Company by CEMEFI (*Centro Mexicano para la Filantropía*) for 13th consecutive year.

15. GRUPO FINANCIERO BANORTE AMONG THE 500 MOST IMPORTANT COMPANIES IN MÉXICO

On June 5th, Grupo Financiero Banorte was recognized by *Expansion* magazine as the first place in the ranking among the 500 most important companies in México in financial services category.

Thanks to our adaptability and leadership, we are positioned in seventh place in the general ranking, three places higher than last year. This distinction reflects the effort of the entire Banorte family.

16. THE MEXICAN STOCK EXCHANGE RECOGNIZES GRUPO FINANCIERO BANORTE FOR ITS OUTSTANDING ACTIVITY IN 2023

On June 13th, the Mexican Stock Exchange recognized GFNorte's strength and commitment in the financial sector, as well as its ability to adapt a constantly changing business environment.

17. BANORTE IS AWARDED BY WORLD FINANCE AS THE BEST CONSUMER BANK, BEST CORPORATE GOVERNANCE AND BEST PENSION FUND IN MÉXICO 2024

On June 24th, Banorte was recognized for the fourth consecutive year as the Best Consumer Bank and Best Corporate Governance in México 2024, by the international magazine World Finance. These achievements were given to Banorte for: i) showing conviction and agility to outstand in a challenging environment, offering the best comprehensive service to its clients; and ii) addressing and demonstrating leadership with respect to artificial intelligence, with an ethical approach, and increasing diversity and gender equality on the Board of Directors, taking concrete actions related to ESG.

AFORE XXI Banorte was awarded the Best Pension Fund in México 2024, recognized for the strength of its investments and its commitment to financial inclusion and social impact.

18. BANORTE WAS RECOGNIZED IN THE *"*TOP 1000 WORLD BANKS" BY THE BANKER´S RANKING

On July 9th, the international editorial The Banker published its "Top 1000 World Banks" list in which it positioned Banorte as the Best Mexican Bank, Best Asset Quality and Liquidity, and the third Best Performing Bank in México.

19. EUROMONEY NAMES BANORTE THE BEST BANK FOR SMEs IN MÉXICO

On July 19th, Euromoney magazine recognized Banorte as the Best Bank for SMEs in México, in its awards "*Euromoney Awards for Excellence 2024*", where banks that have demonstrated their differentiation and offer the best services are recognized.

20. THE BOARD OF DIRECTORS AND THE CEO, THE BEST IN LATIN AMERICA'S FINANCIALSECTOR EX BRAZIL: INSTITUTIONAL INVESTOR

On August 8th, Institutional Investor released its annual Latin America Executive Team Ranking, considered the most trust-worthy reference for global investors. Grupo Financiero Banorte positioned itself in the first place in eight categories within companies of all sectors in Mexico, recognizing: credibility, leadership, commercial and market knowledge, and communication among others. In addition, GFNorte positions itself for third year in a row as the "*Most Honored Company*" in Mexico.

Ranking results are based on the opinion of 1,140 investment professionals from more than 500 financial services companies. During the survey, participants are asked to rate the Boards of Directors, CEOs, CFOs, and Investor Relations professionals, as well as the company's ESG strategy in their different universe of scope.

The 8 categories where GFNorte held the first position in the financial sector – Latam ex-Brazil ranking, were:

- Best Company Board of Directors: GFNorte
- Best CEO: Marcos Ramírez Miguel
- Best CFO: Rafael Arana de la Garza
- Best IRO: Tomás Lozano Derbez
- Best IR Team: GFNorte
- Best IR Program: GFNorte
- Best ESG: GFNorte
- Best Investor Day: GFNorte

21. GLOBAL FINANCE RECOGNIZES BANORTE AS THE BEST BANK FOR SMEs

On September 17th, Banorte was recognized by Global Finance for fourth year in a row with the *Best SME Bank 2025* award. In the evaluation, with more than 35 years of experience in accurate and comprehensive editorials, Global Finance used an algorithm of their own with criteria -such as market and SME needs' knowledge, the range of products and services, the market's position and innovation- weighted by their relative relevance to choose the winners.

22. BANORTE IS CERTIFIED BY THE INAI, (NATIONAL INSTITUTE OF TRANSPARENCY, ACCESS TO INFORMATION AND PERSONAL DATA PROTECTION) FOR FOURTH YEAR IN A ROW

On September 23rd, the INAI conducted the National Good Practices in Personal Data Protection Survey, where the REA-INA Badge was given to companies with autoregulation schemes certified and acknowledged by the INAI. For fourth year in a row, Banorte is within the certified companies in the Implementation of Binding Self-Regulation Schemes, which means that superior measurements to the ones established in the Data and Information Security and Protection Regulations are applied.

23. BANORTE RELEASES *ONE UP* CREDIT CARD

On September 26th, Banorte released *One Up* Credit Card, focused on addressing younger customers´ wants and needs. With three archetypes (Wellness, Gamer & Lifestyle) for them to choose, customers personalize and adapt their credit card to their daily life, receiving benefits and points while using it. The *One Up* Card does not have an annual fee and has special attractive events for each archetype.

24. QORUS—INFOSYS FINACLE BANKING INNOVATION AWARDS RECOGNIZES THE HYPERPERSONALIZATION PROJECT

On October 8th, Qorus-Infosys Finacle recognized Banorte's hyperpersonalization project, awarding it with the silver level in the worldwide category *Reimagining the Customer Experience* category, highlighting the use of artificial intelligence to personalize the customer's experience and offer them tailored products according to their needs.

25. BANORTE IS RECOGNIZED BY THE BANKER AS THE MOST INNOVATIVE BANK IN LATIN AMERICA

On October 9th, the international editorial The Banker recognized Banorte as the *Most Innovative Bank* in Latin America as part of the Innovation in Digital Banking Awards. This award is given to those who, besides having a constant digital transformation, work with different technologies to have a wide range of financial services.

26. MOODY'S UPGRADES DEPOSIT, COUNTERPARTY RISK AND SENIOR UNSECURED DEBT RATINGS FOR BANORTE

On October 11th, Moody's Investors Service ("Moody's") upgraded Banorte's long-term local and foreign currency deposit ratings to Baa1, from Baa2, and long-term local and foreign currency Counterparty Risk Ratings ("CRRs") to A3, from Baa1. Additionally, Moody's also upgraded Banorte's Cayman Islands Branch ("Cayman I") long-term foreign currency senior unsecured debt ratings to Baa1, from Baa2, and its long-term local and foreign currency CRRs to A3, from Baa1. The outlook for Banorte and Cayman I was changed to stable, from positive.

Moody's also affirmed Banorte's Baseline Credit Assessment ("BCA") and Adjusted BCA of baa2, and all other ratings and assessments of Banorte and Cayman I, including their long- and short-term Counterparty Risk Assessments of Baa1(cr) and P-2(cr) and short-term local and foreign currency CRRs of P-2. Moody's acknowledges Banorte's disciplined risk management, good levels of capitalization, and robust profitability.

27. BINEO RECEIVES THE INNOVATION AWARD FOR ITS DIGITAL BANKING MODEL BY NETMEDIA

On October 21st, Bineo, the first digital bank in Mexico, was awarded with the recognition "*The Most Innovative 2024*", by Netmedia, for its digital banking model which revolutionizes the way Mexicans manage their finances. Thanks to its technology approach and customer-centric design. Bineo was chosen from more than 130 initiatives, for being a safe, simple, and accessible app, which allows its customers to make financial operations at any moment, in a fast and efficient way.

28. TAB GLOBAL RECOGNIZES BANORTE WITHIN THE STRONGEST AND BIGGEST BANKS IN THE WORLD

On October 23rd, Banorte was recognized by Tab Global in the *1000 World's Largest and Strongest Banks Rankings 2024*, as the eighth strongest bank in the world, the third in North America and the strongest one in Mexico. This recognition considers six criteria regarding the performance of the balance sheet: i) scalability; ii) growth; iii) risk profile; iv) profitability; v) asset quality; and vi) liquidity.

29. BANORTE IS RECOGNIZED WITHIN THE TOP 200 BANKS IN LATIN AMERICA

On November 1st, The Banker -international editorial-, included Banorte within the Top 200 Banks in Latin America, positioning it in the top 10 in the following categories: i) Top LatAm Banks; ii) Best Performing Bank Latin America;

iii) Top Mexican Banks; iv) Top LatAm Banks for Operational Efficiency; v) Top LatAm Banks for Asset Quality; and, vi) Best Performing Mexican Banks.

30. BANORTE CELEBRATES 125 YEARS

On November 6th, Banorte reached its 125th anniversary. Together with more than 33,000 employees, we celebrated being The Strong Bank of Mexico, driving innovation, financial inclusion, and sustainable development. We are proud of our history and our commitment to the future.

31. BANORTE IS RECOGNIZED AS ONE OF THE BEST PLACES TO WORK IN MEXICO

On November 11th, Banorte was recognized as one of the best places to work in Mexico by Great Place to Work in the following categories: i) Best Companies to Work; and ii) Best Companies for Women. Additionally, Banorte positioned itself in the Latin America 2024 “Best Place to Work” ranking and was included in the listing of “Best CEOs and CHROs” of Mexico 2024.

32. MOODY’S CHANGED BANORTE’S OUTLOOK IN LINE WITH SOVEREIGN DEBT AND REAFFIRMED ITS RATINGS

On November 15th, Moody’s Investor Service (Moody’s) changed the outlook assigned to Mexican financial institutions, following the outlook’s change of Mexico's sovereign debt rating to negative, on November 14 th. As a result, Banorte and its Cayman Islands Branch’s, outlook changed to negative from stable for long-term deposits and senior unsecured debt.

Banorte's credit rating is subordinated to Mexico's sovereign rating, so a downgrade in Mexico's sovereign rating would imply a downgrade in Banorte's rating.

Moody’s affirmed all Banorte’s ratings and assessments, acknowledging the bank's track record of strong profitability and capitalization, as well as the business diversification supported by disciplined risk management that ensures recurring earnings generation.

33. ISSUANCE OF TIER 1 CAPITAL NOTES FOR USD 1.5 BILLION

On November 20th, Banorte successfully issued Perpetual Callable Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes for USD 1.5 billion in the international markets.

Tier 1 Capital Notes were issued in two tranches:

- NC6.5 Perpetual Notes for USD 750 million, callable at the sixth and a half year, carrying a coupon rate of 8.375%.
- NC10.5 Perpetual Notes for USD 750 million, callable at the tenth and a half year, carrying a coupon rate of 8.750%.

The notes were rated Ba2 by Moody’s and BB- by S&P.

The Capital Notes are Basel III compliant and proceeds from the issuance will be used for general corporate purposes.

34. CANCELLATION OF COMMON SHARES FROM BUYBACK PROGRAM

On November 20th, GFNorte approved in the General Ordinary Shareholders’ meeting, the cancellation of 70,300,000 Series “O”, Class II, common shares, representing GFNorte’s variable portion of the share capital. These shares were acquired through the Buyback Program.

The National Banking and Securities Commission ("CNBV") must authorize the update of the registration in the National Securities Registry ("RNV") for the shares representing GFNorte's share capital. Additionally, the exchange of the corresponding certificate or certificates that document these shares will be requested with S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V. to reflect the modifications to GFNorte's share capital.

35. PARTIAL EARLY REDEMPTION OF BANORTE 24

On December 2nd, Banorte informed its intention to exercise our right to carry out the voluntary early redemption of a portion of the Bank Securities with ticker symbol BANORTE 24, issued on August 28th, 2024. Such Bank Securities will be redeemed on December 10th, 2024, for which the following payment will be made:

- 30,000,000 Bank Securities were redeemed.
- The Bank Securities were redeemed at a price equal to Ps 100 per Bank Security. The Partial Early Redemption Price was calculated in terms of the provisions of section 10 "Voluntary Early Redemption".
- The amount of the Partial Early Redemption is equivalent to Ps 3 billion as principal, plus accrued and unpaid ordinary interest on the outstanding principal of the Bank Securities as of the date of the Partial Early Redemption, which will be announced by CIBanco, S.A., Institución de Banca Múltiple, in its capacity as common representative of the holders of the Bank Securities Certificates.

36. BANORTE LAUNCHES NEW OFFER TO IMPROVE MORTGAGE LOANS'S CONDITIONS

On December 2nd, Banorte announced a new financial solution applicable to transferred mortgages from other institutions into Banorte, providing improved conditions and the possibility of increasing the balance for home remodeling.

37. BANORTE IS RECOGNIZED AS BANK OF THE YEAR MEXICO 2024 BY YHE BANKER

On December 5th, the international magazine, The Banker, recognized Banorte as Bank of the Year Mexico 2024 as part of the Bank of the Year Awards 2024. This award contemplates the strengthening of the digital offer, innovation, and the continuous improvements on mobile banking, as well as the growth in transactionality and user adoption.

38. GOOGLE CLOUD RECOGNICES GRUPO FINANCIERO BANORTE FOR ACCELERATING DIGITAL INNOVATION IN FINANCIAL SERVICES

On December 8th, Grupo Financiero Banorte won the DORA Google Cloud 2024 award in the Large-Scale Improvements in the whole organization category for accelerating the software's innovation in financial services, becoming the first Mexican company to achieve this global recognition regarding digital transformation.

39. BANORTE LAUNCHES "BANORTE CONMIGO"

On December 19th, to strengthen its offer in low-income segments and compete with fintechs, Banorte launched "Banorte Conmigo", a credit card with yields amongst the lowest in the market and risk mitigating mechanisms that favor the client's financial health.

40. PENSIONES BANORTE IS A REFERENCE ON THE IMPLEMENTATION OF ITS VIRTUAL ASSISTANT VIA WHATSAPP

On December 20th, Meta and Boston Consulting Group recognized the ease of use of the platform, the collaboration with technological suppliers and the highly personalized access, safe and inclusive tha Pensiones Banorte applied to its virtual assistant.

41. TRANSUNION SIGNS AN AGREEMENT TO ACQUIRE A MAJORITY INTEREST IN TRANS UNION DE MEXICO

On January 15th, Banorte, along with other Mexican Credit Institutions, entered into a stock purchase agreement of the stocks representing the capital stock of Trans Union de Mexico (a credit bureau focused on consumer sector) with TransUnion (as a purchaser), where the latter agreed to acquire the entire equity interest in Trans Union de Mexico of Banorte and the rest of the Selling Shareholders.

The closing of the transaction is subject to various conditions, including the authorization of the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público), the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores), and the Mexican antitrust authority.

As a result of the transaction and once it is closed: i) Banorte will sell its entire equity interest in Trans Union de México to TransUnion, which as of this day represents approximately 5%; and ii) TransUnion, as a result of the acquisition of Trans Union de México's shares held by Banorte and the rest of the Selling Shareholders, will increase its equity interest in Trans Union de México from 26% to approximately 94%.

The transaction does not include the equity interest that Banorte and the rest of the Selling Shareholders hold in Dun & Bradstreet, S.A., S.I.C. ("D&B México"), a credit bureau focused on the commercial sector (companies and individuals with business activity).

b) BUSINESS DESCRIPTION

i. MAIN ACTIVITIES

GFNorte is authorized by the SHCP to be constituted and operated as a holding company of the companies mentioned later in this report, section 2. IX) "The Company- Corporate Structure", under the form and terms established by the LRAF, subject to the supervision and monitoring of the CNBV.

Its main activity is to acquire and manage shares issued by entities engaged in the financial services industry and participate supervising their operations according to the LRAF. GFNorte and its Subsidiaries are supervised, depending on their activities, by the CNBV, the CNSF and Banxico. Meanwhile, Afore XXI Banorte, is regulated by the CONSAR.

The main activity of GFNorte's subsidiaries is to carry out financial transactions such as rendering full-banking services, brokerage activities, leasing, factoring, general warehousing services, annuities and life and damage insurance, as well as the acquisition, disposal, administration, collection and in general negotiation any form of negotiation with credit rights.

GFNorte is divided according to business segments and offers its services through:

- ✓ **Retail Banking:** Serves clients through the Banorte Branches that at the end of December 2024 amounted to 1,191 units, attending on site through digital channels designed to ease the relationship with customers of our business relationship advisors and SMEs executives; furthermore we have alternate channels (POS, third party correspondents, online and mobile banking) and the Contact Center.

  Offers services to the segments: individuals, SMEs, preferred and to states and municipalities governments.

  Among the products and services offered are: checking and deposit accounts, credit and debit cards, mortgages, car loans, payroll and personal loans, SME loans, payroll dispersion accounts, as well as car, home, life and SME insurance.

- ✓ **SME Banking:** Offers financial products and services for small and medium companies constituted as legal entities ("Personas Morales") or as individuals with business activity ("Persona Fisica con Actividad Empresarial or (PFAE)"), as well as those constituted under the tax incorporation regime.

  The comprehensive offer of products and services that Banorte provides thorugh the SME Banking, includes.

  - Checking solutions: investment and debit accounts in pesos and dollars.
  - Financial solutions: simple credit and checking accounts, as well as commercial credit cards.
  - Technology solutions: electronic banking, point-of-sale terminals, payment links, payroll services, treasury and foreign exchange operations.
  - Commercial insurance solutions: auto fleet, property and employee insurance.

In addition to our on-shelf offering, we generate a differentiated comprehensive offering for SMEs owned by women, individuals with business activities, leaders and decision-makers in their companies, with benefits in Accounts, Electronic Banking, Payroll, Point of Sale Terminals, Insurance, SME Credit and discounts with allies in Education. The aforementioned, seeking to become a Strong Ally that helps to continue developing their businesses.

On the other hand, we continue to develop our SME executives by implementing a career and training plan to strengthen our consulting and customer services.

Our specialized SME centers are strategically located close to our key and potential customers. We have 1,191 traditional branches, which offer “Integral SME Solutions” through a comprehensive financial and non-financial value offering, aimed at addressing all of our customers' needs. In addition, we have 8 specialized offices operating in this segment.

At Banorte, we have one of the largest customer networks in the country, and we are committed to continue supporting small and medium-sized companies, being their main ally so they can grow strong with Mexico.

- ✓ **Wholesale Banking:** It is comprised of Middle-market & Corporate Banking, Transactional Banking, Federal Government Banking and International Banking.

- ✓ **Middle-market and Corporate Banking:** This segment specializes in providing comprehensive financial solutions for middle-market and corporate clients through several forms of specialized financing, including structured loans, syndicated loans, financing for acquisitions and investment plans. Other products and services offered to clients in this segment are: cash management, collection, fiduciary, payroll payment, checking accounts and credit lines. Middle-market & corporate clients generally consist in multi-national Mexican or foreign companies, large Mexican corporations and medium enterprises operating in a wide range of sectors. We will continue offering a client-centric banking model, which establishes the role of the Relationship Executive as the central axis to attend all of the customers financial needs.

- ✓ **Transactional Banking**: Provides transactional services and solutions in a comprehensive model which includes promotion, implementation and post-sale support to corporate and commercial clients, financial institutions and federal government entities. These services include:

    - Working capital management and data analytics
    - Electronic Banking
    - Payments and Collections
    - Service & Acquiring business
    - Payroll and ATM’s
    - Cash reception and granting
    - Foreign Currency transactions and banking correspondents
    - Financial hedging and Insurance Coverages

The business model of Banorte was built with the purpose of providing a consultative process with a close relationship with our customers, seeking to provide tailor-made solutions that evolve into long-term relationships.

- ✓ **Government Banking:** In this segment specialized financial services are offered to: federal, state and municipal governments, decentralized entities, other entities such as social security institutions, unions, public trusts, etc. Products and services offered include checking accounts, loans, cash management and payroll payment services. Furthermore, we offer comprehensive advisory on public finance in order to increase tax collection and control & manage of expenses; likewise, financial diagnosis are elaborated to

design adequate profiles for debt payment through a solid financial and legal structure, aiming to strengthen their finance situation and improve our clients' credit quality.

- ✓ **International Banking:** This bank specializes in offering services and products to our corporate, business, institutional and SME clients with international and foreign trade needs, as well as correspondent services to foreign financial institutions. Banorte International Banking has strategic agreements with the most relevant Banks abroad, which allows us to offer the joint universe of clients highly competitive financial solutions and services locally and anywhere in the world. In addition, a specialized service is offered to foreign companies that are establishing operations in the country, addressing the needs of the local bank.

  Some of the products and services offered to support importers, exporters and other companies with international or risk mitigation needs are: import and export letters of credit, documentary collections, bank guarantees, standby-type letters of credit, financing letters, foreign trade financing for imports and exports, structured financing of foreign trade with the guarantee of export credit agencies and / or multilateral organizations, discounts on letters of exchange, bank guarantees for imports as well as international transfers.

  At GFNorte, family remittances and international payments form an important part of our range of products and services. For the beneficiaries of family remittances, we have integrated a value offer focused on digital services in order to make the management of remittances and their availability of money in the available means of payment more efficient. In addition, they also contribute to the Sustainable Development Goals (SDGs), to exercise Responsible Banking, and to achieve greater inclusion and financial education. The International Payments service has also integrated the sending of international transfers into Mobile Banking for individuals and contributes to a greater use of these services with greater efficiency and high levels of NPS rating of our customers.

  In the United States, Uniteller, our international remittance and payment company, continues its commitment to serve the emigrant market and their families. Uniteller continues to grow its remittance platform, positioning itself as one of the most important remittance processing companies worldwide. Uniteller, through uLink - its digital platform for sending and processing international payments and remittances - improves accessibility and reduces transaction costs, responding to our goal of extending the benefits of efficient, low-cost, multi-channel remittances to the largest number of Mexicans who use this service. In August 2024, UniTeller completed the acquisition of More Payment Evolution, an international payments company based in Uruguay and with presence in Argentina, Brazil, Chile, Paraguay, Spain, Senegal and the United States. With this acquisition, UniTeller seeks to enhance its commercial payments capabilities, driving the creation of global products and solutions for our customers with cross-border payment needs.

- ✓ **Long-term Savings Sector**: Offers insurance, as well as management of retirement savings accounts covering saving, protection and prevision needs through Afore XXI Banorte, Seguros Banorte and Pensiones Banorte.

  - ✓ **Afore XXI Banorte:** Is the fund administrator of the largest retirement fund in Mexico, which provides advantages in terms of scale, obtaining higher operational efficiencies, with the best net income in the industry. Furthermore, its leader in terms of responsible investment, best gender practices and derivatives certification, among other recognitions vs peers.

  - ✓ **Pensiones Banorte:** Company that manages social security pensions, positioned as the main company in the market. The institution has developed projects to strength technological capabilities to support

clients through digital channels: ChatBot, biometric registration and authentication, access to loans, process that, in addition to increasing our competitive advantage, improves the experience of our clients.

- ✓ **Seguros Banorte:** The ompany has a range of protection and preventive services such as life insurance, car insurance, home and health insurance, among others. Its products are offered through different distribution channels, for example the branch network, channels composed of agents and brokers, and its own digital channel.

- ✓ **Brokerage Sector:** Companies comprising this sector are: Casa de Bolsa Banorte and Operadora de Fondos Banorte. These subsidiaries provide products and services to individuals and corporations including brokerage services, financial advisory, portfolio structuring and management, asset management, investment banking and sale of investment funds and equity & debt instruments.

- ✓ **SOFOM and Other Finance Companies Sector:** Composed of the following subsidiaries: Leasing and factoring and Warehousing.

  - **Leasing and Factoring:** The company enters into financial and operating leasing contracts for real and personal property, as well as financial factoring transactions, transactions for the acquisition of credit rights in favor of suppliers of goods and services and the discounting or negotiation of securities and credit rights arising from factoring contracts.
  - **Warehousing:** Offers warehousing, inventory management, commercialization and logistics services

ii. DISTRIBUTION CHANNELS

At Grupo Financiero Banorte we work with the firm intention of becoming the best Financial Group in Mexico by banking in the digital world; our strategy is focused on increasing our presence in the domestic market through multi-channeling, focusing on customer experience and process optimization, strengthening the entire banking infrastructure.

Banorte Branches

Banorte has formal market and population analysis processes at national level, evaluating each opportunity to further develop the branch network within the main urban and semi-urban centers of the country, thus providing all Mexicans with the opportunity to access Banorte's products and services.

Banorte's market share in terms of number of branches is 10% as of December 2024, according to the CNBV, ranking third in the system, considering only Financial Groups.

Banorte Branches

Banorte ended 2024 with a network of 1,191 of which 93 are attention modules and 1,098 are traditional branches.

In accordance with the organic growth that GFNorte's management has proposed, during 2025 greater emphasis will be placed on opening branches mainly in markets where investment and development are growing. Branch relocations and remodeling will be carried out in those offices that require improvements to guarantee service in the network.

SME Centers

As of December 2024 there were 8 specialized offices operating for this segment.

ATM

In terms of ATMs, the installed base increased by 9%, from 10,372 in 2023 to 11,284 at the end of 2024. According to the CNBV, Banorte's market share in ATMs was 18% as of December 2024, holding second place in the system.

Our ATMs served an average of more than 12.6 million customers per month, an increase of 9% over the previous year, and carried out more than 747 million transactions per year.

This network of ATM's operates by receiving chip cards, thus complying with mandatory regulations issued by the CNBV. Operating under the Chip standard seeks to grant customers who use electronic means (ATMs and PoS terminals) greater confidence and security. Also, in order to guide customers about our coverage, we offer the ATM geolocation service through the web site and Banorte Móvil. It is important to note that through this channel, new services continue to be launched.

Banorte offers a wide variety of debit and credit cards, which can be used in all of our ATMs and, given our participation in the Visa and Plus network, they can be used globally.

Some new services have been launched through this channel such as: insurance cross-selling, credit card activation and increase of credit line, Banorte mobile contracting, payroll loans contraction and renewals, and the possibility of carrying out transactions without a physical card. In addition, we have 1,387 multifunctional ATMs that have allowed us to automate operations regularly done at branches, such as cash deposits. We will continue installing cutting edge ATMs that shorten transaction times and processes for customers and promote products to take advantage of the potential contact of this channel.

Telephone Banking - Contact Center “Roberto Gonzalez Barrera”

During 2024, the Contact Center handled 47.3 million calls from the automatic system, inbound and outbound calls and interactions in digital channels, (11%) vs. 2023. The main services we provide are: advice and information on our products and services, clarifications on any type of transaction, support for digital channels, cross-selling and portfolio campaigns, insurance and credit and debit card activation, and blocking and PIN assignment for cards.

Point of Sale Terminals (POSs)

By the end of 2024, there were 223,148 POS terminals, representing a 13% annual increase. This was achieved thanks to the good economic situation and the increase in demand for electronic payment solutions. By the end of 2024, we held the third position in the market in terms of the number of establishments with POS terminals, with a 16% share, according to CNBV figures. Likewise, the number of transactions totaled 815,989,313 in 2024, representing an 22% annual increase and a 44% market share, according to CNBV figures; while the amount invoiced reached Ps 1.03 billion, growing 19% compared to 2023. This increase is derived from the use of digital products such as e-Commerce, which, being a Tarjeta No Presente product, had an accelerated growth due to market needs.

Digital Banking and Mobile Banking

By focusing on the customer, we continue to consolidate the human-digital experience through the different service

channels for individuals, SMEs, companies and governments. An individual can carry out their entire life cycle remotely, hybridly, or in person. The complement of our experiences from the branch, ATMs, the contact center and digital banking allow them to decide when and how they can solve their different financial needs, whether it is starting their relationship with Banorte, opening a new account or card, applying for a loan, making their investments, managing information for their decision-making or managing their day-to-day life; all while maintaining the premises of making banking simple, agile, fast and, above all, safe.

To ensure the digital experience, 24/7 monitoring is maintained through the active and passive voice of our customers. We have tools that allow us to proactively identify pain points and moments and act to resolve or improve them. Likewise, it is important to actively listen to our customers through in-app surveys, contact center calls, social networks and comments in the app stores. During 2024, biweekly updates were made to the application with which improvements and new functionalities were achieved that have made it possible to achieve the NPS indicators that our digital banking currently has.

By the end of 2024, we had registered more than 9.5 million customers in Digital Banking, through which more than 5,581 million total transactions were carried out, an annual growth of 39% vs. the 4,016 million of the previous year, both in individuals and corporations.

In Banorte Móvil alone, more than 7.4 million customers used our App, representing a 13% growth compared to 2023. Our customers made more than 4,760 million transactions for an amount exceeding Ps 2,143 billion through this channel, an increase of 37% over the previous year.

For our business clients, we use the same methodologies of customer listening, operational assurance, generation of improvements and releases, with an additional component that is the service and personal attention that customers receive through the commercial teams that serve the different banks, both SME and corporate, business and government, with which we ensure that they are always updated and served. also maintaining the NPS achieved during the year.

Our goal remains focused on transforming Banorte into an *Everywhere Bank*, as well as a benchmark for compliance and data democratization in *Open Banking.* The bank currently complies with all regulatory and regulatory APIs, and specific APIs have been developed for the management and resolution of specific interactions and needs with specific customers. This protocol allows us to continue preparing for the future, and to solve the needs and challenges that banking currently faces.

Third-party Correspondents

With our network of Correspondents, we support banking penetration and provide a service that contributes to the well-being of thousands of Mexicans who still do not have access to financial services.

Banorte's strategic alliances with different businesses have allowed us to increase our market share, allowing us to be closer and more available to our customers during longer hours, 365 days a year.

The correspondents channel is a very important customer service point, which continues to be used to a great extent. Today, 37% of the monetary transactions that, due to their nature and characteristics, can be carried out through this channel, and which were previously operated in the bank's branches, are operated through this channel. The channel's transaction volume reached 18.7 million total transactions and the rating that customers have given to the service through the NPS evaluation continues to be excellent, reaching levels of 78.2 NPS points in December 2024.

With our current correspondents, at the close of 2024 we had 19,719 points of contact through Walmart (3,063), Yastás (5,590), Farmacias Guadalajara (2,866), 7-Eleven (2,097), Financiera para el Bienestar, formerly Telecomm (1,630), Farmacias del Ahorro (1,806), Tiendas Extra / Círculo K (1,194), Soriana (791), Grupo DSW with the “Del Sol” and “Woolworth” brands (139) and Chedraui (543), which allows us to cover 68% of the municipalities in Mexico, representing a 0.32% decrease compared to the 19,782 points of contact we had at the end of 2023.

iii. LICENSES, BRANDS AND OTHER CONTRACTS

The main registered trademark is *BANORTE*, since it represents the distinctive symbol of GFNorte and its subsidiaries, as well as *GRUPO FINANCIERO BANORTE and BINEO*, both have a validity of 10 years from the filing date of the application for registration and may be renewed for additional periods of 10 years at the end of their terms. To date they are in use and in full legal effect.

Also, during fiscal year 2024, GFNorte and/or its subsidiaries incorporated the following brands: VIDA CRÉDITO PYME BANORTE; ECODIGITAL BANORTE; GAMER BANORTE; TU TARJETA FAVORITA BANORTE; TU TARJETA FAVORITA; COBROYA; LOGOTIPO VENDE+; TARJETA DE CRÉDITO BANORTE IMPÚLSATE; DESARROLLADOR FUERTE, TARJETA DE CRÉDITO BANORTE IMPULSAT; HIPOTECA VERDE BANORTE; TARJETA DE CRÉDITO BANORTE CONMIGO; BANORTE CONMIGO; CUENTA DUAL BANORTE; RESPALDO BANORTE; CIERRA TU QUINCENA BANORTE; CRÉDITO AGROPYME BANORTE, which are relevant within its other properties. In addition, they own the trademarks with the representation of the sign (logo) consisting of the compass pointing north, in its round and square figure, which are relevant, as it reinforces BANORTE´s presence, having a validity of 10 years from the date of submission of the application for registration and which can be renewed for additional periods of 10 years at the end of its validity; to date it is in force and has full legal effects.

In addition, during the 2024 fiscal year, GFNorte and/or its subsidiaries, applied for the registration of the following trademarks: CUENTA BINEO; CUENTA BINEO TOTAL; CUENTA BINEO LIGERA; PRÉSTAMO BINEO; BINEO MÁS; TARJETA DE CRÉDITO BINEO; TU NÓMINA CON BINEO; PRÉSTAMO HIPOTECARIO BINEO; PRÉSTAMO DE NÓMINA BINEO; ¿QUÉ HAY DE NEO?; NEOEVOLUCIÓN; NEOFINANZAS; NEOSEGURIDAD; NEOSOLUCIONES; NEOCULTURA; and also requested the registration and ownership of the following commercial notices: BINEO – TE ACOMPAÑA; BINEO- TE APOYA, which also cover important financial products offered to the public by GFNorte and/or its subsidiaries, having a validity of 10 years from the date of submission of the registration application and which can be renewed for additional periods of 10 years at the end of their validity, to date they are In force and have full legal effects. Each of these rights is protected by the respective authorities.

On the other hand, it is known that the GFNorte brands and/or its subsidiaries: Banorte; Inter-Exchange; and Programa 123 Por Mí, are about to expire soon, however, the programming and management of the corresponding renewals has been carried out to guarantee the continuity and validity of these brands. Thanks to this advance planning, it is ensured that these brands continue to be an important part of Banorte's catalog.

Relevant Contracts:

Grupo Financiero Banorte, has celebrated diverse contracts outside of its core business, but necessary for its operation or business strategy, among the most relevant are:

- Agreements with IBM de México, Comercialización y Servicios, S. de R.L. de C.V. (to conduct its activities in

all matters related to information processing, data, telecommunications, programs and methods): (i) for the acquisition of products (equipment or software licenses) and the rendering of services and (ii) for the lease of technological equipment. The first contract was signed on December 5, 2005, and is for an indefinite term. It has no penalties.

- The agreement with Sertres del Norte, S.A. de C.V. (other facilities and equipment in constructions), on June 1, 2007 for an indefinite period, for the rendering of preventive and corrective maintenance services to the institution's infrastructure equipment, as well as some other contracts for the installation of mechanisms and/or uninterrupted power infrastructure, in order to protect Banorte from possible operational risks. These contracts are entered into in accordance with the needs of the institution, with the understanding that some contracts have been expiring as soon as the service or task is completed. Penalties for non-compliance of Remote Site and Structured Cabling services are applied as a percentage of the monthly amount, depending on the type, location, number of equipment, priority and time of incident.

- The agreement signed with NCR de México, S. de R.L. de C.V. (wholesale trade of machinery and equipment for other services and for commercial activities), for the rendering of preventive and corrective maintenance services to ATMs -consumables and vandalism-. Signed on September 1, 2009 for an indefinite term. Additionally, there is another contract entered into by licenses, signed on January 29, 2016 for an indefinite period of time. Assigned to DC Payments Mexico, S.A. de C.V., (Management of corporate and financial companies). Penalties for non-compliance are calculated according to the work plan and the value of the unfulfilled milestone.

- The agreement with Diebold Nixdorf de México, S.A. de C.V. (wholesale trade of other raw materials for other industries), for the rendering of preventive and corrective maintenance services to ATMs -consumables and vandalism-. Signed on March 1, 2008 for an indefinite term. The penalty for non-compliance with the service is 1% of the unit cost of the service per day of non-compliance, without exceeding 10% of the total value invoiced in the month.

- The contract with Winston Data, S.A. de C.V., for the provision of printing and enveloping services for account statements, dated July 15, 2008 for an indefinite term. The penalty for non-compliance is applied according to the percentage of the monthly level, a NC is generated on the services invoiced in the month.

- The agreement with Coltomex, S.A. de C.V. (printing of continuous forms and other printed matter), for the provision of printing and enveloping services for account statements, dated May 20, 2014 for an indefinite term. The penalty for non-compliance is 2% of the service in which the non-compliance occurs, for each day of delay.

- The contract with ASAE Consultores S.A. de C.V., (computer consulting services) for the maintenance of computer equipment and networks, dated July 1, 2009 for an indefinite period of time. The penalty for non-compliance is 5% of the monthly invoicing, depending on the percentage of non-compliance.

- The contract with Microsoft Mexico S. de R.L. de C.V. (Other business support services) for software licensing from January 01, 2021 to December 31, 2026. No penalty applies.

- The agreement with Netxtor S.A. de C.V. (retail trade of computers and their accessories) for equipment maintenance, signed on August 13, 2015 for an indefinite term; as well as for Arkivio licenses for the period from October 31, 2015 to September 1, 2020. This contract was renewed from November 1, 2019 to October 31, 2021, subsequently until December 4, 2023 and, finally, it was renewed for an indefinite term. The penalty is applied depending on the percentage of non-compliance, to the monthly billing.

- Several Contracts signed with IGSA, S.A. de C.V. (wholesale trade of electrical equipment and material), as of May 1, 2010, for maintenance of electronic infrastructure; all of indefinite duration. The penalty for non-compliance with the Remote Site services is a percentage of the monthly amount, depending on the type, location, number of equipment, priority and time of incident..

- The agreement entered into with GSAT COMUNICACIONES S.A. DE C.V. (satellite services), in October 2009 for an indefinite term, for the provision of satellite connectivity services to Banorte's private network. No penalty applies.

- The agreement with ORACLE DE MEXICO, S.A. de C.V. (computer consulting services) for the Oracle Premier Support service for the SUN-Oracle Infrastructure, signed on November 1, 2012 and expiring on February 28, 2014. Said contract was renewed with the following terms: from July 1, 2019 to June 30, 2020; from July 1, 2020 to June 30, 2021; until November 30, 2022; until November 30, 2023; and until November 1, 2027. No penalty applies.

- The agreement with HEWLETT-PACKARD MEXICO, S. de R.L. (wholesale trade of computer equipment and accessories) for the licensing service of HP products for comprehensive and performance testing, entered into on July 1, 2012 with indefinite maturity. No penalty applies.

- The agreement with SAP MEXICO, S.A. de C.V. (computer consulting services) for the SAP Netweaver licensing service, entered into on December 12, 2012 for an indefinite period of time. No penalty applies.

- The agreement entered into with Kyndryl Mexico S. de R.L. de C.V., (computer consulting services), for infrastructure services, entered into on August 1, 2023 with maturity on July 31, 2028. No penalty applies.

iv. MAIN CLIENTS

As of December 31, 2024 GFNorte had a wide and diversified client portfolio; the largest client represented 2.4% of the total loan portfolio.

Also, GFNorte’s transactions are adequately diversified among the different productive sectors of the economy, there is no important concentration in any specific sector and for the same reason, there is no cyclical relevance.

v. APPLICABLE LEGISLATION AND TAX SITUATION

The Mexican Financial System

Mexico's financial system is currently comprised of commercial banks, national development banks, brokerage firms, development trust funds, limited purpose banks and other non-bank institutions, such as insurance and reinsurance companies, bonding companies, credit unions, savings and loans companies, foreign exchange houses, factoring companies, bonded warehouses, financial leasing companies, mutual fund companies, pension fund management companies and multi-purpose financial institutions. In 1990, Mexican government adopted the Law Regulating Financial Groups (LRAF) aimed at achieving the benefits of universal banking, which permits a number of financial services companies to operate as a single financial services holding company, which was amended and restated on January 10, 2014. Most major Mexican financial institutions are members of financial groups.

The main financial authorities that regulate financial institutions are the SHCP, the Mexican Central Bank, the CNBV, the CONSAR, the CNSF, the IPAB and the CONDUSEF.

Trend toward multi-purpose banking institutions

Prior to 1978, the Mexican banking system was comprised primarily of specialized institutions, which were authorized to conduct specified financial activities pursuant to concessions granted by the Mexican Government. During the period from 1978 to the nationalization of commercial banks in 1982, the structure of the Mexican banking system evolved towards the creation of multi-purpose banking institutions, which were allowed to engage in the full range of banking activities.

Nationalization and subsequent privatization

Effective June 28, 1990, Mexican Constitution was amended to allow Mexican individuals and financial services holding companies to own controlling interests in the then-existing 18 Mexican commercial banks owned by the Mexican Government. Subsequently, a new Banking Law was enacted to regulate the ownership and operation of Mexican commercial banks, national development banks and foreign financial institutions. Pursuant to the Banking Law, Mexico began the process of privatizing commercial banks. By the third quarter of 1992, the Mexican Government had privatized all 18 state-owned commercial banks. Since that time, new commercial banks, have been chartered and regulations regarding investment in the banking sector by foreign investors have been relaxed.

On November 26, 2013, the Senate approved the Report of the Chamber of Deputies (Cámara de Diputados) on the bill presented by President Enrique Peña Nieto amending, supplementing and repealing various provisions with respect to financial matters and issuing the new LRAF, the "Financial Reform".

Thirty-four legal statutes were amended in order to foster greater competition in the financial and banking system by creating incentives to increase lending, as well as a new mandate for development banks. Also, the Financial Reform strengthens the scheme for the stability of the financial institutions and the powers of financial authorities in regulatory, monitoring and enforcement matters.

Financial Groups

The enactment of the former LRAF in 1990 permitted the development of the universal banking model in Mexico. By July 1992, most major Mexican financial institutions had become part of financial groups controlled by a financial services holding company, such as GFNorte, and made up of a number of financial operating entities. On January 10, 2014, the new LRAF was published, authorizing holding corporations through their companies or other financial institutions, to indirectly hold shares of financial institutions that are members of the financial group, as well as shares of financial institutions that are not members of the financial group, service providers and real estate.

The operations of financial services holding companies are generally restricted to holding shares representing the capital stock of financial services operating subsidiaries as well as those of service providers, real estate and subdholding companies that do not comprise the financial group. Financial services subsidiaries include general deposit warehouses, foreign exchange houses, bonding institutions, insurance companies, broker-dealers, banks, mutual funds managers, mutual funds distributors, retirement fund management companies, multiple purpose non-banking financial institutions and micro finance companies. [Financial groups must be comprised at least by a holding company and any of the two formerly mentioned financial institutions (which may be of the same type), provided that a financial group may not be comprised solely by the holding company and two Multi-purpose Financial Institution]

The Law Regulating Financial Groups permits entities controlled by the financial services holding company: (i) to act jointly before the public, offer services that are supplemental to the services provided by the other and hold themselves out as part of the same group;(ii) use similar corporate names; and (iii) conduct their activities in the offices and branches of other entities part of the same group.

In addition, the Law Regulating Financial Groups requires that each financial services holding company enter into an agreement with each of the financial services companies integrating the financial group pursuant to which the holding company agrees to be responsible secondarily and without limitation for the satisfaction of the obligations incurred by its subsidiaries as a result of the activities that each such subsidiary is authorized to conduct under the applicable laws and regulations, and is fully responsible for certain losses of its subsidiaries, up to the total amount of the holding company's assets. In the event that the assets of the financial services holding company are insufficient to meet the losses of its subsidiaries if occurred simultaneously, the financial services holding company must first meet the liabilities of the banking institutions that are part of the group and subsequently, the liabilities of any other entities that form the group will be prorated. For such purposes, a subsidiary is deemed to have losses if its assets are insufficient to meet its payment obligations. The subsidiaries will never be held liable for the losses of their financial services holding company or for the losses of the other subsidiaries of the group.

Furthermore, on December 31, 2014 the General Provisions for Financial Groups were published, according to the faculty the SHCP holds of issuing the secondary provisions that the LRAF refers to. These General Provisions consider the terms and conditions to organize holding companies and the running of the financial groups, as well as those to avoid conflict of interest among the entities of the financial group. The General Provisions for Financial Groups were effective on March 31, 2015, 90 days after the publication in the Official Gazette. Under the Financial Reform, the Mexican Congress approved changes to the Financial Groups Law. Relevant changes include the following:

- *Shareholding Structure* - It provides the possibility for the holding company, to maintain the shareholding of the members of the group through sub-holding companies.
- *Capitalization and Corrective Measures* - A holding company shall maintain net capital that shall not be less than its permanent investments in the subsidiaries of the group. It also authorizes the SHCP to determine corrective measures, such as the potential sale of assets, non-distribution of dividends and suspending

payments of bonuses, among others.

- *Corporate Governance* - The new law provides for a new corporate governance structure, setting forth specific duties of care and fiduciary duties applicable to Board members, even if the financial services holding company is not publicly traded, similar to that provided in the Securities Market Law (Ley de Mercado de Valores) for stock-traded corporations.
- Other material changes from the previous law include shareholders' agreements, tied sales, liability agreements, the investment structure of the holding company, accounting and consolidated supervision, among others.
- *Investment Structure of the Holding Company* - In addition to its interest in the financial institutions of the group, a holding company may invest in other instruments, such as securities representing the capital stock of other financial institutions that are not group members, service providers and real estate companies, among others.

Authorities of the Mexican Financial System

Main authorities that regulate and supervise financial institutions in Mexico are Banxico, SHCP, CNBV, CONSAR, CNSF, IPAB and CONDUSEF. These authorities are subject to a number of organic laws and other administrative provisions that govern their supervisory and other powers. Also, these entities continually enact administrative provisions on matters falling with their competence for the regulation of the corresponding financial entities, as further mentioned below. GFNorte, as a financial services holding company, is subject to supervision and regulation of the Supervision Commission (CNBV, CNSF or CONSAR, depending on the responsible for supervising the general functioning of the Financial Group in terms of article 102 of the LRAF). In addition, our financial subsidiaries are subject to the supervision and regulation of and keep in touch with different financial authorities, accordingly.

Banco de México

Banco de México is the Mexican Central Bank. It is an autonomous entity that is not subordinated to any other body in the Mexican federal government. The Banco de México Law, as well as Paragraphs 6 and 7 of Article 28, of the Mexican Constitution, regulate the administration and the performance of Banxico' functions. Its primary purpose is to provide the domestic economy with Mexican currency, procuring of acquisition power of such currency, establish reference interest rates and ensure that the banking and payments systems perform under safe and sound principles.

Monetary Policy decisions are taken by its Governing Board. The Governing Board, official body, is composed of a Governor and four Deputy Governors, who are appointed by the President and approved by the Senate or the Permanent Commission of Congress.

Among the decisions that only the Governing Board may take are the authorization of the issuance of currency and the minting of coins, the decision to extend credit to the Mexican government, policies determination and criteria that Mexican Central Bank uses in its operations and in the regulations that it issues, and the approval of its rules of procedure, budget, working conditions and similar internal matters.

SHCP

The SHCP is the entity in charge of proposing, conducting and controlling the economic policy of the Mexican federal government in matters of economics, tax, customs, finance, banking, public budget, public debt and income. Together with the CNBV and Banxico, it is the primary regulator of commercial banks and national development banks. The SHCP participates in the planning, coordination, evaluation and monitoring process of the country's banking system comprised of the Central Bank, the National Development Banking and other institutions responsible for banking and

credit services. Furthermore, it exercises powers provided within the laws in the areas of insurance, bonding, securities and organizations & ancillary credit activities, among others.

CNBV

The CNBV is a governmental body subordinated to the SHCP, having independent technical and executive powers. The CNBV is in charge of the supervision and regulation of entities comprising the Mexican Financial System, with the purpose of ensuring their stability and sound performance, as well as the maintenance of a safe and sound financial system. The scope of the CNBV's authority includes inspection, supervision, prevention and correction powers. The primary financial entities regulated by the CNBV, among others, are: financial groups, credit institutions, regulated multiple purpose financial institutions, brokerage firms, as well as publicly traded companies and other entities that have issued debt securities to investment public. The CNBV is also in charge of granting and revoking banking and securities brokerage licenses in Mexico.

CONSAR

The CONSAR is a governmental body subordinated to the SHCP, having independent technical and executive powers. The CONSAR was created in 1997 as part of a comprehensive reform of the retirement savings and pensions system, and is in charge of protecting the retirement savings of employees through the regulation and supervision of Afores and Siefores. The CONSAR evaluates risks borne by the participants in the retirement savings system and makes sure these participants are solvent and maintain adequate liquidity levels.

CNSF

The CNSF is a governmental body subordinated to the SHCP, having independent technical and executive powers. The CNSF is in charge of the supervision and regulation of insurance and bonding companies, promoting the safe and sound development of the insurance and guaranty bond financial sectors.

IPAB

After the 1994 financial crisis, Mexican government created the IPAB, an independent, decentralized governmental institution with its own legal standing and assets. The IPAB's primary purpose is the protection and insurance of bank deposits, having also powers to provide solvency to banking institutions, contributing to the safe and sound development of the banking sector and the national payments system. IPAB is also entitled to acquire assets from distressed banking institutions.

CONDUSEF

The CONDUSEF is a decentralized public body of the Public Administration. The CONDUSEF is in charge of protecting and defending the rights of users of financial services and serves as an arbitrator between financial institutions and their customers. Among other powers, CONDUSEF has the authority to order the amendment of standardized agreements used by financial entities when it considers that such agreements contain abusive clauses, it may issue general recommendations to financial institutions, and suspend the distribution of information regarding financial services and products that it considers confusing.

History of the Banking Sector

Banking activities in Mexico have been and continue to be affected by prevailing conditions in the Mexican economy; the demand and supply of banking services have been vulnerable to economic downturns and changes in government policies. Prior to the early 1990s, lending by Mexican banks to the private sector fallen to very low levels. It is estimated, however, that by the end of 1994 average total indebtedness of the private sector to Mexican commercial banks had grown to represent approximately 40.7% of Mexican GDP, with mortgage loans and credit card indebtedness generally growing faster than commercial loans. Mexican peso devaluation in December 1994 initiated a crisis, and the resulting high interest rates and contraction of the Mexican economy in 1995 severely impacted most borrowers ability to both repay loans when due and meet debt service requirements. These effects, among others, caused an increase in the non-performing loan portfolio of Mexican financial institutions, particularly during 1995, which adversely affected the capitalization level of financial institutions. Also, increased domestic interest rates and the deteriorating value of the peso made it more difficult for financial institutions to renew dollar-denominated certificates of deposit and credit lines.

From 1995 through the end of 1997, the CNBV intervened in the operations of 13 banks and adopted several measures designed to protect, stabilize and strengthen the Mexican banking sector. These measures included:

- Creating a temporary capitalization program to assist banks;
- Establishing a foreign exchange credit facility with Banco de México to help banks with dollar liquidity problems;
- Increasing the level of required loan loss reserves;
- Establishing a temporary program for interest rates reduction on certain loans;
- Establishing various programs to absorb a portion of debt service cost for mortgage loan (including debt restructuring and conversion support programs); and
- Broadening the ability of foreign and Mexican investors to participate in Mexican financial institutions.

In addition, to address deteriorating asset quality, the Mexican government established debt restructuring and conversion support programs to face cash-flow problems. Finally, Mexican government created a program to promote increased capitalization of Mexican banks by transferring loans and other assets to the Banking Fund for the Protection of Savings (Fondo Bancario de Proteccion al Ahorro or the FOBAPROA). Effective January 20, 1999, the FOBAPROA was replaced by IPAB, which was created to manage the banking savings protection system and regulate financial support granted to banks.

Mexican Banking Law Reforms

On January 10, 2014, several amendments to the Mexican Banking Law were published in the Federation Official Gazette, and are currently in effect, with the following purposes:

Update capital requirements according to Basel III. The amendments to the Mexican Banking Law updated the capital requirements for banking institutions by incorporating the requirements of the Basel III accords, currently included in the General Rules Applicable to Mexican Banks. The amendments specify that net capital will be comprised of capital contributions, retained profits and capital reserves. CNBV is authorized to allow or prevent the inclusion of other items to calculate a bank's net capital, subject to terms and conditions of the general rules to be issued by CNBV to further regulate the capital requirements for bank institutions. We currently comply with applicable capitalization requirements.

Enhancing the CNBV supervisory practices. The reforms grant ample authority to the CNBV for the supervision of the financial entities under the Mexican Banking Law. CNBV may perform visits to banks, with the aim to review, verify, test and evaluate the operations, processes, systems of internal control and risk management among others elements that may affect the financial position of banks.

Increasing requirements for the granting of credits to customers. For the granting of credits, banks are required to analyze and evaluate the viability of payment by borrowers or counterparties, relying on an analysis based on quantitative and qualitative information that allows establishing their credit worthiness and ability of timely payment of the credit. Banks must issue guidelines and lending process manuals and credit procedures shall be performed in accordance with such policies.

Establishing new provisions on transparency and reliability. Banks are required to publicly disclose their corporate, financial, administrative, operational, economic and legal information, as determined by CNBV. Banks must post on their website and in a national newspaper their balance sheets and other relevant information periodically.

Establishing audit powers for external auditor supervision. CNBV has powers of inspection and surveillance with respect to entities that provide external audit services to banks, including those partners or employees who are part of the audit team, in order to verify the compliance with the Mexican Banking Law. CNBV is allowed to: (i) request any information and documentation related to the services rendered; (ii) practice inspection visits; (iii) require the attendance of partners, legal representatives and other employees; and (iv) issue audit procedures to be complied by the auditors, in connection with the tax opinions and practices performed by them.

Limited purpose banks. The reform introduced limited purpose banks (bancos de nicho), which can only engage in a limited amount of banking activities which are specifically set forth in their by-laws. The minimum required capital of limited-purpose banks can vary depending on the activities carried out by such entities, from a range of 36,000,000 UDIs to 90,000,000 UDIs.

Under the Financial Reform, Mexican Congress approved additional changes to the Mexican Banking Law. Relevant changes include the following:

Participation of Foreign Governments. It clarifies the rules that require prior approval from the CNBV for the investment of foreign governments in commercial banks, as a temporary prudential measure, in cases where foreign entities receive financial support or are rescued. Such intervention should be through official entities not exercising authority, and participation should be indirect and without control. Shareholding structure in broker-dealers, retirement fund administrators, insurance companies and mutual insurance companies, bonding companies, financial groups and credit information companies was also amended.

Capitalization Requirements. “Minimum Basic Capital” and “Capital Supplement” concepts were incorporated into the law. The law also provides for capital requirements, additions and restrictions, as well as asset disposal in cases where the entities with significant influence on banks are facing liquidity or solvency problems. It also entitles development banks to support banks should they require capitalization.

Limit on Transactions with Related Parties. The limit on the aggregate number of transactions with related parties has changed, which shall not exceed 35 percent of the net capital.

Liquidity Requirements. The amendments to the Mexican Banking Law grant authority to the CNBV to order adjustments to a bank’s accounting registries. If a bank fails to meet the liquidity requirements imposed by CNBV and the Mexican Central Bank, the CNBV may order the bank to adopt actions toward restoring the corresponding

liquidity requirements, including suspending or partially limiting certain lending, borrowing or service operations of the bank, and requiring the bank to present a liquidity restoration plan.

Risk Control, Banking Resolutions and New Judicial Liquidation/Bank Bankruptcy Rules. The early warning, preventive and corrective action system changed. The Financial Reform entitles CNBV to determine the maximum number of active transactions and provides for new rules in the event that the Mexican Central Bank acts as lender of last resort so that it requires collateral on the bank's shares. It also introduces the obligation to have a plan of stress scenarios, contingency and resolution plans as well as participation in mock resolutions. It also has amended certain articles regarding the structure of bank resolutions, including new deadlines for exercising the right of audience prior to the revocation of the authorization to operate as a bank and includes a new scheme of judicial liquidation/bank bankruptcy, replacing the provisions of the Bankruptcy Act.

Self-Correcting Programs. The Mexican Banking Law and other financial laws state that the financial institutions may submit to the CNBV self-correcting programs when they detect defaults to the provisions regulating them, taking into consideration that irregularities detected by the CNBV or serious defaults or offenses may not be part of the self-correcting programs.

Transactions with Members of the Same Group or Consortium. New rules and limitations have been established. Transactions with members of the same group shall be agreed to on market terms.

Measures to Encourage Credit and Performance Evaluations. The SHCP is authorized to assess the performance of commercial banks regarding compliance with the support of the country's productive forces and the growth of the economy; the SHCP shall issue the relevant guidelines for such assessment. It also authorizes the CNBV to encourage the channeling of more resources to the productive sector by setting parameters on the execution of transactions with securities. The financial authorities shall take into account the results of the assessments to decide on the authorizations it will grant in general.

Administrative Offenses and Penalties. It significantly increases the number and severity of the sanctions, which are to be disclosed to the general public, although none are definitive or final. It also provides for sanctions for officials involved in transactions with related parties in excess of the statutory limits. Amendments to the administrative sanction system were made consistently in all financial laws amended by the Reform.

SHCP Blacklist. With respect to the prevention of transactions with funds from illegal sources and terrorist financing, it provides for the obligation to immediately suspend transactions with the persons included in the blacklist issued by the SHCP. This obligation is also set for the other financial institutions in their respective laws.

Asymmetric Regulation. It authorizes the SHCP, the CNBV and the Mexican Central Bank to issue asymmetric regulation, *i.e.*, one that considers the regulatory burden in accordance with the size of each institution.

Exchange of Information with Foreign Financial Authorities. It regulates in more detail the procedure for the exchange of information with foreign authorities and verification visits.

Initiatives to Improve Creditors' Rights and Remedies

Mexico has enacted legislation to improve creditors' rights and remedies. These laws include collateral pledge mechanisms and a new bankruptcy law.

Collateral Mechanisms

On June 13, 2003, a congressional decree was published amending the Mexican Commerce Code (Codigo de Comercio), the General Law of Negotiable Instruments and Credit Transactions (Ley General de Titulos y Operaciones de Credito), the former Securities Market Law, the Mexican Banking Law, the Insurance Companies Law (Ley General de Instituciones y Sociedades Mutualistas de Seguros), the Bond Companies Law (Ley Federal de Instituciones de Fianzas) and the General Law of Ancillary Credit Organizations and Activities (Ley General de Organizaciones y Actividades Auxiliares del Credito). The purpose of the amendment was to provide an improved legal framework for secured lending and, as a consequence, encourage banks to increase their lending activities. Among its provisions, the decree eliminated a prior non-recourse provision applicable to non-possessory pledges (which allowed the creation of a pledge over all the assets used in the main business activity of the debtor, but limited resourse to the applicable collateral) and collateral trusts, to allow creditors further resourse against debtors in the event that proceeds derived from the sale or foreclosure of collateral are insufficient to repay secured obligations.

Foreclosure of Securities Loans

Mexican Congress also approved changes to the Commerce Code intended to expedite proceedings relating to the foreclosure of secured loans by financial institutions. These changes grant authority to Mexican courts to issue interim measures, such as ordering persons not to leave Mexico or ordering assets to be frozen. Furthermore, on January 10, 2014, a decree was published which reforms, adds and repeals diverse regulations on financial matters and the Law Regulating Financial Groups was issued, establishing in the General Law of Titles and Loan Operations the application of values or goods given in pledge, which at the time of execution can be made without a legal ruling.

Mexican Bankruptcy Law

The Mexican Bankruptcy Law was enacted on May 12, 2000 and has been restored by virtue of the Decree of Financial Reforms published on January 10, 2014, and is used as a means to conclude complex insolvency situations affecting Mexican companies, by providing expedited and clear procedures, whereas at the same time granting creditors and other participants the certainty of an in-court solution. The Bankruptcy Law provides for a single insolvency proceeding encompassing two successive phases: (i) a conciliatory phase of mediation between creditors and debtor, (ii) and bankruptcy.

The Bankruptcy Law, impose that only a Supervisory Commission, may demand the insolvency declaration of banking institutions; being that, in which according with the applicable provisions, is responsible for the supervision and monitoring of a Financial Institution. In the case of banking institutions, such as Banorte, with the declaration of bankruptcy the judicial procedure is initiated in the bankruptcy phase and not, as in common procedures, in the conciliatory phase. The bankruptcy of a Credit Institution is viewed as an extreme measure (because it results in a liquidation and dissolution of the relevant institution), which has not been resorted to in practice, and is preceded by a number of measures that seek to avoid it, such as corrective measures taken by the CNBV, facilities made available by the IPAB and an intervention led by the CNBV. Upon filing a suit of declaration of insolvency, banking institutions must cease operations and suspend payment of all obligations.

The Bankruptcy Law establishes precise rules that determine when a debtor is in general default in its payment obligations. The principal indications are failure by a debtor to comply with its payment obligations with two or more creditors, and the existence of the following two conditions: (i) liabilities must be least 30 days past-due and represent 35.0% or more of a debtor’s outstanding liabilities, and (ii) the debtor fails to have certain specifically defined liquid assets and receivables to support at least 80.0% of its obligations.

Applicable law provides for the use and training of experts in the field of insolvency and the creation of an entity to coordinate their efforts. Such experts include the intervenor (interventor), conciliator (conciliador) and receiver (síndico). The IPAB acts as the liquidator and receiver and the CONDUSEF may appoint up to three intervenors.

On the date the insolvency judgment is entered, all peso-denominated obligations are converted into UDIs, and foreign currency-denominated obligations are converted into pesos at the rate of exchange for that date and then converted into UDIs. Only creditors with a perfected security interest (i.e., mortgage, pledge or security trust) continue to accrue interest on their loans. The Bankruptcy Law mandates the netting of derivative transactions upon the declaration of insolvency.

The Bankruptcy Law provides general rules to the period when transactions may be scrutinized by the judge to determine if they were entered into for fraudulent purposes, which is 270 calendar days prior to the judgment declaring insolvency. This period is referred to as the retroactivity period. Nevertheless, upon the reasoned request of the conciliator, the inspectors (who may be appointed by the creditors to oversee the process) or any creditor, the judge may set a longer period.

In December 2007, the Bankruptcy Law was amended to incorporate provisions relating to pre-agreed insolvency proceedings, frequently used in jurisdictions different from Mexico, that permit debtors and creditors to agree upon the terms of a restructuring and thereafter file, as a means to obtain the judicial recognition of a restructuring reached on an out-of-court basis. This also provides protection against dissident minority creditors.

The Mexican Congress also approved changes to Mexico's Bankruptcy Law, intended to improve the application of such law. Relevant changes include:

- the consolidation of bankruptcy proceedings affecting parent and subsidiary companies;
- the application of liquid assets provided as collateral, in connection with the netting and close out of derivative and similar contracts;
- setting forth an outside limit to bankruptcy restructuring (three years);
- permitting trustees and other creditor representatives, to submit claims on behalf of groups of creditors;
- expressly recognizing subordinated creditors, and deeming related party creditors as subordinated creditors; and
- making members of the Board of Directors liable to the bankrupt debtor if such member acted when affected by a conflict of interest, self-dealing and otherwise against the interests of the bankrupt debtor.

As of the date of this offering memorandum, we are continuing to evaluate the effects that these reforms may have on us.

Deregulation of Lending Entities and Activities

In July 2006, the Mexican Congress enacted reforms to the General Law of Auxiliary Credit Organizations and Credit Activities (Ley General de Organizaciones y Actividades Auxiliares del Credito), the Mexican Banking Law and the Foreign Investment Law (Ley de Inversion Extranjera), with the objective of creating a new type of financial entity called Multi-purpose Non-Banking Financial Institution (Sociedad Financiera de Objeto Multiple, or Sofom) (the "Sofom Amendments"). The Sofom Amendments were published in the Official Gazette on July 18, 2006.

The main purpose of the Sofomes Amendments is to deregulate lending activities, including financial leasing and factoring activities. Sofomes are Mexican corporations (sociedades anónimas) that expressly include as their main corporate purpose in their by-laws, engaging in lending and/or financial leasing and/or factoring services. Pursuant

to the Sofomes Amendments, the SHCP has ceased to authorize the creation of new Sofoles, and all existing Sofol authorizations automatically terminate on July 19, 2013. On or prior to that date, existing Sofoles ceased operating as a Sofol. Failure to comply with this would result in dissolution or liquidation of the Sofol. Existing Sofoles also have the option of converting to Sofomes or otherwise extending their corporate purposes to include activities carried out by Sofomes.

Among others, Sofomes that are affiliates of Mexican credit institutions (i.e., private or public banks) or the holding companies of financial groups that hold a credit institution will be regulated and supervised by the CNBV, and will be required to comply with a number of provisions and requirements applicable to credit institutions such as capital adequacy requirements, risk allocation requirements, related party transactions rules, write-offs and assignment provisions, as well as reporting obligations. Regulated Sofomes are required to include in their denomination the words “Entidad Regulada” (regulated entity) or the abbreviation thereof, “E.R.” All other entities whose main purpose is engaging in lending, financial leasing and factoring activities are non-regulated Sofomes and must so indicate in their corporate denomination by including the words “Entidad No Regulada” (non-regulated entity) or the abbreviation thereof, “E.N.R.” Non-regulated Sofomes are not subject to the supervision of the CNBV.

Sofomes (regulated or non-regulated) will be subject to the supervision of the CONDUSEF as is the case with any other financial entity.

The Sofomes Amendments also eliminated the restrictions on foreign equity investment applicable to Sofoles, financial leasing and factoring companies, which until the Sofomes Amendments became effective, was limited to 49.0%. Accordingly, the Sofom Amendments may result in an increase in competition in the financial services industry, from foreign financial institutions.

The Mexican Securities Market Law

On December 30, 2005, a new Mexican Securities Market Law was enacted and published in the Official Gazette. The new Mexican Securities Market Law became effective on June 28, 2006, however, in some cases an additional period of 180 days (until late December 2006) was available for issuers to incorporate the new corporate governance and other requirements derived from the new law into their bylaws. The Mexican Securities Market Law sets standards for authorizing companies to operate as brokerage firms, which authorization is granted by the CNBV with the approval of its Governing Board. In addition to setting standards for brokerage firms, the Mexican Securities Market Law authorizes the CNBV, among other things, to regulate the public offering and trading of securities, corporate governance, disclosure and reporting standards and to impose sanctions for the illegal use of insider information and other violations of the Mexican Securities Market Law.

The new Mexican Securities Market Law changed the Mexican securities regulation in various material aspects. The reforms were intended to update the Mexican regulatory framework applicable to the securities market and publicly traded companies in accordance with international standards.

Reforms to the Mexican Securities Market Law.

Under the Financial Reform, the Mexican Congress approved additional changes to the Mexican Banking Law. Relevant changes include the following:

Offerings of Securities Abroad. CNBV must be notified of any type of offerings made abroad, in the case of securities issued in Mexico or by Mexican corporations, even if the offerings are private.

Various Modifications to the Obligations Related to the Information of an Issuer. The CEO of the issuer shall be responsible for the content of the disclosed information, the material events and other information that must be disclosed to the public.

It also provides for tighter controls on persons having access to material information, the publication of which is deferred.

Persons related to the underwriter (investment banking), persons providing independent or subordinated personal services to the issuer and third parties that have had contact with those who have access to privileged information must be included in the list of persons who are considered to have access to privileged information, unless proven otherwise.

Finally, with respect to misleading information, disclosure of information that is prohibited by applicable law has been excluded as an omission of disclosure.

Rules applicable to Development Trust Certificates, Real Estate Notes and Indexed Notes. The Law introduces special regulation for these instruments. Also, it considers the operating companies of investment companies within the institutions that can act as trustees for the issuance of trust certificates. Finally, administrators of issuing trusts of indexed certificates will be prohibited from having ties with those determining those indices.

Homologation of Broker-Dealers' Capitalization Rules. The capitalization of broker-dealers is homologated to that of the banking institutions.

Stress Scenarios. It introduces the obligation to have a plan for stress scenarios for broker-dealers and commercial banks.

Liability of Underwriters. The liability structure of broker-dealers, who may be liable for damages and losses caused by breach of their obligations, has been extended.

Stock Pledge. It provides for rules for the application of payments of the securities pledged, without any judicial proceeding.

On December 28, 2023, the SHCP published in the Official Gazette of the Federation a decree amending several provisions of the LMV that contemplates, among others, the inclusion of simplified issuers, the simplified registration of securities in the National Securities Registry, and the power of the SHCP to establish general provisions regarding sustainable and sustainable development, as well as to strengthen gender equity, subject to the opinion of the CNBV and Banxico.

Insurance System

The Mexican insurance system is governed by a number of statutes, the most important of which include the General Insurance Companies Law (Ley General de Instituciones y Sociedades Mutualistas de Seguros) – which was repealed on April 4, 2015 and substituted as of this date by the Insurance and Bonding Law -, the Insurance Contract Law (Ley Sobre el Contrato de Seguro) and other regulatory provisions enacted by the SHCP and the CNSF.

Insurance companies require the authorization of the SHCP for their incorporation. The authorization may include the specific insurance sector in which the insurance company will conduct business, including life, health care, damages, civil and professional liability, among others. The SHCP may also grant authorization to perform

reinsurance and co-insurance activities. Insurance companies are subject to stringent capital adequacy and investment rules, compliance of which is supervised by the CNSF. These rules determine the type of assets into which insurance companies may invest, as well as the minimum amount of capital required to be maintained by such entities. Also, insurance companies are required to maintain technical reserves that function as a cushion against risks and help these entities to maintain adequate levels of liquidity.

The regulation and surveillance powers of the CNSF grant this entity the authority to verify compliance with the various financial and technical actuarial regulations, as well as with other corporate governance principles.

Retirement Savings System

The Retirement Savings Systems Law (Ley de los Sistemas de Ahorro para el Retiro) established the Afore pension system. Among other economic benefits and services to be provided to participants in the retirement savings system, the Retirement Savings Systems Law provides that each worker may establish an independent retirement account, which is to be managed by an approved Afore. Under this system, employees, employers and the government are required to make contributions to the independent retirement accounts maintained by each worker. In addition to the mandatory contributions, employees are allowed to make voluntary contributions to their independent retirement accounts. Pursuant to the Retirement Savings Systems Law, the main functions of an Afore include, among others, (i) managing pension funds, (ii) creating and managing individual pension accounts for each worker, (iii) creating, managing and operating Siefores, (iv) distributing and purchasing Siefores' stock, (v) contracting pension insurance, and (vi) distributing, in certain cases, the individual funds directly to the pensioned worker.

Afores and Siefores are subject to the supervision of CONSAR, which is in charge of pension system coordination and regulation. Under the Retirement Savings Systems Law, no Afore may serve more than 20.0% of the total market, unless CONSAR authorizes a higher limit of market concentration, provided that this is not to the detriment of the interests of workers.

Federal Law for Protection of Personal Data Held by Private Persons

The Federal Law for Protection of Personal Data Held by Private Persons (Ley Federal de Proteccion de Datos Personales en Posesion de Particulares) that protects personal data collected, became effective on July 5, 2010. Under such law, we are required to ensure the confidentiality of information received from clients. No assurances may be given as to how such law will be interpreted. However, if strictly interpreted and enforced, we may be subject to fines and penalties in the event of violations to the provisions of such law.

Amendments to Financial Regulations Impacting Banks

The Mexican financial system has continued to advance in recent years, consistent with demands from regulators and market participants, developments in other jurisdictions and to address systemic issues resulting from the global financial crisis. In particular, in June 2007, a new Law for the Transparency and Ordering of Financial Services (Ley para la Transparencia y Ordenamiento de los Servicios Financieros) was approved, which granted the Mexican Central Bank authority to regulate interest rates and fees and the terms of disclosure of fees charged by banks to their customers.

Even though the global financial crisis did not affect Mexican banks directly, many Mexican corporations were affected, primarily by having engaged in foreign-currency linked derivative transactions, which increased exposures substantially as a result of the devaluation of the peso, triggering a new regulation issued by the CNBV that sought to improve disclosure standards as they relate to derivative transactions.

On October 31, 2013, the Mexican Congress approved the tax reform that went into effect in January 2014, including several changes to tax regulations that, although they did not have direct impact on GFNorte, they did affect it indirectly through its subsidiaries. Because of labor costs such as payrolls and benefits to officers and employees, as well as the change in writing off global allowances for loan losses, bad debts for now, the most affected subsidiary was Banorte. Some of the main changes in the Tax Reform were: Business Flat Tax (IETU) and Tax on Cash Deposits (IDE) were repealed, uniform Value Added Tax nationwide at 16%, and the new Income Tax Law that had important implication for Banorte. Some of these are:

30% Income Tax Rate: The temporary rates stated in the repealed law, which set a tax rate of 29% for 2014 and 28% as of 2015, no longer is in effect. The definitive rate for income tax is 30%.

10% Income Tax on Dividends: A new 10% tax was applied on the distribution of dividends to individuals and foreigners. This tax will be paid by means of withholding and will be deemed as definite payment. The tax will be applied to the profits generated as of 2014.

Overall Allowance for loan losses: According to the repealed Income Tax Law, Banorte could deduct from taxes the loan reserves in an amount equivalent to 2.5% of the average balance of the loan portfolio. According to the tax reform, this deduction of loan reserves will be replaced by the deduction of write-offs (art. 27 section XV of the ISR Law), and even though the new law set a “tax ceiling” to prevent the deduction of write-offs that used to be part of the previously deducted 2.5% of the reserves, the non-deducted part of the loans originated in 2013 or earlier are not subject to said ceiling. The addendum for 2014 published in the Official Gazette on December 30, 2013 in the rule I.3.22.5 and later by rule 3.23.1 of the Miscellaneous Fiscal Resolution for 2015 published in the Official Gazette of the Federation dated December 30, 2014, both state that losses from bad debts, generated after January 1 2014, could be deducted for tax purposes so long as the amount of loss –together with: discounts and write-offs over the loan portfolio, losses from portfolio sales and losses from payments in kind originated after January 1 2014 (in accordance with Article 9, fraction XIV, last paragraph of transitional provisions of the Income Tax Law)- equals the balance of overall allowance for loans losses on December 31 2013. Losses before this time will not be deductible for tax purposes.

The amount of losses from bad debts and other items to which the previous paragraph refers that can be implemented in each fiscal year against the balance on December 31 2013, cannot exceed 2.5% of the yearly average balance of the loan portfolio of the corresponding fiscal year, determined in accordance with the penultimate paragraph of Article 53 of the Income Tax Law in force until December 31 2013. When the amount of losses from bad debts and the aforementioned items exceeds that percentage, the surplus can be applied to subsequent fiscal years until it runs out, so long as the sum of the aforementioned losses and other items applied during the fiscal year do not exceed 2.5%. At GFNorte, the reserve balance as of December 31, 2013 was applied in 2014 and 2015.

Deductibility of ISR-exempt employee benefits: The new ISR Law provisions limit the deductibility of some of the benefits paid to employees, including the pension plan, savings fund, IMSS contributions, among other concepts. Now only 53% of these benefits may be deducted, and if the benefit is lower than last year’s, only 47% may be deducted. In GFNorte’s case, these provisions affect mainly the deductions associated with the savings fund, food coupons and pension plans, among others. So although it is not considered a substantial amount, it does involve a larger taxable base.

SAT Teller (Tax Administration Service): The tax reform states that the taxpaying individuals and business entities who opened an account in their name in the banking system or in savings & loan companies, will be obligated to request their registration in the Federal Taxpayers Register (RFC). Furthermore, members of the financial system

are obliged to report to the authorities about their accountholders and verify that they are registered in the RFC. This way the tax authorities will be able to request information directly to said entities without having to go through the CNBV.

On April 23, 2021, were published in the Official Gazette the decree amending, adding and repealing provisions of the Federal Labor Law (*Ley Federal del Trabajo*); of Social Security Law (*Ley del Seguro Social*); of Law of the Institute of the National Housing Fund for Workers (*Ley del Instituto del Fondo Nacional de la Vivienda para los Trabajadores*); of Fiscal Code of the Federation (*Código Fiscal de la Federación*); of Income Tax Law (*Ley del Impuesto sobre la Renta*); of Value Added Tax Law (*Ley del Impuesto al Valor Agregado*); of Federal Law of Workers in the Service of the State Regulation of Section B) of Article 123 of the Constitution (*Ley Federal de los Trabajadores al Servicio del Estado Reglamentaria del Apartado B del Artículo 123 Constitucional*); of Regulatory Law of Section XIII Bis of Section B, of Article 123 of the Political Constitution of the United Mexican States (*Ley Reglamentaria de la Fracción XIII Bis del Apartado B, del Artículo 123 de la Constitución Política de los Estados Unidos Mexicanos*), regarding Labor Subcontracting.

This reform contemplated several changes in tax and labor provisions that, even though they did not directly impact GFNorte, they did affect it indirectly through its subsidiaries, prohibiting to subcontract personnel and allowing subcontract specialized services that are not part of the corporate purpose or the predominant economic activity of the beneficiary of these, provided that the contractor is registered with the Secretary of Labor and Social Welfare (*Secretaria del Trabajo y Previsión Social*).

Applicable Law and Supervision

The following is a summary of provisions, laws and regulations applicable to financial institutions in Mexico.

GFNorte has SHCP authorization to incorporate and operate as a financial group under the terms provided in the LRAF, being under inspection and supervision of CNBV. Its transactions consist in the acquisition, disposal and managing of voting shares issued by Group entities, as well as by those companies providing complementary services to one or more of the financial entities of the Group or to the Company, and to other companies authorized by the SHCP through general regulations.

Our operation as financial group is primarily regulated by the LRAF and the general provisions issued by the SHCP. The operations of our subsidiaries are primarily regulated by the LIC, the LMV, the LGOAAC, the LISF, the LSAR, the LFI, the LGSM and the rules issued thereunder by the SHCP, the CNBV, the CNSF and the CONSAR, as well as rules issued by Banxico and IPAB, the Civil Code for Mexico City and the Mexican Federal Tax Code.

Company's Bylaws, the Statutory Responsibility Agreement, as well as any other amend to such documents, will be submitted for the SHCP approval, which shall grant or deny it hearing Banxico and CNBV opinion. Any conflict arising from interpretation of the compliance or breach of the Company's Bylaws shall be submitted before the competent Mexico City's Courts.

Incorporation of a Financial Group and Subsidiaries

In terms of the LRAF, the incorporation and functioning of financial groups are permitted prior authorization of the SHCP, including the opinion of Banxico and the CNBV, the CNSF or the CONSAR, as the case may be. Approval of the SHCP is also required prior to the opening, closing or relocating of offices, including branches, of any kind outside

of Mexico or transfer of assets or liabilities between branches. Likewise, a notice to the SHCP is required for the opening of branches in Mexico.

The corporate purpose of a financial group's holding company shall be to acquire and manage the shares issued by the subsidiaries of the financial group. In no case shall the financial services holding company perform or execute any of the financial activities authorized to the entities that comprise the financial group.

Financial services holding companies shall at all-time direct or indirectly own more than 50% of the representative shares of the paid-in capital of each of the entities that comprise the financial group. Additionally, financial services holding companies may appoint the majority of the members of the Board of Directors of each of its controlled subsidiaries.

The financial services holding company's by-laws, the Statutory Responsibility Agreement, and any other amendment to such documents, shall be submitted to the approval of the SHCP, which may grant or deny such authorization, taking into consideration the opinion of Banco de México and, as the case may be, the opinion of the CNBV, the CNSF or the CONSAR.

Financial Groups are integrated by a holding company and at least two financial institutions (which may be of the same type), provided that a financial group may not be comprised solely by the holding company and two Multi-purpose Non-Banking Financial Institutions. Such institutions may include Multi-purpose Non-Banking Financial Institutions, foreign exchange houses, bonding institutions, insurance companies, broker-dealers, banks, mutual funds managers, mutual funds distributors, retirement fund management companies, multiple purpose non-banking financial institutions and micro finance companies.

Entities of the same financial group are allowed to (i) act jointly before the public, offer complementary services and publicly act as part of the same financial group; (ii) use similar corporate names; and (iii) conduct their activities in the offices and branches of members of the same financial group.

Limitations on Investments in Other Entities

Under the Financial Groups Law, subsidiaries of a financial services holding company may not directly or indirectly own capital stock of their own financial services holding company, unless they hold such stock as institutional investors under the Financial Groups Law. Institutional investors under the Financial Groups Law are insurance and bond companies that invest their technical reserves, investment funds and pension funds.Institutions belonging to a financial group may not extend credits in connection with the acquisition of their capital stock, the capital stock of their financial services holding company or the capital stock of other subsidiaries of their financial services holding company. Without the prior approval of the SHCP (which shall take into consideration the opinions of Banco de México and the primary Mexican regulatory commission supervising the relevant financial entity), members of a financial group may not accept as collateral shares of capital stock of Mexican financial institutions. Mexican banks, such as Banorte's subsidiaries, may not acquire or receive as collateral certain securities issued by other Mexican banks, unless they have the SHCP approval. The approval of the SHCP is required prior to acquisition of shares of capital stock of non-Mexican financial entities.

The Mexican Banking Law imposes certain restrictions on investments by Mexican banks, such as our subsidiary Banorte, in equity securities of companies engaged in non-financial activities. Mexican banks may own equity capital in such companies in accordance with the following guidelines:

- up to 5.0% of the capital of such companies at any time, without any approval;

- more than 5.0% and up to 15.0% of the capital of such companies, for a period not to exceed three years, upon prior authorization of a majority of the members of the bank's Board of Directors; and
- higher percentages and for longer periods, or in companies engaged in new long-term projects or carrying out development related activities, whether directly or indirectly, with prior authorization of the CNBV.

The total of all such investments (divided considering investments in listed and in non-listed companies) made by a bank may not exceed 30.0% of such bank's Mexican Tier 1 capital.

A Mexican bank, such as our subsidiary Banorte, requires the prior approval of the CNBV to invest in the capital stock of companies that render auxiliary services to such bank and of companies that hold real estate where the offices of the applicable bank may be located.

In accordance with the LRAF, in order to merge two or more Holding or Sub holding companies, or any other financial company with a Holding or Sub holding company, as well as to merge two or more financial entities comprising the same Financial Group or an entity of the Financial Group with other financial company or any other company it is required the SHCP authorization, listening to the opinion of Banxico and, as appropriate, the CNBV, the CNSF, or the CONSAR.

Financial Groups' Statutory Responsibility

The Law Regulating Financial Groups requires that each financial services holding company, such as GFNorte, enter into an agreement with each of its financial services subsidiaries (the "Statutory Responsibility Agreement"). Pursuant to such agreement, the financial group holding company is responsible secondarily and without limitation for performance of the obligations that the financial institutions comprising the Financial Group have, corresponding to the activities which, in accordance with the applicable provisions, each is responsible for, even respect to those incurred by such financial institutions prior to their integration into the Financial Group and is unlimited responsible for losses of each and every one of these financial institutions. In the event that the assets of the Holding company are not sufficient to simultaneously face the responsibilities, with respect to the subsidiaries of the Financial Group, such liabilities will be covered firstly, with regard to the credit institution belonging to this financial group and, subsequently, on a proportional basis with respect to the other companies integrating the Financial Group, until the patrimony of the Holding company is used up. In accordance with the provisions of Article 119 of the LRAF, is considered that a financial entity has losses when its assets are not sufficient to cover its payment obligations. Furthermore, the definition for losses is according to that set forth in the general provisions issued by the SHCP for this purpose.

The financial services holding company has to inform the CNBV the existence or potential existence of any such obligation or loss, referred above. The financial services holding company would only be liable for the obligations of its financial services subsidiaries 15 business days after the CNBV (or any other principal regulator) delivers notice of its approval of the enforceability of such obligations. The financial services holding company responds to the losses of its subsidiaries by making capital contributions to such subsidiaries (no later than 30 days counted from the date the applicable losses shall arise).

In the event of a financial services holding company's statutory responsibility with respect to a bank, IPAB must determine the amount of the preliminary losses of such bank. The financial services holding company is required to create a capital reserve for the amount of such losses. The financial services holding company is also required to guarantee the payment of the bank's losses that are paid by IPAB pursuant to its law. Such guarantee may be created over the financial services holding company's assets or over such company's shares or those of its subsidiaries. Pursuant to Article 120 of the Law Regulating Financial Groups, any shareholder of the financial services holding

company, due to its holding of the shares, accepts that its shares could be posted as guarantee in favor of IPAB, and that such shares will be transferred to IPAB if the financial services holding company is unable to pay any amounts due to IPAB as a result of the bank's losses.

A financial services holding company is not allowed to pay any dividends or transfer any monetary benefit to its shareholders as of the date on which IPAB determines the bank's losses up to the date on which the financial services holding company has paid for the bank's losses.

No subsidiary is responsible for the losses of the financial services holding company or of the financial services holding company's subsidiaries. GFNorte has entered into such an agreement with its financial services subsidiaries and such agreement is in effect.

Liabilities

A financial services holding company may only engage on direct or contingent liabilities, or post its assets as guarantee, in the following cases: (i) with respect to its obligations under the Statutory Responsibility Agreement established in the Law Regulating Financial Groups; (ii) transactions with IPAB or with the protection and security fund provided for in the Mexican Securities Market Law; and (iii) with the authorization of Banco de México for the case of subordinated debentures of mandatory conversion to securities representing its capital and the obtainment of short-term loans.

Supervision and Intervention

A financial services holding company is subject to the supervision of the commission that supervises the most important entity of the financial group, as determined by the SHCP. GFNorte is overseen by the Supervision Commission (the CNBV, the CNSF or the CONSAR, depending on the responsible for supervising the general functioning of the Financial Group in terms of article 102 of the LRAF) which in turn supervise the financial entities according to their activities. The financial services holding company's accounting will be subject to the rules authorized by the CNBV.

If, as part of its supervision activities, the corresponding commission determines that a financial services holding company has engaged in irregular activities against the applicable financial regulations, the chairman of such commission may impose the corrective measures it deems necessary. If such measures are not complied with in the period set for such purposes, the relevant commission may declare the administrative intervention (*intervención administrativa*) of the financial services holding company.

If, in the opinion of the relevant commission, the irregularities of a financial services holding company affect its stability and solvency, and endanger the interests of the public or its creditors, a managerial intervention (*intervención gerencial*) can be declared by the chairman of the relevant commission, prior resolution of the governing board. The chairman will appoint a peremptory manager (*interventor-gerente*). The peremptory manager will assume the authority of the Board of Directors. The peremptory manager will have the authority to represent and manage us with the broadest powers under Mexican law and will not be subject to the Board of Directors or the shareholders' meeting. The appointment of the peremptory manager must be registered in the Public Registry of Commerce of the corresponding domicile.

Ownership Restrictions; Foreign Financial Affiliates

Ownership of a financial services holding company's capital stock is no longer limited to specified persons and entities under the Law Regulating Financial Groups. The ordinary stockholders' equity of holding companies shall be

comprised of shares Series “O”. Additional equity shall be represented by shares Series “L”, which shall be issued uop to the amount equivalent to 40% od the ordinary Stockholders' equity, prior SHCP authorization. Shares Series “O” , and if the case, Series “L” can be subscribed by both Mexican and non-Mexican investors.

Notwithstanding the above, under the Law Regulating Financial Groups, foreign Governments may not participate, directly or indirectly, in the holding’s capital stock, except in the following cases:

- When done with prudential measures of a temporary nature such as for support or bailouts.

- When the corresponding participation implies that it has control of the holding company, and is carried out by official corporations, such as funds and governmental promotional entities among others, with prior discretionary authorization of the SHCP, whenever in its opinion such corporations prove that:

    - They do not exert authority, and
    - Their decision-making bodies operate independently of the foreign government involved.

- When the corresponding participation is indirect and does not imply control of the holding company.

Mexican financial entities, including those that form part of the respective financial group, cannot purchase a financial services holding company’s capital stock, unless such entities are institutional investors as defined in the Law Regulating Financial Groups. According to the applicable law:

- any transfer of shares representing more than 2% of the outstanding capital stock of a Mexican bank is required to be reported to the CNBV;
- the CNBV has been granted broader discretion to authorize the acquisition of more than 5% of the outstanding shares of a Mexican bank; and
- the composition of the boards of directors of Mexican banks has been limited to a total of 15 members and their alternates (as opposed to the former rule of 11 members or multiples thereof), 25% or more of whom must qualify as independent.

In addition, the LRAF, the LMV and our by-laws set forth restrictions to acquire shares of the Financial Group, pursuant to item 4. Administration, subsection d) Corporate By-Laws and other Agreements of this Annual Report.

A holder that acquires shares in violation of the foregoing restrictions, or in violation of the percentage ownership restrictions, will have none of the rights of a shareholder with respect to such shares and will be required to forfeit such shares in accordance with procedures set forth in the Law Regulating Financial Groups and the Securities Market Law, in addition to any penalties that may be applicable.

Banking Regulation

The SHCP, either directly or through the CNBV, possesses broad regulatory powers over the banking system. Banks are required to report regularly to the financial regulatory authorities, principally the CNBV and Banco de México. Reports to bank regulators are often supplemented by periodic meetings between senior management of the banks and senior officials of the CNBV. Banks must submit their unaudited monthly and quarterly and audited annual financial statements to the CNBV for review, and must publish on their website and in a national newspaper their unaudited quarterly balance sheets and audited annual balance sheets. The CNBV may order a bank to modify and republish such balance sheets.

Additionally, each credit institution must publish on their website, among other things:

- its basic consolidated and audited annual financial statements, together with a report containing the management's discussion and analysis of the financial statements and the bank's financial position, including any important changes thereto and a description of the bank's internal control systems;
- a description of the bank's Board of Directors, identifying independent and non-independent directors and including their resumes;
- a description and the total compensation and benefits paid to the members of the Board of Directors and senior officers during the past year;
- unaudited quarterly financial statements for the periods ending March, June and September of each year, together with any comments thereon;
- any information requested by the CNBV to approve the accounting criteria and special registries;
- a detailed explanation regarding the main differences in the accounting used to prepare the financial statements;
- the credit rating of their portfolio;
- the capitalization level of the bank, its classification (as determined by the CNBV) and any modifications thereto;
- financial ratios;
- a brief summary of the resolutions adopted by any shareholders' meeting, debenture holders' meeting, or by holders of other securities or instruments; and
- the bank's by-laws.

The CNBV has authority to impose fines for failing to comply with the provisions of the Mexican Banking Law, or regulations promulgated thereunder. In addition, Banco de México has authority to impose certain fines and administrative sanctions for failure to comply with the provisions of the Law of Banco de México (Ley del Banco de México) and regulations that it promulgates and the Law for the Transparency and Ordering of Financial Services (Ley para la Transparencia y Ordenamiento de los Servicios Financieros), particularly as violations relate to interest rates, fees and the terms of disclosure of fees charged by banks to clients. Violations of specified provisions of the Mexican Banking Law are subject to administrative sanctions and criminal penalties.

The Mexican Banking Law permits foreign governments to acquire equity securities of Mexican banks, on a temporary basis in connection with rescue or similar packages, which was not possible in the past, and to acquire control of Mexican banks, with the prior approval of the CNBV.

Mexican banks are now required to expense carefully, through their boards of directors, compensation payable to officers and, for that purpose, will be required to observe general rules to be issued by the CNBV and to establish and maintain a compensation committee.

Changes approved by the Congress clarify capitalization requirements, causes for revocation of a license and terms pursuant to which the Mexican government may provide assistance to troubled Mexican banks.

The amended Mexican Banking Law includes a provision for self-correcting irregularities detected by Mexican banks, arising from non-compliance with applicable law. Programs for self-correction are required to be approved by the board of directors of the applicable Mexican bank and must be supervised by the bank's audit committee. General rules implementing the provisions are expected to be issued by the CNBV.

New provisions have been added to the Mexican Banking Law, in connection with the dissolutions and liquidation of Mexican banks facing liquidity or solvency problems. A Mexican bank may only be dissolved and liquidated, if the

CNBV has issued a determination to that effect. Prior to such dissolution and liquidation, the IPAB may provide temporary financial assistance to Mexican banks having liquidity problems.

Non-viable Mexican banks will be liquidated pursuant to a procedure set forth in the Mexican Banking Law, under which the IPAB will act as liquidator, will conduct the procedures necessary to collect fees and pay creditors (respective parties specified under the Mexican Banking Law) and will take all measures conducive to the bank's liquidations. The Mexican Banking Law now reflects provisions that were regulated by the Mexican Bankruptcy Law, as they relate to the dissolutions and liquidation of Mexican banks. Liquidation proceedings may be conducted in-court or out of court, depending upon the circumstances affecting the relevant Mexican bank. In addition to liquidation proceedings, Mexican banks may be declared in bankruptcy pursuant to a specialized proceeding set forth in the Mexican Bankruptcy Law.

Licensing of Banks

Authorization of the Mexican government is required to conduct banking activities. The CNBV, with the approval of its Governing Board and subject to the prior favorable opinion of Banco de México, has the power to authorize the establishment of new banks, subject to minimum capital standards, among other things. CNBV approval is also required prior to opening, closing or relocating offices, including branches outside of Mexico or transfer of assets or liabilities between branches.

Intervention

The CNBV, with the approval of its Governing Board, may declare the managerial intervention (*intervención gerencial*) of a banking institution pursuant to Articles 129 through 141 of the Mexican Banking Law (the "CNBV Intervention"). In addition, the Governing Board of IPAB will also appoint a peremptory manager (*administrador cautelar*) if the IPAB provides liquidity, in accordance with applicable law.

CNBV Intervention pursuant to Articles 129 through 141 of the Mexican Banking Law will only occur when:

- during a calendar month, any of the Capital Ratios of a bank is reduced from a level equal to or above the minimum Capital Ratios required under the Mexican Capitalization Requirements, to 50% or less than such minimum Capital Ratios;
- the banking institution does not comply with the minimum Capital Ratios required under the Mexican Banking Law and it does not submit itself to the conditional operation regime under Article 29 Bis 2 of the Mexican Banking Law; or
- the banking institution defaults with respect to any of the following payment obligations:
    - in the case of obligations in an amount greater than 20,000,000 UDIs or its equivalent: (1) loans granted by other banking institutions, foreign financial institutions or Mexican Central Bank, or (2) payments of principal or interest on securities issued, that have been deposited with a clearing system; and
    - in the case of obligations in an amount greater than 2,000,000 UDIs or its equivalent, if during two business days or more, (1) it does not pay its obligations with one or more participants in clearing systems or central counterparts, or (2) it does not pay in two or more of its branches, banking deposits claimed by 100 or more of its customers, could occur.

In addition, a CNBV Intervention may occur when the CNBV, in its sole discretion, determines the existence of irregularities that affect the stability or solvency of the bank or the public interest or the bank's creditors.

According to the Lic, peremptory manager will be appointed by the IPAB, if the IPAB has granted extraordinary financial support to a bank in accordance with the Mexican Banking Law. The peremptory manager appointed by the IPAB will have powers and attributions of the Board of Directors, and of the shareholders, in the cases where the execution of its rights does not correspond to the IPAB. The peremptory manager will have the authority to represent and manage the bank with the broadest powers under Mexican law, and will prepare and submit to the IPAB, the bank's budget (for approval), will be authorized to contract liabilities, make investments, undertake acquisitions or dispositions and incur expenses, to hire and fire personnel and may suspend operations. The appointment of the peremptory manager must be registered in the Public Registry of Commerce of the corresponding domicile.

Banking License Revocation and Payment of Guaranteed Obligations

Banking Licens Revocation. In the case that the CNBV revokes a license to be organized and operate as a banking institution, IPAB's Governing Board will determine the way under which the corresponding banking institution shall be dissolved and liquidated in accordance with Articles 165 through 274 of the Mexican Banking Law. In such a case, IPAB's Governing Board may determine to carry out the liquidation through any or a combination of the following transactions:

- transfer liabilities and assets of the banking institution in liquidation to another banking institution directly or indirectly through a trust incorporated for such purposes;
- constitution, organization and managing of a new banking institution owned and operated directly by IPAB with the exclusive purpose of transferring the liabilities and assets of the banking institution in liquidation; or
- any other alternative that may be determined within the limits and conditions provided by the Mexican Banking Law that IPAB considers as the best and least expensive option to protect the interest of bank depositors.

Causes to Revoke a Banking License. The above mentioned amendments significantly expand the events upon which the CNBV may revoke a banking license. The following are among the most relevant causes:

- if the bank does not starts operations within the term of thirty days as from the notification of such authorization;
- shareholders' meeting decide to request the revocation;
- if the banking institution is dissolved or initiates liquidation or bankruptcy procedures (*concurso mercantil or quiebra*) according to LIC procedures;
- if the banking institution
    - does not comply with any minimum corrective measures ordered by the CNBV pursuant to Article 122 of the Mexican Banking Law;
    - does not comply with any special corrective measure ordered by the CNBV pursuant to such Article 122; or
    - consistently does not comply with an additional special corrective measure ordered by the CNBV;
- if the banking institution does not comply with the minimum Capital Ratio required under the Mexican Banking Law and the Mexican Capitalization Rules;
- if the banking institution defaults with respect to any of the following payment obligations:
    - in the case of obligations in an amount greater than 20,000,000 UDIs or its equivalent: (1) loans granted by other banking institutions, foreign financial institutions or Banco de México, or (2) payments of principal or interest on securities issued, that have been deposited with a clearing system, and
    - in the case of obligations in an amount greater than 2,000,000 UDIs or its equivalent, if during two business days or more, (1) it does not pay its obligations with one or more participants in clearing systems

or central counterparts, or (2) it does not pay, in two or more of its branches, banking deposits claimed by 100 or more of its clients; or

- if the assets of the banking institution are insufficient to meet its liabilities.

Upon publication of the resolution of the CNBV revoking a banking license in the Official Gazette and in two newspapers of wide distribution in Mexico and registration with the corresponding Public Registry of Commerce, the relevant banking institution will be dissolved and liquidation will be initiated. Upon liquidation of a banking institution, the IPAB shall proceed to make payment of all "guaranteed obligations" of the relevant banking institution in compliance with the terms and conditions set forth by the Mexican Banking Law, other than those "guaranteed obligations" that have been actually transferred pursuant to article 186 of the Mexican Banking Law.

Obligations of a banking institution in liquidation that are not considered "guaranteed obligations" pursuant to the IPAB Law, and that are not effectively transferred out of the insolvent banking institution, will be treated as follows:

- term obligations will become due (including interest accrued);
- unpaid principal amounts, interest and other amounts due in respect of unsecured obligations denominated in pesos or UDIs will cease to accrue interest;
- unpaid principal amounts, interest and other amounts due in respect of unsecured obligations denominated in foreign currencies, regardless of their place of payment, will cease to accrue interest and will be converted into pesos at the prevailing exchange rate determined by Banco de México;
- secured liabilities, regardless of their place of payment will continue to be denominated in the agreed currency, and will continue to accrue ordinary interest, up to an amount of principal and interest equal to the value of the assets securing such obligations;
- obligations subject to a condition precedent, shall be deemed unconditional;
- obligations subject to a condition subsequent, shall be deemed as if the condition had occurred, and the relevant parties will have no obligation to return the benefits received during the period in which the obligation subsisted; and
- derivatives, repos and securities loans will be early terminated and netted after two business days following the publication of the resolution of the CNBV revoking a banking license in the Official Gazette and in two newspapers of wide distribution in Mexico.

Liabilities owed by the banking institution in liquidation will be paid in the following order of preference:

- liquid and enforceable labor liabilities,
- secured loans,
- tax liabilities,
- liabilities to IPAB, as a result of the partial payment of obligations of the banking institution supported by IPAB in accordance with the Mexican Banking Law,
- bank deposits, loans and other liabilities as provided by Article 46, Sections I and II of the Mexican Banking Law, to the extent not transferred to another banking institution, as well as any other liabilities in favor of IPAB different from those referred formerly,
- any other liabilities (other than those referred to below),
- preferred subordinated debentures,
- non-preferred subordinated debentures, and
- the remaining amounts, if any, shall be distributed to stockholders.

Financial Support

Determination by the Financial Stability Committee. The Financial Stability Committee ("*FSC*") includes representatives of the SHCP, Banco de México, the CNBV and IPAB. In the case that the FSC determines that if a bank were to default on its payment obligations and such default may (i) generate direct or indirectly serious negative effects in one or more commercial banks or other financial entities, endangering their financial stability or solvency, and such circumstance may affect the stability or solvency of the financial system, or (ii) put in risk the operation of the payments' systems required for the development of the economic activity, then the FSC may determine, on a case-by-case basis, that a general percentage of all of the outstanding obligations of the troubled bank that are not considered "guaranteed obligations" under the IPAB Law and guaranteed obligations in amounts equal to or higher than the amount set forth under Article 11 of the IPAB Law (400,000 UDIs per person per entity), be paid as a means to avoid the occurrence of any of such circumstances. Notwithstanding the foregoing, under no circumstance may the transactions referred to in Sections II, IV and V of Article 10 of the IPAB Law (which include transactions such as liabilities or deposits in favor of shareholders, members of the Board of Directors and certain senior officers, and certain illegal transactions) or the liabilities derived from the issuance of subordinated debentures, be covered or paid by IPAB or any other Mexican governmental agency.

Types of Financial Support. In the case that the FSC makes the determination referred to in the prior paragraph, then IPAB's Governing Board will determine the manner according to which the troubled commercial bank will receive financial support, which may be through either of the following options:

- If the FSC determines that the full amount of all of the outstanding liabilities of the relevant troubled commercial bank (guaranteed and non-guaranteed) must be paid, then the financial support may be implemented through (i) capital contributions granted by IPAB in accordance with Articles 151 to 155 of the Mexican Banking Law, or (ii) credit support granted by IPAB in accordance with Articles 156 through 164 of the Mexican Banking Law, and in either case the CNBV shall refrain from revoking the banking license granted to such commercial bank.

- If the FSC determines that less than the full amount of all the outstanding liabilities of the troubled commercial bank (guaranteed and non-guaranteed) must be paid, then the support will consist of the payment of the general percentage of outstanding obligations of the relevant troubled banking institution in determined by the BSC, in terms of article 198 of the Mexican Banking Law,transferring the assets and liabilities of such commercial bank to a third party, as set forth in Articles 194 to 197 of the Mexican Banking Law.

Conditional Management Regime. As an alternative to revoking the banking license, the relevant bank may request, with the prior approval of its shareholders, the application of a conditional management regime. The conditional management regime may be requested when any of the Capital Ratios of the relevant bank is below the minimum required pursuant to the Mexican Capitalization Requirements. In order to qualify for such regime, the relevant commercial bank should (*i*) deliver to the CNBV a plan for the reconstitution of its capital, and (*ii*) transfer at least 75% of its shares to an irrevocable trust. Banking institutions that fail to meet the minimum core capital required by the Mexican Capitalization Requirements may not adopt the conditional management regime.

Bank Liquidation Process

According to the latest amendments to the Mexican Banking Law, enacted on January 10, 2014, upon publication of the resolution of the CNBV revoking a banking license, in the Official Gazette and two newspapers of wide distribution in Mexico and registration of such resolution with the corresponding Public Registry of Commerce, the relevant

banking institution will be dissolved and liquidation will be initiated, in terms of the procedure set forth in the Mexican Banking Law. The IPAB will be appointed liquidator of the banking institution.

In the event that the banking license is revoked because the assets of the relevant bank are insufficient to meet its liabilities, the IPAB shall undertake the liquidation procedure before a competent Federal court, according to the terms and conditions provided for a court liquidation (*liquidación judicial*) procedure under the Mexican Banking Law, in substitution of the *concurso mercantil* under the Mexican Bankruptcy Law. Moreover, the IPAB will be appointed as receiver (*liquidador judicial*) for purposes of the court liquidation procedure.

The IPAB will carry out the creditors' identification process. The IPAB must also comply with the following preference for the payment of the banking institution´s debts: first, secured creditors; second, labor obligations; third, debts with a special privilege provided by statute; fourth, the unpaid balance in respect to the of the deposits insured by the IPAB and thereafter, payments shall be made in the preference provided in article 241 of the Mexican Banking Law, noting that the last debts to be paid are subordinated preferred and non-preferred obligations.

Capitalization

The Mexican Capitalization Requirements set forth the methodology to determine the net capital relative to market risk, risk-weighted assets and operations risk. Under the relevant regulations, the CNBV may impose additional capital requirements.

Basel III Standards in Mexico

On November 28, 2012, the CNBV published new banking regulations, anticipating the adoption of Basel III guidelines. Most aspects of the new set of rules became effective on January 1, 2013, while others will be phased until the year 2022. (See section 2. "Issuer. Subsection b) Business Description – Applicable Laws and Tax Position – Applicable Law and Supervision – Adoption of New Rules in Mexico in accordance with Basel III").

The new regulation aims to, among others: (i) strengthen the composition of the net capital of banking institutions under Basel III guidelines, and (ii) allow certain securities issued by commercial banks to have the ability to absorb losses incurred by these institutions when submitting a detriment in their capital, either through a conversion into their shares or by the loss of the agreed value at the time of issuance in order to be recognized as part of the net capital of such institutions.

Among other changes, the amendments to the General Rules Applicable to Mexican Banks implementing the Basel III rules include the following:

Quality and level of capital. Greater focus on common equity and Common Equity Tier 1 Capital. The minimum Common Equity Tier 1 Capital was raised to 4.5% of risk-weighted assets, after deductions.

Capital loss absorption at the point of non-viability. Contractual terms of capital instruments include a clause that allows – at the discretion of the relevant authority – write-off or conversion to common shares if the bank is judged to be non-viable. This principle increases the contribution of the private sector to resolving future banking crises.

Capital conservation buffer. Banks shall constitute a Capital Supplement of 2.5% of the risk-weighted assets, bringing the total minimum Common Equity Tier 1 Capital standard to 7.0%. Constraint on a bank's discretionary distributions will be imposed when banks fall into the buffer range.

Countercyclical buffer. This buffer is imposed within a range of 0-2% comprising Common Equity Tier 1 Capital, when the CNBV judges that credit growth is a result from an unacceptable build-up of systemic risk, and is based on the credit activities carried by the financial institution in foreign markets.

Pursuant to the General Rules Applicable to Mexican Banks, this capital supplement is calculated taking into consideration the financing activities performed by banks in different jurisdictions.

Systemically Important Domestic Banks. D-SIBs must have higher loss absorbency capacity to reflect the greater risks that they pose to the domestic financial system. The additional loss absorbency requirements are to be met with a progressive Common Equity Tier 1 Capital requirement ranging from 0.60% to 2.25%, depending on a bank's systemic importance.

Under the Mexican Capitalization Rules, Mexican banks are required to maintain a minimum capital ratio of 8.0%, including a supplementary capital of 2.5% of Tier 1 Capital with respect to risk weighted assets subject to total risks. Aggregate net capital consists of Tier 1 Capital and Tier 2 Capital.

The Capital Adequacy rules that apply to Banorte include 2 additional capital buffers: (1) a capital buffer for an important systemic financial institution, and (2) a counter-cyclical capital buffer. The first is a supplementary capital for institutions that have been identified as of systemically importance, where the institutions must comply in a 4-year period starting on December 2016, while the second buffer represents additional capital that the institutions must cover based on the exposition with the private sectors of jurisdictions that have a higher growth rate on credits than the economic growth. It is important to notice, that Banorte has been identified as a Level IV systemically important institution based on the current regulation, therefore complying with a capital buffer of 0.225% starting on December 2016, 0.45% starting on December 2017, 0.675% starting on December 2018 and 0.90% starting on December 2019.

The General Rules Applicable to Mexican Banks, currently specify that Mexican banks may be classified in several categories based on their Net Capital Ratio, Tier 1 Capital and Fundamental Capital. The relevant corrective measures applicable to us are determined based on the following classifications:

		Net Capital Ratio (*ICAP*)				
Fundamental Capital or CET1 (*CCF*)	**Tier 1 Capital (*CCB*)**	**≥ 10.5% + CBF**	**≥ 8.0%**	**≥ 7.0% + CBF**	**≥ 4.5%**	**< 4.5%**
≥ 7% +CBF	≥ 8.5% + CBF	**I**	**II**			
	≥ 7% + CBF	**II**	**II**	**III**		
≥ 4.5%	≥ 8.5% + CBF	**II**	**II**			
	≥ 6%	**II**	**II**	**III**	**IV**	
	≥ 4.5%	**III**	**III**	**IV**	**IV**	
< 4.5%						**V**

Where,
ICAP = Net Capital Ratio (Índice de Capitalización)
CCB = Tier 1 Capital Ratio (Coeficiente de Capital Básico)

CCF = Fundamental Capital Ratio (Coeficiente de Capital Básico Fundamental)
CBF = Capital Supplements (Systemically Important Bank Capital Supplement + Countercyclical Capital Supplement). As of december 2019 Banorte's Systemically Important Bank Capital Supplement is 0.90%

This table is based upon the tables set forth in Article 220 of the General Rules Applicable to Mexican Banks, which should be consulted for a complete understanding of the applicable requirements, including those related to the applicable Capital Supplements to be constituted by the Bank.

Furthermore, the General Rules Applicable to Mexican Banks provide that:

- The Net Capital will include a Tier 1 Capital (capital básico) and a Tier 2 Capital (capital complementario). The minimum Net Capital ratio required for each bank shall be equal to 8%;

- The Tier 1 Capital shall include:
  - a Tier 1 Capital coefficient of at least 6%;
  - a Common Equity Tier 1 Capital coefficient of at least 4.5%; and
  - (a) a capital conservation buffer equivalent to 2.5% of the Weighted Assets Subject to Risk, (b) in case of D-SIBs, the Systemically Important Bank Capital Supplement, and (c) the Countercyclical Capital Supplement

- The Tier 1 Capital of the Net Capital will be divided into a Fundamental Capital (capital básico fundamental) and a Non-Core Tier 1 Capital (capital básico no fundamental).

For clarification purposes, Tier 1 Capital refers to the basic portion of total Net Capital, as such term is defined in the General Rules Applicable to Mexican Banks. Tier 1 Capital is comprised of the two components of basic capital (capital básico fundamental and capital básico no fundamental) as such terms are defined in the General Rules Applicable to Mexican Banks. Fundamental Capital (capital básico fundamental) means only the amount of the fundamental capital as such term is defined in the General Rules Applicable to Mexican Banks. Non-Fundamental Capital (capital básico no fundamental) means the non-fundamental basic capital as such term is defined in the General Rules Applicable to Mexican Banks. Tier 2 Capital refers to the additional portion (parte complementaria) of total Net Capital, as such term is defined in the General Rules Applicable to Mexican Banks.

The General Rules Applicable to Mexican Banks require banks to maintain a Net Capital Ratio of at least 10.5% to avoid the imposition of corrective measures notwithstanding that the minimum required Net Capital Ratio is 8%.

Total Net Capital consists of Tier 1 Capital (which, in turn, consists of Common Equity Tier 1 Capital (Fundamental) and Common Equity Additional Tier 1 Capital (Non-Fundamental)) and Tier 2 Capital. The Mexican Capitalization Requirements include among the Core Equity Tier 1 Capital, mainly, paid-in capital, which represents the most subordinated right to collect in case of liquidation of a credit institution, which are not due and do not grant reimbursement rights, profits (mainly including retained profits), and capital reserves, and subtract from such Common Equity Tier 1 Capital (Fundamental), among other things, certain subordinated debt instruments, issued by financial and non-financial entities, securities representing residual parts of portfolio securitization, investments in the equity of venture-capital funds and investments in or credits to related companies, reserves pending creation, loans and other transactions that contravene applicable law, and intangibles (including goodwill). Common Equity Additional 1 Capital (Non-Fundamental) is comprised of preferential shares, regarding which the issuer has the right to cancel the dividend payments, and subordinated debt instruments, which are not subject to a due date or forced conversion, regarding which it is possible to cancel the interest payments and which may become shares of a credit institution or a controlling entity or are subject to cancellation (when capitalization problems arise).

Tier 2 Capital comprises capitalization instruments, as long as such capitalization instruments are registered with the RNV, are subordinated to deposits and any other debt of the credit institution, do not have any specific guarantee,

have a term of at least five years and may be convertible into shares at their maturity date or are subject of write-down procedures. These instruments shall be included as capital based on their maturity date: 100% if the due date exceeds five years, 80% if the due date exceeds four years but is less than five years, 60% if the due date exceeds three years but is less than four years, 40% if the due date exceeds two years but is less than three years, 20% if the due date exceeds one year but is less than two years, and 0% if the due date is less than one year.

Every Mexican bank must create certain legal reserves that are considered to be part of Tier 1 Capital. Banks must separate and allocate 10.0% of their net income to such reserve each year until the legal reserve equals 100.0% of their paid-in capital (without adjustment for inflation). The remaining of net income, to the extent not distributed to shareholders as dividends, is added to the retained earnings account. Under Mexican law, dividends may not be paid out against the legal reserve.

During 2017, the CNBV implemented a new regulation stating that Tier 1 and Tier 2 capital instruments cannot be considered above 50% of the Common Equity Tier 1 Capital if the CET1 Capital Ratio is below 10.0%.

Moreover, in 2023 Banorte was endorsed as a Level II - Domestic Systemically Important Financial Institution by the CNBV; therefore, Banorte must maintain a capital buffer of 0.90 bps, which was constituted progressively in four years starting on December 31st, 2016. Minimum Capitalization Ratio ("CR") stood at 14.65% at the end of 2023 (corresponding to the minimum regulatory of 10.5% plus supplementary capital constituted as of that period), including partial implementation of TLAC.

Lastly, starting on December 2022, Domestic Systemically Important Financial Institution are required to have an additional Total Loss Absorption Capital Buffer to comply with the mininmum CR. The buffer will be equal to 6.5% of Total RWA and has been implemented since December 31st 2022 to the 31st of December 2025 as follows:

	Starting December 31			
	2022	**2023**	**2024**	**2025**
Minimum Capital Ratios				
Total Net Capital (*capital neto*).....	13.025%	14.650%	16.275%	17.900%

As of December 31, 2024, the Bank's Capital Ratios were (i) 21.78% in the case of Capitalization Ratio, (ii) 21.56% in the case of Tier 1 Capital and (iii) 13.21% in the case of Fundamental Capital.

The Bank is currently classified as Class I and, as a result, it is not subject to any corrective measures.

Corrective Measures

The Mexican Banking Law and the General Rules Applicable to Mexican Banks establish the minimum corrective and special additional measures that banks must fulfill according to the category in which they were classified based on their capital. These corrective measures are designed to prevent and, when necessary, correct the operations of the banks that could negatively affect their solvency or financial stability. The CNBV is required to notify the relevant bank in writing of the corrective measures that it must observe, within five business days after Mexican Central Bank has notified the CNBV the capitalization ratio of the bank, as well as verify its compliance with the corrective measures imposed.

Regardless the regulatory CAPR, the CNBV may order the application of additional special corrective measures.

Banking institutions classified under Category I pursuant to the table above, shall not be subject to any corrective measures. Nevertheless, corrective measure for all the other categories include:

For Class II:

- requiring the bank to:
  - inform the Board of Directors about the bank's classification, as well as the causes for the CNBV to make such classification, and submit a detailed report containing a comprehensive evaluation of the bank's financial situation, its level of compliance with the regulatory framework and the main indicators that reflect the degree of stability and solvency of the bank, within 20 business days after the bank has received the CNBV notification of the corrective measure;
  - include in such report the causes of the weakening of their Capitalization Ratio and the Tier 1 Capital and Tier 2 Capital;
  - include in such report any observations mandated, in accordance with their respective scope of authority, by each of the CNBV and the Mexican Central Bank;
  - report in writing the financial situation to the chief executive officer and chairman of the board of directors of the bank or the board of directors of the bank's holding company, in the event the bank is part of a financial group;
  - abstain from entering transactions that will cause its Capitalization Ratio to be lower than required under the Capitalization Requirements;
  - abstain from increasing the current amounts of the financings granted to relevant related parties; and
  - submit for approval to the CNBV, a plan for capital restoration which has as a result an increase of its Capitalization Ratio in order for the institution to be placed in Class I.

Such plan shall be presented to the CNBV no later than 20 business days after the date the bank receives the CNBV notification of the corrective measure.

For Class III and above:

- requiring the bank's Board of Directors to:
  - within 15 business days as of the notice of its classification, submit to the CNBV, for its approval, a plan for capital restoration that will result in an increase in its Capitalization Ratio, which may contemplate a program for improvement in operational efficiency, streamlining costs and increasing profitability, the carrying out of contributions to the capital and limits to the operations that the banks may carry out in compliance with their bylaws, or to the risks derived from such operations. The capital restoration plan shall be approved by such bank's board of directors before being presented to the CNBV. The bank shall determine in the capital restoration plan that, in accordance with this subsection, it must submit, periodic targets, as well as the date in which the capital of such bank will get the capitalization level required in accordance with the applicable provisions. The CNBV, through its governing board, must resolve all that corresponds to the capital restoration plan that has been presented to them, in a maximum of 60 calendar days from the date the plan was submitted; and
  - comply with the plan within the period specified by the CNBV, which in no case may exceed 270 calendar days starting the day after the bank was notified of the respective approval. To determine the period for the completion of the restoration plan, the CNBV shall take into consideration the bank's category, its financial situation, as well as the general conditions prevailing in the financial market. The CNBV, by agreement of its governing board, may extend the deadline once by a period that will not exceed 90 calendar days. The CNBV will monitor and verify compliance with the capital restoration plan, without prejudice of the provenance of other corrective measures depending on the category in which the corresponding bank is classified;

- requiring the bank to:
  - suspend any payment of dividends to its shareholders, as well as any mechanism or act that involves the transfer of any economic benefits to the shareholders. If the bank belongs to the holding company, the measure provided in this subsection will apply to the holding company to which the bank belongs, as well as the financial entities or companies that are part of such holding company. This restriction on the payment of dividends for entities that are part of the same financial group will not apply in the event the dividend is being applied to the capitalization of the bank;
  - requiring the bank to suspend any capital stock repurchase programs of the bank and, in the event that the bank belongs to a financial group, also the programs of the holding company of such group;
  - requiring the bank to defer or cancel the interest payments on outstanding subordinated debt and, when applicable, defer the payment of the principal or exchange the debt into shares of the bank in the amount necessary to cover the capital deficiency, in advance and proportionately, according to the nature of such obligations. This corrective measure will be applicable to those obligations that are identified as subordinated debt in their indenture or issuance document;
  - requiring the bank to suspend payment of any extraordinary benefits and bonuses that are not a component of the ordinary salary of the chief executive officer or any officer within the next two levels, as well as not granting any new benefits in the future for the chief executive officer and the officers until the bank complies with the minimum levels of capitalization required by the CNBV;
  - requiring the bank to refrain from increasing outstanding amounts of any credit granted to any individual who is a related party; and

For Class IV and above:

- refraining from making new investments on non-financial assets, opening branches or performing activities other than those made in the ordinary course of business.

In addition to the minimum corrective measures, the CNBV may order the implementation of additional and special corrective measures for banks with a classification from II to V. The additional and special corrective measures that, if applicable, the banks must comply with are:

- define the concrete actions that it will carry out in order not to deteriorate its Capitalization Ratio;
- inform the chief executive officer of the foreign holding company about the bank's classification, as well as the causes that caused the CNBV to make such classification, and submit a detailed report containing a comprehensive evaluation of the bank's financial situation, its level of compliance with the regulatory framework and the main indicators that reflect the degree of stability and solvency of the bank, within 20 business days after the bank has received the CNBV notification of the corrective measure, only in case of banks owned by foreign financial groups;
- hire the services of external auditors or any other specialized third party for special audits on specific issues;
- refrain from agreeing to increases in the salaries and benefits of the officers and employees in general, except for agreed salary revisions and in compliance with labor rights;
- substitute officers, members of the board or external auditors with appointed persons occupying the respective positions;
- undergo other actions or be subject to other limitations as determined by the CNBV, based on the result of its functions of monitoring and inspection, as well as with sound banking and financial practices; or
- refrain from entering into new agreements that may cause an increase on the Weighted Assets Subject to Risk or may cause a higher deterioration on the Capitalization Ratio.

Reserve and Compulsory Deposit Requirements

The compulsory reserve requirement is one of the monetary policy instruments used as a mechanism to control the liquidity of the Mexican economy to reduce inflation. The objective of Banco de México's monetary policy is to maintain the stability of the purchasing power of the Mexican peso and in this context, to maintain a low inflation level. Given the historic inflation levels in Mexico, the efforts of Banco de México have been directed towards a restrictive monetary policy.

Under this policy, Banco de México has elected to maintain a short-term financial creditor stance with respect to the Mexican financial money markets, where every day the markets begin operations with a liquidity deficit that is later compensated by Banco de México through daily operations in the money market that provide liquidity and adequate stability to these markets. Banco de México's experience has shown that the implementation of its monetary policy is more effective if it starts with a position of liquidity deficit at the beginning of each day of operations.

As of January 2015, the Liquidity Coverage Ratio came into effect, which is a measurement of liquidity implemented by authorities that reflects current liquidity of the Bank and foresees liquid, free-disposal and good quality assets in order to face liabilities and liquidity needs for a 30 day period under a stress scenario. Later, in January 2019, the minimum LCR established 100% with daily monitoring measured in accordance with deviations above the minimum of 100%, Banorte currently remains above this regulatory minimum.

The Net Stable Funding Coefficient (CFEN), a long-term measure complementary to the CCL that measures the institutions' long-term funding structure, is expected to take effect in March 2022, with a regulatory minimum of 100% and an early warning structure similar to that applicable to the CCL, measured based on monthly deviations. Banorte's estimates position us above this new regulatory limit.

To manage its maturity exposures to the Mexican financial markets, Banco de México has been extending the maturities of its liabilities for longer terms to avoid the need for continuing refinancing of its liabilities. Those liabilities have been restructured into voluntary and compulsory deposits (Depositos de Regulacion Monetaria), and into investment securities such as longer-term government bonds (Bondes) and compulsory monetary regulatory bonds (Brems). At the same time, Banco de México has elected to hold short-term assets, thus allowing it the ability readily to refinance its positions of assets and reduce its maturity exposure to the financial markets.

Banco de México imposes reserve and compulsory deposit requirements on Mexican commercial banks. Bulletin 36/2008 published on August 1, 2008, stated that the total compulsory reserve deposit required of Mexican commercial banks was Ps 280.0 billion, which had to be deposited in eight installments by eight deposits of Ps 35.0 billion each on August 21 and 28; September 4, 11, 18 and 25; and October 2 and 9, 2008. The amount of the deposit that each bank had to make was determined based on each bank's pro rata share of total Mexican financial institution time deposits allocated as of May 31, 2008. Likewise, in addition to the compulsory reserve abovementioned, the Mexican Central Bank imposed an addition for the monetary regulation l reserve and compulsory deposit requirement on Mexican commercial banks. Circular 11/2014 published on June 27, 2014, stated an additional compulsory reserve deposit of Ps 41.5 billion, which had to be deposited in four installments by four deposits of Ps10.4 billion each on August 14; September 11, October 9 and November 6, 2014. The amount of the deposit that each bank had to make was determined based on each bank's pro rata share of total Mexican financial institution time deposits allocated as of May 31, 2014. The Circular 7/2020, published on April 1, 2020, and referring to the modification of Circular 9/2014, established a decrease of Ps 50.0 billion in the total amount of Monetary Regulation Deposits, distributing pro rata the amount of Ps 15.0 billion to Development Banking and Ps 35.0 billion among Multiple Banking Institutions. Circular 42/2020, published on November 4, 2020, and referring to the modification of Circular 9/2014, established the recalculation methodology for the amounts of Monetary Regulation Deposits of banking institutions, which were paid on November 12, 2020.

The compulsory deposit reserves required under the terms of the Bulletins 36/2008 and 11/2014 have an indefinite term. During the time these reserves are maintained on deposit with Banco de México, each banking institution receives interest on such deposits every 28 days. Banco de México will provide advance notice of the date and the procedure to withdraw the balance of these compulsory deposits at such time, if any, that the compulsory deposit reserves are suspended or terminated.

Portfolio rating and allowance for loan loss reserves

The loan portfolio represents the balance of amounts effectively granted to borrowers plus uncollected accrued interest minus interest collected in advance. The allowance for loan losses from credit risks is presented as a reduction of the loan portfolio.

Portfolio Stage 1
Loans granted will be recognized in this category as long as they do not meet the portfolio categorization criteria in Stage 2 or Stage 3 described below.

Portfolio Stage 2
Loans must be recognized as a Loan Stage 2 credit risk, in accordance with the rules for each type of portfolio, or based on the criteria of the internal methodologies authorized by the CNBV, with the exception of the loans described in the "Portfolio Stage 3" section below.

Portfolio in Stage 3
The balance of the loan is classified as a Loan Stage 3 when the amortizations have not been fully paid in the terms originally agreed upon, according to the following:

- Loans with single payment of principal and interest at maturity: 30 or more calendar days after the maturity of principal and interest.
- Loans involving a single principal payment at maturity, but with periodic interest payments: 30 calendar days or more after the principal is due, or 90 calendar days or more after the interest is due..
- Loans with payment of principal and interest in partial periodic payments: 90 days or more after payment of principal and interest are due.

Allowance for loan losses

The loan portfolio is rated in accordance with the rules issued by the SHCP and the methodologies established by the CNBV. In the case of the Consumer Revolving and Auto Individual and Housing Mortgage portfolios, and Commercial Portfolio (businesses different than government entities, municipalities and financial institutions and individuals with business activity) with sales or revenues of less than 14 million UDIs (inflation-indexed securities), the Institution rates these portfolios using internal methodologies based on NIF C-16 with an advanced approach. and in the case of the Commercial Portfolio (legal entities other than states, municipalities and financial entities and individuals with business activity) with sales or income greater than or equal to 14 million UDIs, through an internal methodology based on NIF C-16 with a basic approach. These methodologies are authorized by the CNBV.

These regulations also establishes general methodologies for rating and estimating the allowance for loans and credit losses.

Credit Institutions must apply the established methodology to rate the Commercial Loan Portfolio based on quarterly information for the periods ending in March, June, September and December of each year, whereas also recording

in their financial statements the allowances for loan and credit losses at the end of each month. Furthermore, during the months following each quarter, the respective rating to any loan used at the end of the immediately preceding quarter must be applied, based on the outstanding balance in effect on the last day of the aforementioned months. The allowances for for loan and credit losses that exceeded the amount required to rate the loan will be cancelled against the period's results on the date of the following quarterly rating. Additionally, recoveries on the previously written-off loan portfolios are recorded in the period's results.

General description of Regulatory Methodologies established by the CNBV

The Standard methodologies for rating the consumer, mortgage and commercial loans (excluding loans intended for investment projects having their own source of payment) establish that their allowance for loan loss should be determined based on the estimated loan's expected loss over the next twelve-month period, for loans classified in Stage 1 and Stage 3, and for the remaining term for loans classified in Stage 2.

Given the entry into force of the International Financial Reporting Standards (IFRS 9) in January 2022, these methodologies stipulate that the estimation of such expected loss, evaluates the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD), and the result of multiplying these three factors corresponds to the estimated expected loss which equals the amount of the reserves required for loans classified in Stage 1 and Stage 3.

For Revolving Consumer Loan, Non-revolving Consumer and Housing Mortgage, it is assumed that starting at the moment of default, only minimum payments will be done lifetime (estimate of the "average life"). Finally, the amount of reserves to be constituted for loans in Stage 2 is the maximum value between the lifetime reserve and the multiplication of PD*LGD*EAD.

Depending on the type of loan, the probability of default, the loss given default and the exposure at default in the standard methodologies for those not considered in internal models, are determined considering the following:

Probability of Default

- Non-revolving consumer loan – takes into consideration current delinquency, payments done regarding last balance, type of credit, among others.
- Commercial loan.- depending on the type of debtor considers: payment experience, rating agencies' assessment, financial risk, socio-economical risk, financial soundness, country and industry risk, market share, transparency, corporate governance standards, and other qualitative aspects.

Loss Given Default

- Consumer loans (Non-Revolving and Revolving)– considers the number of past due payments.
- Commercial loans – considers financial and non-financial guarantees as well as personal guarantees.

Exposure at Default

- Non-revolving consumer loan – considers loan balance at the rating date.
- Commercial – for revocable loans, the loan balance at the rating date is considered. For irrevocable loans, the current use of credit line to estimate how much its usage would increase in the event that default is considered.

The CNBV's Standard methodologies for rating Commercial loan debtors for loans intended for investment projects having their own source of payment, stablish that the rating must be estimated analyzing the risk of projects at pre-operative and operational stages, evaluating the project's source of payment, as well as payment experience factors and other qualitative aspects..

Internal Rating Methodologies based on NIF C-16

In accordance with Annexes 15 and 15BIS of the "General Rules Applicable to Mexican Banks", institutions that implement internal methodologies must calculate capital requirements under an IRB approach (Annex 15) and their reserves under an IFRS9 approach (Annex 15BIS). The internal methodologies used by the Institution, as well as general standard methodologies, have an approach of expected loss in the next twelve months for loans classified in Stage 1 and Stage 3, and for the remaining term for loans classified in Stage 2. Such internal methodologies could have the next approaches:

- Foundation - the probability of default is estimated considering the internal methodology, while the parameters of loss given default and exposure at default are based on the standard methodology.
- Advanced - the probability of default, the loss given default and the exposure at default are estimated according to the approved internal methodology.

Revolving Consumption

The Institution was granted with the approval for applying an Internal Rating Methodology, by CNBV since January 2018. It considers applying internal rating methodology based on an advanced approach for the revolving consumer portfolio. This methodology is used to estimate the reserves and capital requirements for credit risk, according to regulation.

For Revolving Consumer Loans, it is assumed that from the moment of default, only the minimum payments will be done until the end of the credit (estimate of the "average life").

Regarding this methodology, the probability of default, the loss given default and the exposure at default are estimated considering the following:

- There are differentiated models according to internal variables, which take into consideration aspects, such as credit limit, usage of the credit line, internal operation, customer loyalty, seniority of the account and external behavior variables such as maximum delinquency and usage with other financial institutions in different time horizons.

Loss given default

- According to the number of past-due payments and credit line usage.

Exposure to Default

- Takes into consideration current usage of the line, credit limit and delinquency level to estimate how much its usage would increase in the event that default is considered.

Auto Loan Portfolio

Since January 2020, The Institution was granted with the approval for applying an Internal Rating Methodology with

an Advanced Approach. This methodology is used to estimate the reserves and capital requirements for credit risk, according to regulation.

Regarding this methodology, the probability of default, the loss given default and the exposure at default are estimated considering the following:

Probability of default|

- It takes into account external behavior variables: time elapsed since the last payment, age in the bureau, as well as the proportion of the book balance and the value of the guarantee, overdue payments, seniority in the institution, age of the credit, and utilization in other financial institutions observed in different time windows.

Loss given default

- There are differentiated models for each segment based on the balance/collateral ratio that, through different time horizons, brings to present value the costs associated with recovery (recoveries, write-offs, and discounts), and are expressed as a percentage of the exposure at default.

Exposure at default

- Takes into consideration the he amount of the accounting balance at the time of classificattion.

Housing Mortgage Portfolio

Since July 2023, the Institution was granted with the approval for applying an Internal Rating Methodology with an Advanced Approach to housing mortgage loans underwrited by Banorte. This methodology is used to estimate the reserves and capital requirements for credit risk, according to regulation.

Regarding this methodology, the probability of default, the loss given default and the exposure at default are estimated considering the following:

Probability of default|

- Considers aspects as delinquency level, updated loan to value according with CUB guidelines, as well as external behavior variables: highest delinquency and usage in other financial institutions in different time horizons.

Loss given default

- There are differentiated models for each segment based on the updated loan to value according with CUB guidelines, that through different time horizons, brings to present value the costs associated with recovery (recoveries, write-offs, and discounts), and are expressed as a percentage of the exposure at default.

Exposure at default

- Takes into consideration the amount of the accounting balance at the time of classification.

Commercial Portfolio with sales greater than or equal to 14 million UDIs (inflation-indexed securities)

The Institution was granted with the approval from CNBV, to apply an internal rating methodology with a Foundation Approach starting January 2019 for the Commercial Loan Portfolio (individuals with business activity and legal entities different to states, municipalities and financial institutions, both with annual sales greater than or equal to 14 million UDIs). This methodology is used to estimate reserves and capital requirements for credit risk according, to regulation.

Regarding this methodology, the probability of default is determined considering the following:

Probability of default

- Credit behavior, creditors financial risk, funding, restructuring, economic sector, quality of the business management, the Institution's target markets and others qualitative aspects of the business.

Commercial Portfolio with sales lower than 14 million UDIs (inflation-indexed securities)

Since August 2024, the Institution has been authorized to use an internal methodology under an advanced approach for the Commercial portfolio (legal entities other than states, municipalities and financial entities and individuals with business activity) with annual sales less than or equal to 14 million UDIs. This methodology is used to estimate reserves and capital requirements for credit risk, in accordance with the provisions of the regulation.

The probability of non-compliance with this methodology is determined by considering the following:

Probability of default

- Internal and external credit behavior, restructuring, and funding.

Severity of Loss

- Considers financial and non-financial guarantees, and personal guarantees.

Exposure to Non-Compliance

- The amount of the accounting balance at the time of qualification is taken.

Liquidity Requirements for Foreign Currency-Denominated Liabilities

Pursuant to regulations of Banco de México, the total amount of maturity-adjusted (by applying a factor, depending upon the actual maturity of the relevant liability) net liabilities denominated or indexed to foreign currencies that Mexican banks, their subsidiaries or their foreign agencies or branches may maintain (calculated daily), are limited to 1.83 times the amount of their Tier 1 Capital. To calculate such limit, maturity-adjusted foreign currency-denominated or indexed assets (including liquid assets, assets with a maturity of less than one year, short term derivatives and spot foreign exchange transactions) are subtracted from maturity-adjusted foreign currency-denominated or indexed liabilities, and the aforementioned factor is applied to the resulting amount.

The maturity-adjusted net liabilities of Mexican banks denominated or indexed to foreign currencies (including dollars) are subject to a liquidity coefficient (i.e., to maintain sufficient foreign currency-denominated or indexed liquid assets). These permitted liquid assets include, among others:

- U.S. dollar-denominated cash or cash denominated in any other currency freely convertible;
- Deposits with Banco de México;
- Treasury bills, treasury bonds and treasury notes issued by the United States government or debt certificates issued by agencies of the United States government, which have the unconditional guarantee of the United States government;
- Demand deposits or one-day deposits or one- to seven-day deposits in foreign financial institutions rated at least P-2 by Moody's, or A-2 by S&P;
- Investments in mutual funds or similar or in funds complying with certain requirements authorized by Banco de México, and;

- Unused lines of credit granted by foreign financial institutions rated at least P-2 by Moody's or A-2 by S&P, subject to certain requirements.

Such liquid assets may not be posted as collateral, lent or be subject to repurchase transactions or any other similar transactions that may limit their transferability.

banorte y Casa de Bolsa Banorte Ixe comply with the applicable reserve requirement and liquidity coefficients in all material aspects.

Lending Limits

Pursuant to the regulation of General Rules Applicable to Mexican Banks, Large Exposures are defined as those that the Institution maintains with a person or group of people who represent a common risk and whose sum amounts to an amount equal to or greater than 10% of the basic capital of said Institution. .

For the purposes of diversifying active operations, each of the large exposures assumed by the Institution must not exceed the maximum limit of 25% of its basic capital.

In the case of Multiple Banking Institutions of Local Systemic Importance or Institutions of Global Systemic Importance that maintain large exposures with respect to other Banking Institutions of Local Systemic Importance or Institutions of Global Systemic Importance, the maximum applicable limit will be 15% of their basic capital.

The sum of large exposures that the Institution maintains with the 4 largest individual debtors or groups of debtors that represent common risk may not exceed 100% of its basic capital.

Each of the large exposures that the Institution maintains with entities and organizations that are members of the parastatal Federal Public Administration, including the Public Trusts established by the Federal Government for economic development, as well as the productive companies of the State, will have a maximum limit that does not will exceed 100% of the basic capital of the Institution.

The basic capital that must be used to estimate the loan granting limits is the one corresponding to end of period of three months prior to the date on which said calculation is made. The CNBV may at its discretion reduce the aforementioned limits, if internal control systems or the risk management of the bank is inadequate.

The following financings are exempt from these lending limits:

- Federal Government, as well as those credit subjects to whom it grants its guarantee;
- Mexico City Government, federal entities and municipalities, which correspond to financing originated in accordance with the provisions of the Law of Financial Discipline of the Federal Entities and Municipalities and have the guarantee of the Federal Government, or that correspond a state debt secured by the right to receive certain federal taxes;
- Banco de México, IPAB and Development banks guaranteed by the Mexican government, the Bank for International Settlements, the International Monetary Fund, the European Central Bank, the European Union and some multilateral organizations, central governments of foreign countries and their banks central banks that meet certain characteristics of high credit quality;

Credit institutions are required to disclose large exposures that exceed 10% of their core capital

Funding Limits

In accordance with the General Rules Applicable to Mexican Banks, Mexican banks are required to diversify their funding risks. In particular, a Mexican bank is required to notify the CNBV, on the business day following the occurrence of the event, in the event it receives funds from a person or a group of persons acting in concert, that represent in one or more funding transactions, more than 100% of such bank's Tier 1 Capital. None of our liabilities to a person or group of persons exceeds the 100% threshold.

Related Party Loans

Pursuant to the Mexican Banking Law, the total amount of the transactions with related parties may not exceed 35% of the bank's Tier 1 Capital. For the case of loans and revocable credits, only the disposed amount will be counted. See "Related Party Transactions—Loans to Related Parties."

The General Rules Applicable to Mexican Banks establish that the aggregate amount of operations subject to credit risk relating to relevant related parties shall not exceed 25% of the bank's Tier 1 Capital corresponding to the immediately preceding month. If the amount exceeds 25%, then the excess must be subtracted in order to determine Tier 1 Capital.

Foreign Currency Transactions

Banco de México regulations establish the applicable provisions for the operations of multiple banking institutions, denominated in foreign currencies. Multiple banking institutions may, without requiring additional specific approval, carry out operations in foreign currency in cash (eg operations with a maturity not exceeding four business days). Other operations in foreign currency are interpreted as derivative operations and require approvals that are explained below. At the close of each day's operations, multiple banking institutions may maintain a foreign exchange risk position (both in general and by type of currency). The, foreign exchange risk positions are generally allowed, provided that such positions do not exceed 15% of the institution's basic capital. Additionally, credit institutions must maintain a minimum liquidity as determined by the provisions issued by Banco de México, in relation to the maturity of obligations denominated in foreign currency.

Derivative Transactions

Certain provisions of Banco de México are applicable to derivative operations carried out by multiple banking institutions and brokerage. This institutions may enter into: Future Operations, Forwards, Options, Exchange (Swaps) and Credit Derivatives, in relation to the following underlying assets:

a) Shares, a group or basket of shares, or securities referenced to shares, listed on a stock exchange;
b) Price indices on shares listed on a stock exchange;
c) National currency, Currencies and UDIS;
d) Inflation-related price indices;
e) Nominal, real or surcharge interest rates, rates referring to any debt title and indices based on said rates;
f) Loans and credits;
g) Any of the following goods:
    a. Gold and silver;
    b. Corn, wheat, soy, sugar, rice, sorghum, cotton, oats, coffee, orange juice, cocoa, barley, milk, canola, soybean oil and soybean paste;
    c. Pork, pigs and cattle;
    d. Natural gas, heating fuel, diesel, gasoline and crude oil, and

e. Aluminum, copper, nickel, platinum, lead and zinc.

h) Futures, Forwards, Options, Credit Derivatives and Swaps on the aforementioned underlying assets.

Mexican institutions require an express general approval, issued in writing by Banco de México, to individually enter into or as so-called intermediaries, derivative transactions, with respect to each class or type of derivative. Mexican banks may, however, enter into derivatives without the authorization of Banco de México, if the exclusive purpose of such derivatives is to hedge the relevant bank's existing risks. Authorizations may be revoked if, among other things, the applicable Mexican bank fails to comply with Mexican Capitalization Rules, does not timely comply with reporting requirements, or enters into transactions that contravene applicable law or sound market practices.

Banks and Brokerage Firms that execute derivative transactions with related parties or with underlying assets of which the issuer or debtor are related parties, shall comply with the corresponding provisions established in the Mexican Banking Law regarding transactions with third parties.

Institutions may guarantee the compliance of the derivative transactions through cash deposits, credit rights, margin trading, and/or securities of its portfolio. In the case of derivative transactions that take place in OTC markets, the above guarantees may be granted only when the counterparties are credit institutions, brokerage firms, foreign financial institutions, mutual funds, mutual funds manager of pension funds, Sofomes, and any other counterparty authorized by Banco de México. Mexican banks are required to periodically inform their Board of Directors with respect to the derivatives transactions entered into, and whether or not the Mexican bank is in compliance with limits imposed by the Board of Directors and any applicable committee. Mexican banks must also inform Banco de México periodically of derivative transactions entered into and whether any such transaction was entered into with a related party. In respect of hedging derivatives transactions entered into by Mexican banks, the counterparties must be other credit financial entities authorized by Banco de México to carry out operations with foreign financial institutions. Derivatives must be entered into pursuant to master agreements that must include international terms and guidelines, such as ISDA master agreements and master agreements approved for the domestic market. As an exception to applicable rules, Mexican banks may pledge cash, receivables and securities to secure obligations resulting from their derivative transactions.

In 2023, Banco de México published changes in the regulations regarding derivatives. These changes, such as margin trading, UTI, UPI or the implementation of the 31 new requirements for trading derivatives, have different deadlines for entry into force during 2024 and 2025; in this sense, Banorte is making adjustments to its processes to meet these changes. have different terms of entry into force during 2024 and 2025; therefore, Banorte is making adjustments to its processes to meet these changes.

Banco Mercantil del Norte is authorized to carry out the following operations:

Subjacent	Operation							
	Futures		Options		Swaps		Credit Default	
	RM	OM	RM	OM	RM	OM	RM	OM
Shares, a group or basket of shares, or securities referenced to shares, which are listed on a stock exchange.		✓		✓				
Price index of shares listed on the stock exchange.		✓		✓				
National currency, Currencies and UDIS.	✓	✓		✓		✓		
Nominal, real or surcharge interest rates, rates referring to any debt security and indices based on said rates.	✓	✓		✓	✓	✓		

Future Operations, Option Operations and Exchange Contracts (Swaps), on the Underlying referred to in the preceding paragraphs.	✓5	✓1		✓2				
Other subjacent or operations.				✓3		✓4		
Loans and credits.								✓

RM Regulated Market, OM OTC Market, 1) Forward Starting Swaps (RM), 2) Swaptions, 3) Option on interest rate curve node, 4) Constant Maturity Swap, and 5) Forward Starting Swap (MR)

Casa de Bolsa Banorte is authorized to carry following operations:

Subyacentes	Operation					
	Futures		Options		Swaps	
	MR	OM	MR	OM	MR	OM
Nominal, real or surcharge interest rates, rates referring to any debt security and indices based on said rates.				✓		✓
National currency, Currencies and UDIS.						✓2
Future Operations, Option Operations and Exchange Contracts (Swaps), on the Underlying referred to in the preceding paragraphs.		✓1				

RM Regulated Market, OM OTC Market, 1) Forward Starting Swaps (RM), 2) Currency Swaps.

Repo Operations and Securities Lending

In compliance with the regulation enacted by the Central Bank of México, Credit Institutions may carry out repurchase transactions, acting as sellers or short-term borrower with any party, and act exclusively as buyers or short-term lender with the Central Bank of México, other Credit Institutions, Brokerage Firms, Certified General Storage Entities, and Foreign Financial Entities. The collateral for the transactions are all securities except Securities for International Arbitration Operations. The corresponding circular establishes some restrictions: refrain from executing repos in terms contrary to its policies and/or best market practices, regarding the term and settlement of the repos and finally, obligations regarding the delivery of information to the authorities.Regarding the legal instrumentation, the parties must enter into formal framework contracts, prior to the conclusion of any Repo operation. These must be approved by the Association of Banks of Mexico, A.C. and by the Mexican Association of Stock Market Intermediaries.

Regarding Securities Lending and Borrowing, Banco de México authorizes Credit Institutions and Brokerage Firms to carry out this type of operations. Furthermore, regulation provides guideline for the Securities that may be subject to loans on their own account or from third parties, as well as the obligation to submit regulatory reports.

The new rules allow credit institutions, brokerage firms, investment funds and other financial institutions to enter into repo transactions with various counterparties, including foreign financial institutions and hedge funds. These operations must comply with certain requirements, such as the constitution of guarantees and the documentary confirmation of the transactions. In addition, the settlement of repos through securities depositories and central securities counterparties is allowed, thus ensuring transparency and security in these operations.

Likewise, special types of repos are introduced, such as open repos, repos always in force and *Forward Starting Repo*. Particularly for *Forward Starting Repo*, prior authorization must be obtained from the Bank of Mexico to operate them. These modalities must comply with the methodology and guidelines established to guarantee the security and transparency of operations.

Restrictions on Liens and Guarantees

Under the Mexican Banking Law, banks are specifically prohibited from, among others: (i) pledging their properties as collateral (except when pledging collection rights or securities in transactions with the Mexican Central Bank, development banks, public federal trust and IPAP or if the CNBV so authorizes or as described above with respect to derivative transactions, securities, lending and repurchase transactions) and (ii) guaranteeing the obligations of third parties, except, generally, in connection with letters of credit and bankers' acceptances.

Bank Secrecy Provisions; Credit Bureaus

Pursuant to the Mexican Banking Law, a Mexican bank may not provide any information relating to the identity of its customers or specific deposits, services or any other banking transactions (including loans) to any third parties (including any purchaser, underwriter or broker, or holder of any of the bank's securities), other than:

- the depositor, debtor, accountholder or beneficiary and their legal representatives or attorneys-in-fact,
- judicial authorities in trial proceedings in which the accountholder is a party or defendant,
- the Mexican federal tax authorities for tax purposes,
- the SHCP for purposes of the implementation of measures and procedures to prevent terrorism and money laundering,
- the Federal Auditor (Auditoría Superior de la Federación), to exercise its supervisory authority (including information on accounts or agreements involving federal public resources);
- the supervisory unit of the federal electoral agency (Unidad de Fiscalización de los Recursos de los Partidos Políticos);
- the Federal Attorney General's office (Procuraduría General de la República) for purposes of criminal proceedings;
- the Treasurer of the Federation (Tesoreria de la Federación), as applicable, to request account statements and any other information regarding the personal accounts of public officers, assistants and, as the case may be, individuals related to the corresponding investigation; and
- the Secretary and undersecretaries of the Ministry of Interior (Secretaría de la Función Pública) when investigating or auditing the estates and assets of federal public officers, among others.
- To have automated systems for recording and safeguarding information on customers and their transactions.

In most cases, the information needs to be requested through the CNBV. The CNBV is authorized to furnish foreign financial authorities with certain protected information under the Mexican bank secrecy laws, provided that an agreement must be in effect between the CNBV and such authority for the reciprocal exchange of information. The CNBV must abstain from furnishing information to foreign financial authorities if, in its sole discretion, such information may be used for purposes other than financial supervision, or by reason of public order, national security or any other cause set forth in the relevant agreement.

Banks and other financial entities are allowed to provide credit related information to duly authorized Mexican credit bureaus.

General provisions referred to in article 115 of the Credit Institutions Law:

Mexico has an extensive regulatory framework regarding anti-money laundering and counter-terrorism financing. This regulation as it is applicable to financial institutions was published on April 20,2009, and was put in place the

next day. As of today, there have been several reforms to these regulations, the most recent was performed in March, 2022. Each entity within GFNorte has its own set of regulations according to its line of business, but in general, they are very similar to thos applicable to Banorte and have been updated in several dates

Under anti-money laundering and counter-terrorism financing, those entities operating in the financial sector must meet several requirements, among them are:

- The establishment and implementation of know-you-customer policies aimed at preventing, identifying and reporting actions, omissions or operations that could favor, assist or cooperate with money laundering activities or terrorism financing (as defined in the Federal Penal Code)
- Implementation of procedures to identify and report relevant operations, unusual or suspicious activities (as defined in the anti-money laundering and counter-terrorism financing regulations).
- Report to the SHCP (Tax Ministry) through the CNBV (Banking Regulator), all relevant, unusual and suspicious operations. In the specific case of Banorte, USD cash transactions, international transfers and cashier´s checks.
- The establishment of a Control and Communications Committee (which must designate a compliance officer) which will be in charge, among other matters, the supervision of proper compliance of anti-money laundering and counter-terrorism regulations.
- Have automated systems in place in order to monitor client transactions.
- Rate clients according to their risk profile. For qualified high-risk clients, their records should be updated once a year, including an eye visit.
- Have a risk assessment methodology to which the entity is exposed.
- Identify politically exposed individuals
- Train personnel in anti-money laundering and counter terrorism financing

It is worth mentioning that credit institutions may exchange client and user operation information in order to assist other institutions to prevent and detect suspicious operations with an illegal origin. Only in these particular situations will client and user information will be exchanged. This Exchange may be among authorized financial institutions under an information Exchange agreement, and this must be informed to SHCP (Tax Ministry) through CNBV (Banking Regulator).

Those entities operating in the financial industry must also organize and keep a record of each customer before opening accounts or authorizing any operation.

Each individual’s identification file must include among others: i)full name, ii)gender; iii)date of birth; iv)nationality, country and place of birth; v) profesional activities, type of work; vi)full address; vii)telephone number; viii)e-mail; ix)Federal ID (CURP), and tax ID (RFC); x)Electronic Signature number (Tax payer number) when applicable. These same requirements are applicable for co-signers and authorized third parties. Beneficiaries must provide full name, date of birth and residence address.

A company’s record must be integrated by the following information: i)Full legal name; ii)Address; iii)Type of business; iv)Nationality: v)Tax ID or fiscal ID, showing the country(ies) that provided it; vi)Tax payer number: vii)telephone number; viii)e-mail; ix)Date of Incorporation; x)Administrative officer´s name; members of the board of directors, General Manager and any other individual with relevant powers of attorney.

Each entity’s handbook establishes the required proof of address and official picture ID.

Identificantion records will be kept on file for the duration of the contracts exectuted by the client and for a maximum period of ten years after the last contract has been terminated.

In accordance with anti-money laundering and counter-terrorism regulations, entities that operate in the financial sector must provide to the SHCP, through the CNBV: i)Quarterly reports regarding cash transactions that exceed USD 7,500; ii) reports of unusual transactions, within 60 natural days statring on the date when the unusual operation was detected by our subsidiary financial systems; iii) reports of suspicious transactions, within 60 after the suspicious transaction was detected.

In case of credit institutions, in addition to the above, they must issue quarterly reports regarding international fund transfers, sent or received, for an amount equal or higher than USD $1,000, as well as a monthly report of cash transactions higher than USD $250 with users, and cash transactions higher than USD $500 with clients. An additional quarterly report is sent to the CNBV of cashier's checks issued or paid for amounts of USD $10,000.00 or more.

In June 2010, the provisions applicable to banks were amended, and subsequently reformed in September and December 2010, to regulate cash dollar transactions that may be carried out by banks. Pursuant to such provisions, credit institutions may only receive dollars in cash to individual customers, up to a maximum accumulated amount of USD $4,000 dollars per month, nationwide, and in the case of individual customers with business activity and legal entities, they may receive up to USD $14,000 dollars in cash accumulated in a calendar month, only to those customers established in the northern border zone or in tourist areas..., as well as in municipalities where the amounts of remittances per capita are high and relevant with respect to the total remittances received by our country. Banorte's internal policy is that individuals who are customers located in the northern border zone and those tourist zones receive a maximum amount of USD 3,000 accumulated in a calendar month, while outside those zones, they receive a maximum amount of USD 2,000 accumulated in a calendar month.

Credit institutions can only purchase US Dollars in cash to national users for an amount up to USD $300 per day, without exceeding US$ 1,500 per month; for foreign users, up to $1,500 dollars per month, in one or multiple transactions during the month. At Banorte, cash deposits in US dollars were cancelled in July 2016, remaining only the purchase of US currency to foreign users in tourist zones and in the Northern Border States.

In April 2014 there was a modification in the Anti-Money Laundering Regulation, in particular for the requirements that must be met for customer identification purposes when executing trust agreements, establishing a differentiated treatment for i) trusts in which the bank acts as fiduciary agent, and ii) those which are formalized by another fiduciary agent but that hold an account with the Bank, in this case with Banorte.

The SHCP through the CNBV, will issue the list of blocked individuals and its updates, establishing the following obligations for the bank:

a) Immediately stop any operation or service related to the client or user identified in the blocked individual list.
b) Submit a report to the SHCP through the CNBV of the unusual operation, mentioning that it involves a person in the blocked individual list. This report must be sent within 24 hours of such information being known.
c) Inform the blocked customer or user by means of written communication that his accounts have been blocked, and that all services and transactions have been suspended. That he/she may contest this ten days after receiving this notification, by providing proof and formulating any arguments to clarify his/her situation before the corresponding authorities.

Furthermore, this same modification includes the aforementioned requirement to submit a quarterly report of cashier's checks to the SHCP through the CNBV.

Later on in September 2014, there was a new modification of these regulations, establishing that banks may receive US dollars in cash without any limit from select customers (companies only) anywhere in Mexico that meet the following requirements:

a) That they have at least 3 years since their incorporation.
b) That they justify the need to perform operations in USD in amounts higher tan the ones previously mentioned.
c) The bank must open a file for each of these customers containing among others: financial statements, tax returns, names of main shareholders, etc.

The information that justifies the need to perform cash operations in US dollars must be updated every year. Moreover, the institution must keep an updated record of these clients and report monthly to the SHCP through CNBV the list of customer which receive dollars under this framework.

Again in September 2015, there was an additional modification to the Anti-money laundering regulation that grants an additional 30 day period to the existing 60 day period to submit unusual operations report, so long as the guidelines for customer identification and know-your-customer include the assumptions to apply such extended timeframe.

In this same modification, the term established on September 12, 2014, is extended to two years (730 calendar days), to complete or update the records of clients that have the quality of Trusts that have carried out operations prior to entry. in force of the resolution.

On February 24 2017 the following Anti-Money Laundering modifications were made:

- Change in the maximum amount to report relevant operations from USD $10,000 to USD $7,500.

• As of July 1, 2017, when opening accounts or entering into contracts, a proof of address must be requested, in addition to the identification, even if it contains the address and coincides with the registered one, except in the case of the voter card.

• New mandatory requirements are established for legal entities: (i) Identification of the real owner, (ii) Shareholder structure and (iii) In case it is not low risk, its internal corporate structure.

• Collect and register new data in the system, in the case of transfers through SPID or transfers abroad of clients and users:

Individuals:
- Paternal surname, maternal surname and name (s), without abbreviations. [1, 2, 3, 4]
- Unique Population Registration Code CURP, for Mexicans. [1, 2, 3, 4]
- Nationality [1, 2, 3, 4]
- Date of birth, for foreigners. [1, 2, 3, 4]
- Address of its main administrative offices. [2. 3. 4]
- RFC with Homoclave, when it has it or a tax identification number or equivalent, as well as the country or countries that assigned it. [2. 3. 4]
- Purpose of the transfers sent. [2. 3. 4]
- Occupation, profession, activity or line of business to which the client or user is dedicated. [2. 3. 4]
- Digitized copy of your official identification. [2. 3. 4]
- Number of the Advanced Electronic Signature series (for those of Mexican nationality). [4]

[1] Accumulated amount of transfers received, prior to receipt, up to $ 4,000 in 360 calendar days and up to $ 333 in 30 calendar days.
[2] Amount accumulated in the 360 calendar days prior to the transfer being made, <20,000 USD and> 4,000 in the case of receipt; <20,000 in the case of shipments.
[3] Amount => 20,000 USD and <90,000 USD.
[4] Amount => 90,000 USD.

Companies:

- Full name or company name, as it appears in the current constitutive document.
- Country and date of incorporation.
- RFC with Homoclave if they are incorporated in Mexico or Tax Identification Number or equivalent, as well as the country or countries that assigned it, those established abroad.
- Serial number of the Advanced Electronic Signature.
- Purpose of the transfers sent.
- Address of its main administrative offices (cases => to 300,000 and <2,500,000 USD).
- Business activity or corporate purpose (cases => to 300,000 and <2,500,000 USD).
- Name of the legal representatives designated to request transfers (Cases => 2,500,000 USD).

• Establish a matrix for risk assessment, with a risk-based approach to products, services, practices or technologies. This must be updated every year, leaving the corresponding evidence, and will be reviewed by the CNBV.

• Information and documentation must be exchanged, regarding customers and users who make transfers sent and received through SPID and abroad, through the Banxico platform. Additionally, the obligation to have the consent of the client who makes transfers to share the information and documentation on the Banco de México platform was established.

• Review that among the SPID Service beneficiaries registered by authorized clients in this service, trusts are not registered, if detected, the procedure must be rejected.

• The possibility of appointing an Interim Compliance Officer was established for cases in which the Compliance Officer resigns, is removed from his post or is unable to perform his duties.

• The obligation was established to send to the SHCP, through the Commission, the reports corresponding to Unusual Operation and worrying internal, within 3 business days after it is ruled by the Communication and Control Committee.

• The obligation to train staff was established in accordance with the results of the implementation of the methodology, as well as on the activities, products and services offered by the Bank.

• Communicate to the Secretariat, through the Commission, the designation, addition or substitution of the members of the Committee, within fifteen business days following the date on which it was held.

• Establish a risk assessment model (Risk Model), which is the methodology by which Banco Mercantil del Norte will carry out the process of identification, measurement and classification of Clients by the level of Risk that their operations represent for the entity. In this model, it should be established, between the low and high risk degrees, as many degrees of risk as deemed necessary.

The amendments to the provisions for the prevention of money laundering were published on March 22, 2019. The most relevant amendments are the following:

• The Passport Card is added as authorized identification for natural persons of foreign nationality.

• It incorporates the provision on account opening or conclusion of contracts in a non-face-to-face manner, where it is specified that the geolocation and consent of the client must be obtained for said action.

• It is established that it will not be necessary to incorporate a copy of the documents into the client's file: CURP, Assignment of the tax identification number or equivalent and Advanced electronic signature, if evidence is included in said file that was validated before the corresponding authority.

• Level 1 accounts are no longer anonymous and requirements are established for their opening.

- The client identification process may be suspended when it is considered that the potential client could be related to acts or conduct of Arts. 139 Quater or 400 Bis of the Federal Penal Code, could prevent or alert that resources are considered to be related to acts or conduct referred to in the cited articles and the existence of risks is identified. If the suspension is specified, a report of unusual operation must be generated 24 hours, manually with the information that is available.

- The prohibition is established to open accounts in which we can identify the client or real owner, also with respect to the latter, that the data and document of the address where he can be located can be collected and that if he is considered as a politically exposed person, You should have a stricter monitoring of your operations.

- The requirements are established for the Institutions to obtain the authorization to carry out operations through Innovative Models.

- The preservation of identification records, historical records of operations and regulatory reports may be carried out by electronic or digital means, guaranteeing the security of information and documentation.

- For international or national transfers in foreign currency, in the case of those sent, the information of the recipient or beneficiary must be collected, kept and accompanied, and in the case of those received, the information of the transferor.

- It is established that the Risk Assessment Methodology must contain information on the operations of our clients in a period of at least twelve months.

- In the case of Trusts, the Entities must integrate the identification file of the trustees who are not individualized in the contract, at the time they come to exercise their rights, except for those Trusts where there is brokerage of securities, in which case the obligation will fall on the financial entity that carries out said intermediation.

In the amendment published in July 2021, were incorporated the applicable requirements and operations for demand deposit accounts in national currency for underagers who are beneficiaries of Government support scholarship programs.

In the amendment published in May 2021, were added the municipalities and town halls where it is determined the amount of remittances per capita are higher compared to other municipalities and town halls and where the amounts in absolut value of such remittances are relevant with respect of the total that our country receives, as authorized to receive dollars in cash.

With modifications published in March 2022, the option to offer level 2 accounts to individuals repatriated from USA (identifying them with the temporary CURP) and individuals of foreign nationality (identifying them with the official document issued by the National Migration Institute that accredits your admission or legal stay in the country).

On August 28, 2024, the provisions for the prevention of money laundering and the financing of terrorism were once again modified. The most significant changes are as follows:

The wording of the information regarding paternal and maternal surnames has been changed to request the first and second surnames (if available) of individual clients of Mexican nationality, as well as administrators, general directors, or legal representatives of individual clients of Mexican nationality, and providers of resources for individuals, beneficiaries, and members of the Technical Committee.
Real owners of foreign nationality who are outside the national territory and do not possess a passport or passport card may be identified with a driver's license and credentials issued by federal authorities or equivalents from the relevant country. Entities must conduct the verification. The data and documentation regarding the private address are replaced by the address where they can be located.

The data and document of the private address is replaced by the address where it can be located.

The review of the files must be carried out without the intervention of the official or employee who intervened in their integration, in order to verify their consistency and completeness.

In the part of non-face-to-face account openings:

- It is established that it only applies to individuals and businesses of Mexican nationality, foreigners are eliminated.
- The obligation to collect the digital version of the proof of address is added.
- Some of the requirements for the identification of customers are specified.

With respect to internal accounts, Entities must ensure that these accounts are not used by customers.

Section IV is added, which established the process of identification of low-risk accounts limited to payments equal to the equivalent in national currency of 30,000 UDIS (inflation-indexed securities) per client in the course of a calendar month, for individuals with business activity of business of Mexican nationality, residents in national territory.

It states that specific indicators related to the crimes provided for in articles 400 Bis and 139 quarter of the CPF must be established within the methodology. The requirements to be observed in Correspondent Operations with Foreign Financial Institutions are specified. It is established that the official designated as Compliance Officer and the Auditor who prepares and signs the audit report, must have the current certification provided for in Article 4, section X of the CNBV Law. The deadlines for informing the SHCP of the designation, revocation of the CO and designation of the OCI are updated to a new period of 10 business days.

A new function of automated systems is added to establish that historical records of changes in the degree of risk must be kept for a period of no less than 10 years and in the transactional profile that the customer has during the commercial relationship. In addition, it is established that the effectiveness of the alert system must be independently evaluated every two years.

The obligation to send the Operational Questionnaire to the Commission within the last ten working days of April of each year is added.

The National Financial Agency for Agricultural, Rural, Forestry and Fisheries Development is repealed and it is established that simplified identification does not apply to foreign financial institutions to which correspondent services are provided.

The risk factors (inherent and transactional) that must be considered for the development, use, validation and documentation of the customer risk model are modified.

Rules of the Interbank Payment System in Dollars (SPID):

On the other hand, in March 2016, Banco de México established a regulation for the operation of transfers of funds in dollars in the country, through the Interbank Payment System in Dollars (SPID), thus establishing the obligation to integrate a clients with accounts in dollars and in national currency that make transfers in dollars in the country. Said file must contain a copy of the digital certificate and signature, the purpose of the use of the SPID account, information of the shareholders, the transactional profile of the client and the information of the beneficiaries.

An additional risk assessment model must be established (Risk Model), which is a methodology by which the Subjects to the Risk Model must carry out the process of identification, measurement, classification and mitigation of customer risks. that operate in said system.

It is established that as of May 31, 2017, the only way to transfer dollars in Mexico is by using the SPID system. In order to enforce compliance of this regulation, there must be a SPID Compliance Officer, who must report any situation related to the SPID system's operation to the Compliance Officer in charge of Anti-money laundering and counter terrorism financing.

It is also established that ther must be a Semi-annual report sent to the Audit Committee and to the Bank of Mexico which details any risk-related findings (additional and non-additional). Moreover, there must also be an annual written report sent to Banco de Mexico, which contains the results of the additional risk model. Before sending it to Banco de Mexico, it must be sent to the Communications and Control Committee of the institution, which shall be approved by the Risk Committee and then communicated to the Board of Directors of the bank.

As an acceptance and permanence requirement for participating banks, the head of Internal Audit together with an external auditor, must prepare a compliance report detailing any findings, irregularities and non-compliant activities identified in the SPID process. This process must be reviewed annually, one year by Internal Audit, and the next by an independent (external) auditor, and must be sent to Banco de México.

On December 19, 2024, a new version of the SPID manual came into force, which mainly establishes changes to strengthen issues related to computer security and infrastructure.

Rules on Interest Rates

Banco de México provisions limit the number of reference rates that can be used by Full Service Banking Institutions as a basis to determinate interest rates on loans. For loans in pesos, Full Service Banking Institutions can choose any fixed rate, TIIE funding and for terms greater than one business day, CETES, the interest determined by Banco de México as applied to loans financed or discounted by NAFIN, the interest agreed with development banks on loans financed or discounted with them, the weighted interbank funding rate and the weighted government funding rate. For loans in foreign currency, credit institutions can choose any of the reference fixed rates or variable interest rates that are not unilaterally determined by a financial institution, or overnight interest rates based on transactions observed in the market that comply with principles established by IOSCO, and that be accepted by the authorities of the international jurisdiction to which they belong, among which, but not limited to DOFR, SONIA and ESTR rates. Likewise, there are considered as reference rates, those with terms greater than one day that are derived from the previous mentionaded rates and that are formally proposed for use by some authority, or the rate agreed by national and internationsl development banks and funds, for loans financed or discounted with aforementioned banks and funds. For loans in dollars, Full Service Banking Institutions can choose between fixed rate or any rate mentioned in the previous lines or dollars-CCP as calculated and published in the Official Gazette by Banco de México.

It is important to mention that as of January 1, 2024 the TIIE 91 and TIIE 182 rates cannot be used for new contracts and that likewise as of January 1, 2025 the TIIE 28 rate cannot be used for new contracts.

The rules also provide that only one reference rate can be used for each transaction and that no alternative reference rate is permitted, unless the selected reference rate is discontinued, in which event a substitute reference rate may be established. A rate or the mechanism to determine a rate, may not be modified unilaterally by a bank. Rates must be calculated annually, based upon 360-day periods.

On November 11, 2010, Banco de México published new rules that regulate the issuance and use of credit cards. Such rules standardize the regulations and forms that enable card holders to authorize charges for recurrent payments relating to goods and services and standardize the procedures for objecting to improper charges and

cancelling such services quickly and securely. The rules also establish the way in which credit card issuers shall determine the amount of the minimum payment in each period by means of a formula that favors payment of a part of the principal at the time of each minimum payment, with the aim of achieving payment of debts within a reasonable time period. Such rules also include certain protection provisions for card users in case of theft or loss of their credit cards, the creation of incentives to credit card issuers to adopt additional measures to reduce risks derived from use of credit cards in internet transactions and the wrongful use of information contained in credit cards. These rules did not have a material impact on our operations or financial condition.

In June 2014, the Mexican Supreme Court of Justice issued jurisprudential guidance, of mandatory application, allowing federal judges to determine ex officio if an interest rate agreed on a promissory note is evidently excessive, violating an individual's human rights and, consequently, establish a reduced rate. The elements the judge should take into account to determine if a rate is evidently excessive are: (a) the type of relationship between the parties; (b) the qualification of the persons intervening in the subscription of the note and if the activity of the creditor is regulated; (c) the purpose of the extension of credit; (d) the amount of the loan; (e) the term of the loan; (f) the existence of guaranties for the payment of the loan; (g) the interest rates applied by financial institutions in transactions similar to the one under analysis, as a mere reference; (h) the variation of NCPI during the term of the loan; (i) market conditions; and (j) other issues that the judge may deem relevant.

Fees

Under Banco de México regulations, Mexican banks and Sofomes may not, in respect of loans, deposits or other forms of funding and services with their respective clients:

- charge fees that are not included in their respective, publicly disclosed, aggregate annual cost (costo anual total),
- charge alternative fees, except if the fee charged is the lower fee, and
- charge fees for the cancellation of credit cards issued.

In addition, among other things, Mexican banks may not:

- charge simultaneous fees, in respect of demand deposits, for account management and relating to not maintaining minimum amounts,
- charge fees for returned checks received for deposit in a deposit account or as payment for loans granted,
- charge fees for cancellation of deposit accounts, debit or teller cards, or the use of electronic banking services, or
- charge different fees depending upon the amount subject of a money transfer. Under the regulations, fees arising from the use of ATMs must be disclosed to users.

Mexican banks and Sofomes that allow to customers to use ATMs, must choose between two options to charge fees to clients when withdrawing or checking balances: (i) specify a fee for relevant operations, in such case, banks and Sofomes issuing credit and debit cards ("the Issuers") can not charge an additional fee to the customers (Issuers have the right to charge the respective fee to operators), or (ii) allow the Issuers to charge a fee to clients, in such case, banks and Sofomes will not be able to charge any additional fee to customers.

Banco de México, on its own initiative or at the request of CONDUSEF, credit institutions or Sofomes, may evaluate whether there are reasonable conditions of competition regarding collection fees made by credit institutions and Sofomes in the development of financial operations. Banco de México must obtain an opinion from COFECE in conducting such task. Banco de México may adopt measures to deal with these expeditions.

On October 3, 2014, Banco de México published a bulletin modifying rules on ATM fees that limited us to charge for their use and the amount of such fees for services such as:

- cash withdrawals
- checking balances
- account deposits
- credit payments, both at the teller and ATMs operated by clients' bank

Bulletin also specifies that ATMs must clearly display a legend regarding transaction costs on their screens so that the customer can decide if they want to proceed with the transaction.

IPAB

The IPAB Law, which became effective January 20, 1999, provides for the creation, organization and functions of IPAB, the Mexican bank savings protection agency. IPAB is a decentralized public entity that regulates the financial support granted to banks for the protection of bank guaranteed operations.

According to the IPAB Law, banks must provide the information required by the IPAB for the assessment of their financial situation and notify the IPAB about any event that could affect their financial stability. The IPAB Law expressly excludes the release of such data from bank secrecy provisions contained in the Mexican Banking Law and expressly provides that the IPAB and the CNBV can share information and databases of banks.

IPAB is authorized to manage and sell the loans, rights, shares and any other assets that it acquires to perform its activity according to the IPAB Law, to maximize their recovery value. IPAB must ensure that the sale of such assets is made through open and public procedures. The Mexican President is required to present annually a report to Congress prepared by IPAB with a detailed account of the transactions conducted by IPAB in the prior year.

IPAB has a Governing Board of seven members:

- the Minister of Finance and Public Credit,
- the Governor of Banco de México,
- the President of the CNBV, and
- four other members appointed by the President of Mexico, with the approval of two-thirds of the Senate.

The deposit insurance to be provided by the IPAB to a bank's depositors will be paid upon determination of liquidation of a bank. The IPAB will act as liquidator or receiver, or both, in the liquidation of banks, according to the Mexican Banking Law. The IPAB will guaranty obligations of banks to certain depositors and creditors (excluding, among others, financial institutions) only up to the amount of 400,000 UDIs per person per bank. The IPAB will not guarantee:

- deposits and loans constituting negotiable instruments and bearer promissory notes;
- liabilities for financial institutions or subsidiaries of the bank;
- liabilities not incurred in the ordinary course of business and related party transactions; or
- liabilities assumed in bad faith or in connection with money laundering or other illegal activities.

Banks have the obligation to pay IPAB ordinary and extraordinary contributions as determined from time to time by the Governing Board of IPAB. Under the IPAB Law, banks are required to make monthly ordinary contributions to

IPAB, equal to 1/12 of 0.4% multiplied by the average of the daily outstanding liabilities of the respective bank in a specific month, less:

- holdings of term bonds issued by other commercial banks;
- financing granted to other commercial banks;
- financing granted by IPAB;
- subordinated debentures that are mandatorily convertible in shares representing the capital stock of the banking institution; and
- certain *forward* transactions.

IPAB's Governing Board also has the authority to impose extraordinary contributions in the case that, given the conditions of the Mexican financial system, IPAB does not have available sufficient funds to comply with its obligations. The determination of the extraordinary contributions is subject to the following limitations: (i) may not exceed, on an annual basis, the amount equivalent to 0.3% multiplied by the total amount of the liabilities outstanding of the banking institutions that are subject to IPAB contributions; and (ii) the aggregate amount of the ordinary and extraordinary contributions may not exceed, in any event, on an annual basis, an amount equivalent to 0.8% multiplied by the total amount of the liabilities outstanding of the applicable banking institution.

The Mexican Congress allocates funds to IPAB on a yearly basis to manage and service IPAB's liabilities. In emergency situations, IPAB is authorized to incur additional financing every three years in an amount not to exceed 6.0% of the total liabilities of Mexican banks as determined by the CNBV.

Law for the Protection and Defense of Financial Service Users

A Law for the Protection and Defense of Financial Service Users (Ley de Protección y Defensa al Usuario de Servicios Financieros) is in effect in Mexico. The purpose of this law is to protect and defend the rights and interests of users of financial services. To this end, the law provides for the creation of CONDUSEF, an autonomous entity that protects the interests of users of financial services and that has very wide authority to protect users of financial services (including imposing fines). CONDUSEF acts as mediator and arbitrator in disputes submitted to its jurisdiction and seeks to promote better relationships among users of financial institutions and the financial institutions. Banorte and other subsidiaries operating in the financial sector must submit to CONDUSEF's jurisdiction in all conciliation proceedings (initial steps of a dispute) and may choose to submit to CONDUSEF's jurisdiction in all arbitration proceedings that may be brought before it. The Law requires banks to maintain an internal unit designated to resolve any and all controversies submitted by clients. Our financial subsidiaries maintain such a unit.

CONDUSEF maintains a Registry of Financial Service Providers (Registro de Prestadores de Servicios Financieros), in which all financial services providers must be registered, that assists CONDUSEF in the performance of its activities. This Registry will be replaced as explained below. CONDUSEF is required to publicly disclose the products and services offered by financial service providers, including interest rates. To satisfy this duty, CONDUSEF has wide authority to request any and all necessary information from financial institutions. Furthermore, CONDUSEF may scrutinize banking services provided by approving and supervising the use of standard accession agreements.

Banorte and other subsidiaries operating in the financial sector may be required to provide reserves against contingencies which could arise from proceedings pending before CONDUSEF. Our financial subsidiaries may also be subject to recommendations by CONDUSEF regarding our standard agreements or information used to provide our services. Our financial subsidiaries may be subject to coercive measures or sanctions imposed by CONDUSEF. Our financial subsidiaries are not the subject of any material proceedings before CONDUSEF.

As part of the financial reform being undertaken in Mexico in 2013, the Mexican Congress approved changes to the Law for the Protection and Defense of Financial Services Users pursuant to which, among other things:

- CONDUSEF is entitled to initiate class actions against Mexican financial institutions, in connection with events affecting groups of users of financial services;
- CONDUSEF shall maintain a new Bureau of Financial Entities (*Buró de Entidades Financieras*), which is to set forth any and all information deemed material for users of financial services;
- CONDUSEF is empowered to order amendments to any of the standard form commercial banking documentation (such as account and loan agreements) used by financial institutions, if it considers provisions thereof as detrimental to users;
- CONDUSEF is permitted to issue resolutions as part of arbitration proceedings, for the benefit of issuers, that would permit users to attach assets of a financial institution prior to the completion of arbitration proceedings; and
- CONDUSEF is given broader authority to fine financial institutions, if any such financial institution does not comply with an order issued by CONDUSEF.

Law for the Transparency and Ordering of Financial Services.

The Transparency and Ordering of Financial Services Law regulates:

- the fees charged to clients of financial institutions for the use and/or acceptance of means of payment, as with debit cards, credit cards, checks and orders for the transfer of funds,
- the fees that financial institutions charge to each other for the use of any payment system,
- interest rates that may be charged to clients, and
- other aspects related to financial services, all in an effort to make financial services more transparent and protect the interests of the users of such services.

This law grants Banco de México the authority to regulate interest rates and fees and establish general guidelines and requirements relating to payment devices and credit card account statements (See section 2. “The Company. Subsection b) Business Description–Applicable Laws and Tax Position– Applicable Law and Supervision – Banking Regulations – Interest Rates and Fees Rules”). Banco de México has the authority to specify the basis upon which each bank must calculate its aggregate annual cost (*costo anual total*), which comprises interest rates and fees, on an aggregate basis, charged in respect of loans and other services. The aggregate annual cost must be publicly disclosed by each bank. The law also regulates the terms that banks must include in standard accession agreements and the terms of any publicity and of information provided in account statements. Our subsidiaries operating in the financial sector must inform Banco de México of any changes in fees at least 30 calendar days before they become effective.

As part of the financial reform passed in 2013, the Mexican Congress approved changes to the Law for the Transparency and Ordering of Financial Services pursuant to which the Mexican Central Bank may issue temporary regulations applicable to interest rates and fees, if it or the Mexican Federal Economic Competitive Commission determine that no reasonable competitive conditions exist among financial institutions. Also, the Mexican Central Bank and the CNBV are given authority to issue rules regulating the means to obtain funds (i.e., credit cards, debit cards, checks and funds transfers), as a means to ensure competition, free access, no discrimination and protecting the interests of users.

Law on Transparency and Development of Competition for Secured Credit

On December 30, 2002, the Mexican Congress enacted the Law on Transparency and Development of Competition for Secured Credit (Ley de Transparencia y de Fomento a la Competencia en el Credito Garantizado, or the “Secured

Credit Law"), amended on June 15, 2007 and on May 25, 2010. The Secured Credit Law provides a legal framework for financial activities and certain other services performed by private credit institutions (as opposed to governmental entities) in connection with secured loans relating to real property in general and housing in particular (i.e., purchase, construction, restoration or refinancing). In particular, the Secured Credit Law established specific rules requiring the following:

- the disclosure of certain information by credit institutions to their clients prior to the execution of the relevant loan agreement, including the disclosure of certain terms relating to interest rates, aggregate costs and expenses payable;
- the compliance by credit institutions and borrowers with certain requirements in the application process;
- the binding effect of offers made by credit institutions granting secured loans;
- the inclusion of mandatory provisions in loan agreements; and
- the assumption of certain obligations by public officers (or notaries) before whom secured loans are granted.

In addition, the Secured Credit Law seeks to foster competition among guaranteed credit grantors institutions by permitting security interests underlying a secured loan to survive any refinancing thereof, even if such loans were granted by different credit institutions. This provision of the Secured Credit Law is designed to reduce expenditures made by borrowers.

Insurance Companies

Insurance companies are regulated and subject to supervision by the CNSF, and are subject to the Insurance and Bonding Law -, the Insurance Contract Law (*Ley sobre el Contrato de Seguro*) and other regulatory provisions enacted by the SHCP and the CNSF. The CNSF enacts regulatory provisions establishing the rules and requirements pertaining to insurance companies. Mexican insurance companies are typically involved in insuring customary risks, such as life, accidents, medical, civil liability, professional liability, maritime and transportation and credit. Insurance companies are subject to capital adequacy requirements, and to certain report filing obligations to ensure compliance with legal, regulatory, capital and accounting provisions. Also, insurance companies are subject to certain regulations in connection with their investment activities. Our subsidiary, Seguros Banorte, operates its business as an insurance company, and therefore, is subject to regulation and supervision by the CNSF.

Brokerage Firms

Brokerage firms (casas de bolsa) are regulated by, and subject to the supervision of, the CNBV, and are subject to the Mexican Securities Market Law and the General Rules Applicable to Brokerage Firms (Disposiciones de Carácter General Aplicables a las Casas de Bolsa) issued by the CNBV. Their principal business includes the brokerage, underwriting and intermediation of securities, the sale and trading of securities (either on their own behalf or on behalf of third parties), and the provision of investment and portfolio management advice to their clients. The CNBV has the power to authorize the incorporation and operation of brokerage firms, and power to revoke any such authorizations. Our subsidiary, Casa de Bolsa Banorte, operates its business as a brokerage firm, and therefore, is subject to regulation and supervision by the CNBV.

Management of Broker-Dealers

Broker-dealers are managed by a Board of Directors and by a Managing Director.

The Board of Directors may have up to 15 members, 25.0% of which is required to be independent.

The broker-dealer must also maintain an audit committee. Casa de Bolsa Banorte's audit committee is comprised of 3 members, 1 of which is independent. *See section 4 "Administration - Support Committees to GFNorte's Management" in this Annual Report.*

Capitalization

Broker-dealers are required to maintain a minimum capital depending upon their activities. In addition, broker-dealers must maintain minimum capital levels depending upon market risks, credit risk and operational risk.

If minimum capitalization levels are not maintained, the CNBV may take measures against the applicable broker-dealer, which include: (i) suspending the payment of dividends and other distributions to shareholders, (ii) suspending the payment of bonuses and extraordinary compensation to the general director and higher level officers, and (iii) ordering the suspension of activities that may impact the broker-dealer's capital.

Suspension and Limitations of Activities

The CNBV may suspend or limit the activities of a broker-dealer if: (i) internal infrastructure or internal controls are not sufficient for its activities, (ii) it conducts activities different from authorized activities, (iii) it conducts activities affected by conflicts of interest, (iv) undertakes securities transactions on the BMV, and (v) transactions are omitted or incorrectly entered into the broker-dealer's accounting.

In addition, the CNBV may intervene and commence the management of a broker-dealer, if any events affect the broker-dealer that may have an impact on the soundness, solvency or liquidity, or affect the interests of the broker-dealer's clients.

Revocation of Authorization

The CNBV may revoke the authorization to operate as a broker-dealer if, among other things: (i) the authorization was obtained based upon false documentation or statements, (ii) its capital falls below the regulatory minimum, (iii) provides false or incomplete periodic reports, (iv) fails to duly make accounts entries, (v) fails to comply with applicable law, (vi) a process for its dissolution or liquidation is initiated, or (vii) it is declared bankrupt.

Systems for Handling Orders

Broker-dealers are required to maintain an automatic system to receive, register, assign and execute orders for transactions with securities received by clients. Such system must distinguish (i) type of client, and (ii) different orders received. Broker-dealers are required to inform clients their schedules to receive orders and time-periods during which transactions shall remain in effect.

Secrecy

Under the Mexican Securities Market Law, broker-dealers may not provide any information in respect of transactions undertaken or services offered, except to the owner or holder of the account, to beneficiaries or their legal representatives, except if required by judicial authorities as a result of an order or to tax authorities, solely for tax purposes.

Traders and Operators

Broker-dealers may only engage in transactions with the public through authorized officers, and only if such officers have passed certain required exams and have been granted sufficient authority, through powers of attorney, by the broker-dealer.

Third-Party Services

Broker-dealers may contract with third parties any of the services required for their operations, as long as such broker-dealers obtain the approval of the CNBV and (i) maintain procedures to continuously monitor the performance of the service provider, (ii) cause the service provider to always grant CNBV access in connection with its supervisory rate, (iii) ensure that third-party service providers maintain confidentiality, and (iv) report to the CNBV the criteria used for selecting the service provider, the services in effect contracted, and risks arising from services provided.

Financial Reporting

Broker-dealers are required to disclose to the public (i) internal financial statements for the quarters ending in March, June and September, within one month from the end of this applicable quarter, and (ii) audited financial statements for each full fiscal year, within sixty days following the end of the applicable fiscal year.

Afores

Afores and Siefores are regulated and subject to supervision by the CONSAR, and are subject to the Retirement Savings System Law (Ley de los Sistemas de Ahorro para el Retiro) and the regulations issued by CONSAR. Afores are pension funds organized under the Retirement Savings Systems Law, in charge of receiving and investing retirement funds, through a retirement savings system implemented by the Mexican government in 1997. Under Mexican retirement savings system, workers are entitled to choose an Afore, which will manage and invest their retirement fund as set forth under the Retirement Savings System Law. Workers are subject to mandatory and voluntary contributions to their Afore, which in principle guarantees that, upon retirement, the worker will receive a more significant amount as a retirement pension. Afores typically invest their funds through Siefores, specialized investment entities controlled by Afores. Our subsidiary, Afore XXI Banorte, operates its business as an Afore, and therefore, is subject to regulation and supervision by the CONSAR.

New Regulation Applicable to our Business

Fiscal Coordination Law

The current Fiscal Coordination Law, whose Decree was published in the Official Gazette of the Federation on December 27, 1978, and which entered into force throughout the Republic on January 1, 1980, aims to coordinate the tax system among the Federation, the states, and the municipalities. This law establishes how federal revenues are distributed among the different levels of government; in the case of states and municipalities, the distribution of shares (branch 28), contributions (branch 33), and decentralization agreements.

Main objectives of the Fiscal Coordination Law:
• Establish the share of federal revenues among states and municipalities.
• Distribute federal revenues among states and municipalities.
• Establish rules for administrative collaboration between tax authorities, states, and municipalities.
• Creates and regulates the agencies responsible for fiscal coordination among the different levels of government.

Federal Expenditure Budget and Federal Revenue Law

The Federal Expenditure Budget (PEF) and the Federal Revenue Law (LIF) are two fundamental documents for the country's economic management. Both are prepared by the Executive Branch and approved by the Legislative Branch year after year.

• The LIF is a tool for planning and controlling public revenues. It contains a list of the revenues the federal government expects to obtain during a given year. It details the different types of revenue, such as taxes, fees, products, revenues, etc.
• The PEF is a document that contains a list of the federal government's expected expenditures during a given year. It details the resources that will be allocated to each of the areas, such as federalized spending, education, health, security, infrastructure, etc.

Law on Financial Discipline for States and Municipalities

With the purpose of promoting responsibility in the management of resources and controlling the growing indebtedness of subnational governments, the federal executive and the Congress of the Union published the Constitutional Reform that went into effect on May 27, 2015, which materialized through the “Financial Discipline Law of the Federal Entities and Municipalities” enacted on April 27, 2016 and amended on January 30, 2018 and May 10, 2022.

This law is applicable for the following government powers or entities: executive, legislative and judicial powers, the autonomous bodies of the Federative Entities and Municipalities, as well as de-centralized organisms, state companies (the state has more than 50% interest on the corporation) and trusts of States and Municipalities.

The aim of this Law is to promote sustainable local public finance and responsible management of public debt, as well as to strengthen accountability and transparency based on:

- **Rules on fiscal and financial discipline**: which promote sound public finance based on fiscal responsibility principles.
- **Alerts system**: which establishes indebtedness obliges you to comply with tax liability agreements..
- **Contract of debt and liabilities**: it is guaranteed that debt be contracted at the lowest financial cost through competitive and transparent processes.
- **Secured State Debt**: federal government may secure so States and Municipalities access to cheaper financing.
- **Unique Public Registry**: which will serve to register and provide transparency on the financing and liabilities of public entities.

Insurance and Bailment Law

The Insurance and Bailment Law (LISF) was published on the Diario Oficial (Official Journal) on April 4, 2013, establishing that it would become valid 2 years (730 days) after its publication that is on April 4, 2015. At that moment, the existing law, the “Ley General de Instituciones y Sociedades Mutualistas y de Seguros” (LGISMS) (Insurance Institutions and Mutual Societies General Law) was abrogated.

The objective of the LISF law was top incorporate Solvency II principles, which seek to provide certainty that companies within the insurance industry keep adequate solvency, stability and financial security to face their expected ad unexpected obligations, as well as implement international regulation and supervision standards.

In order to achieve the above, the governance system was strengthened, which increases the obligations of the Board of Directors, as it is now responsible of setting permanent surveillance mechanisms to ensure compliance of operating and financial aspects of the institution (Corporate Governance).

The main aspects incorporated by the LISF are:

a) To determine the legal structure for regulatory development of Solvency II in Mexico. (Solvency II is a legislative program currently developed in the European Union), Solvency II is underpinned by three main pillars:

(i) Pillar I, quantitative requirements. This refers to the economic measurement of assets, liabilities and equity: main aspects of this pillar are based on estimation of better estimator, BEL (Best Estimate Liability) to calculate reserves plus a risk margin and to calculate Solvency Capital Requirement, which is based on the risk efectivelly assumed by the institutions.

According to Solvency II, LISF allows insurance companies to develop and implement their own Solvency Capital Requirement model calculation which must be authorized by the National Commission of Bailment and Insurance Companies (Comisión Nacional de Seguros y Fianzas), or to use the general formula used by the CUSF.

The LISF establishes that all capital, including that in excess of the Investment Base or of the Solvency Capital Requirement, shall be invested according to the investment policy approved by the Board of Directors, and in compliance with applicable regulation.

(ii) Pillar II, qualitative requirements. It focuses on institutions having an effective Corporate Governance system that guarantees sound and prudent management of their activity, implementation and monitoring will be responsibility of the Board of Directors. LISF increases the obligations of the Governing Structures of the organizations to implement mechanisms to ensure compliance of operating and financial aspects of the institution.

Moreover, LISF implemented the compulsory establishment and verification of explicit policies and procedures compliance in: Comprehensive Risk Management, Internal Control, Internal Audit, Actuarial Function and Hiring services with third parties.

The LISF also requested the implementation of measures that will ensure that systems, terminology, balance sheet and financial statements be separated from those of their parent institutions in order to ensure free competition conditions, as in transfer pricing studies.

(iii) Pillar III, market discipline. It consists of Transparency and Information Disclosure requirements, for instance: Specifically points out that Financial Statements published by Insurance and Bailment Institutions must include notes disclosing Assets covering the Investment Base and Own Funds that cover Solvency Capital Requirement.

It also sets the requirement for institutions to obtain a credit rating from a specialized credit rating agency from those mentioned in the applicable regulations, and that it be included in the notes to their financial statements.

a) A new business line was implemented so that insurance institutions now offer Surety Insurance Premiums which would co-exist with the bailment system currently in place. LISF law explicitly requires that surety insurance be accepted as form of guarantee, in the same way that bails are accepted as guarantees in federal and local government transactions.

b) In the previous law (LGISMS), the Tax Ministry (SHCP) was responsible of issuing the authorizations to incorporate and operate as an Insurance Institution; however, the LISF now entrusts this duty to the CNSF. The SHCP keeps the power to interpret, apply and resolve administrative matters related to the LISF.

All the above is further detailed in the "Circular Única de Seguros y Fianzas", a document published on December 19, 2014 which establishes in its first and second transitory provisions, that it will be valid as of April 4, 2015, substituting and abrogating the "Circular Única de Seguros" published on November 8, 2010 and valid since December 13, 2010.

Additionally the Law on Insurance Cotract (Ley Sobre el Contrato de Seguros) is applied.

Adoption of New Rules in Mexico in accordance with Basel III

During 2017, the CNBV implemented a new a new regulation stating that Tier 1 and Tier 2 capital instruments cannot be considered above 50% of the Common Equity Tier 1 capital if the CET1 Capital Ratio is below 10.0%. As of December 31, 2024, the CET1 ratio was 13.21%.

Net Stable Funding Ratio

The CNBV and Banxico exercising their power jointly, issued on August 23, 2021 the General Provisions on Liquidity Requirements for banking institutions, modified by Resolution published on March 1, 2022. These provisions establish the liquidity requirements that banking institutions must comply with, including the Net Stable Funding Ratio, which corresponds to a long-term metric on the balance sheet structure.

The Regulation contains guidelines and considerations to estimate the Net Stable Funding Ratio, which is a long-term indicator that aims to ensure that balance sheet assets are funded with stable or long-term liabilities, by analyzing the relationship between Available Stable Funding and Required Stable Funding. The rules establish the guidelines to determine the Available Stable Funding and the Required Stable Funding.

When estimating the Net Stabel Funding Ratio, all operations shall be included individually and also those carried out by the financial subsidiaries and SOFOMES that are not subject to accounting consolidation in accordance with the accounting criteria, provided that they could generate a requirement of liquidity for these institutions under the terms established by the aforementioned Provisions. These institutions must be approved by the Board of Directors, and are disclosed to public investors.

Moreover, the Regulation also establishes different liquidity scenarios for credit institutions, based on the Net Stable Funding Ratio report, and a 100% regulatory level achieved, monitored monthly in terms of maximum deviations against the minimum required.

Intraday Liquidity Form

As of January 31st, 2025, the new Intraday Liquidity Form (LID) came into effect. The objective of the new form is to provide financial institutions and regulators with monitoring tools that offer higher knowledge of intraday liquidity management by financial institutions, at the time that it provides and strengthens the supervision and management of intraday liquidity risk by implementing tools from the Basel Committee for the supervision of such risk. Starting on June 2nd, 2025, the report will be sent on a daily basis. Currently, no regulatory limits apply to this form.

Total Loss-Absorbing Capacity

As a Locally Systemically Important Entity, Banorte is subject to the Total Loss-Absorbing Capacity supplement, implemented in the regulation during 2021, and which has been coming into effect gradually since December 2022 by adding 1.625% every year to the regulatory minimum, until reaching a total of 6.50% on December 2025. Such a capital supplement will set Banorte's regulatory minimum for the Net Capital to 17.90% from 11.40%. Currently, Banorte is fully compliant with regulatory minimums.

Transition of the Equilibrium Interbank Interest Rate

The Mexican Central Bank has instructed that, as of January 2nd, 2025, the 28-day Equilibrium Interbank Interest Rate cannot be used for new contracts; the prohibition for the 91-day and 182-day rates came into effect on January 2nd, 2024. Banorte initiated a project in 2022 aiming to prepare the bank for this transition in favor of the Funding TIIE Rate. The project was successfully completed in November 2024, ensuring that Banorte fully complies with regulatory requirements.

vi. HUMAN RESOURCES

GFNorte had 32,705 full-time and professional fee-based employees at the end of 2024.

Sector	2024	2023	2022
Banking, Brokerage, SOFOM, Other Finance Companies Sector and USA Subsidiary	29,702	28,699	26,693
Long- term Savings Sector	4,063	4,006	4,248
Total full-time employees	**33,765**	**32,705**	**30,941**

Total full-time employees & salaries	**33,767**	**32,707**	**30,943**

68% of GFNorte's Banking Sector employees are non-unionized and the rest are union members.

Historically the relationship between Banorte's union and the Institution has been cordial and respectful. There have been no strikes, threats of work disruption or collective conflicts.

vii. ENVIRONMENTAL PERFORMANCE

At GFNorte, we are committed to actively contributing to environmental protection and mitigating the negative impacts of our operations. Therefore, we have an Environmental Policy, based on national and international agreements and initiatives to which we are party, such as the Paris Agreement and the Sustainable Development Goals (SDGs), as well as our national legal framework through the General Law on Ecological Balance and Environmental Protection, the General Law on Climate Change, among others, which guide all our actions toward compliance with best practices in sustainability.

To learn about GFNorte's Environmental Policy, please view it here: PoliticaAmbiental_es.pdf

In addition, we have implemented an Environmental Management System that allows us to monitor, control, and reduce the risks associated with our operations, ensuring efficient use of resources. Thanks to this internal environmental oversight, we did not receive any fines for non-compliance with laws or regulations in this regard during 2024.

Energy

Energy consumption

The Group's energy consumption is primarily concentrated in the purchase of electricity from the national grid and, secondarily, in the consumption of fossil fuels for our utility vehicles. Furthermore, no subsidiary consumes energy associated with refrigeration or steam, nor does it generate energy for consumption or sale.

Furthermore, due to the challenges presented during 2024 regarding the purchase of solar energy—which will initially supply 30% of the electricity consumption of six of the Group's main buildings, thus representing 38% of GFNorte's total electricity consumption—we have rescheduled this purchase for 2025, maintaining our firm commitment to reducing our environmental impact. The energy consumption by each business unit is detailed below:

Energy consumption (GJ)

Subsidiary	Source	Fuel	2022	2023	2024	Var (%)
Afore XXI Banorte	Utility Vehicles	Gasoline	1,903.6	2,311.6	2,041.7	-12%
		Diesel	0.0	0.0	293.8	100%
	Truck	LP Gas	542.8	818.5	1,134.0	39%
	Heating	LP Gas	4.0	15.4	24.8	61%
	power Plants	Diesel	11.1	7.8	6.8	-12%
	Electricity from non-renewable sources	NA	692.3	851.4	946.0	11%
Arrendadora and Factor Banorte	Utility Vehicles	Gasoline	1,034.5	517.2	0.0	-100%
Banorte	Utility Vehicles	Gasoline	16,701.2	17,826.3	17,989.5	1%
		Diesel	13.1	123.8	25.1	-80%
	Power Plants	Gasoline	30.3	95.5	35.3	-63%
		Diesel	1,095.4	2,838.4	1,730.3	-39%
	Electricity	NA	455,758.8	472,113.1	466,240.1	-1.2%
	Non-renewable	NA	455,758.8	472,113.1	407,642.5	-14%
	Renewable	NA	0.0	0.0	58,597.61)	100%

	Cuisine	LP Gas	0.0	0.0	0.0	-
Insurance and Pensions Banorte	Utility Vehicles	Gasoline	18,628.7	20,111.6	19,956.2	-1%
	Power Plants	Diesel	32.9	51.4	0.0	-100%
	Electricity from non-renewable sources	NA	6,112.0	5,677.8	6,640.9	17%
Grupo Financiero Banorte			502,560.7	523,359.8	517,064.5	-1.2%2)

Figures as of the end of December 2024.

Notes:

For the calculation of energy consumption of fuels used the calorific published in the document “List of fuels and their calorific 2024, issued by the National Commission for the Efficient Use of Energy (CONUEE).2

Due to internal changes, the power consumption of the subsidiary Company and Factor Banorte is consolidated with subsidiary Banorte from June 2023, as well as the consumption of diesel fuel for the power plants of the subsidiary Insurance and Pension beginning in August 2024, and therefore are not reported in the individual consumption of these sources during 2024.

1) Correspond to the purchase of Renewable Energy Certificates for the power consumption of the corporate buildings of Grupo Financiero Banorte.

2) The figure differs from the verified (-3.4%) which, for the purposes of the assurance, we took as a basis the figures of energy consumption verified in 2023 against the verified in this report, 2024. The amount of the energy consumption verified in 2023 included the consumption of Afore XXI Banorte. However, for 2024, the number that has been verified does not include the consumption of Afore XXI and form part of the assurance process, as GFNorte does not have operational control of this company.

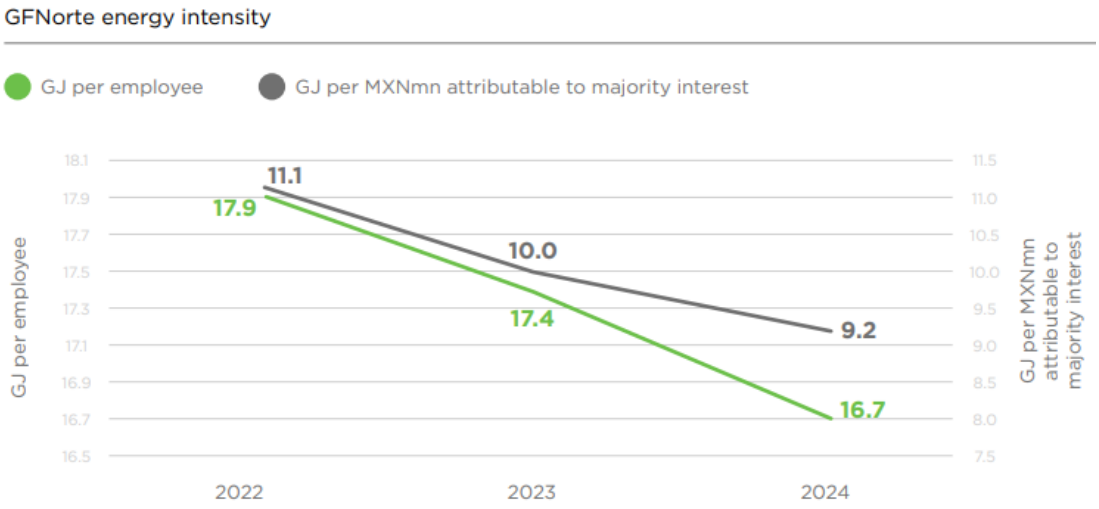
The energy consumption of the Group decreased by (1.2%), due to a reduction in electricity consumption of (1.0%) for the implementation of initiatives to raise awareness about the efficient use of energy. In addition, it was also reduced by (40%) in the consumption of diesel fuel in power plants, as a result of the temporary suspension of use due to operational adjustments.

GFNorte does not have operational control over the Afore; therefore, the information of the Afore is not consolidated as part of the indicators of GFNorte and, accordingly, does not form part of the 2024 assurance. Below is the detail of the energy consumption of Afore XXI:

Company	Source	Fuel	2022	2023	2024	Var (%)
Afore XXI Banorte Joint Venture	Utility Vehicles	Gasoline	2.002 and.1	2,822.8	2,701.5	-4%
		Diesel	13.6	7.3	0.8	-90%
	Electricity from non-renewable sources	NA	9,060.8	9,156.1	9,266.1	1%
	Heating	Natural Gas	0.0	0.0	0	0
	Total		11,076.4	11,986.2	11,968.4	-0.1%

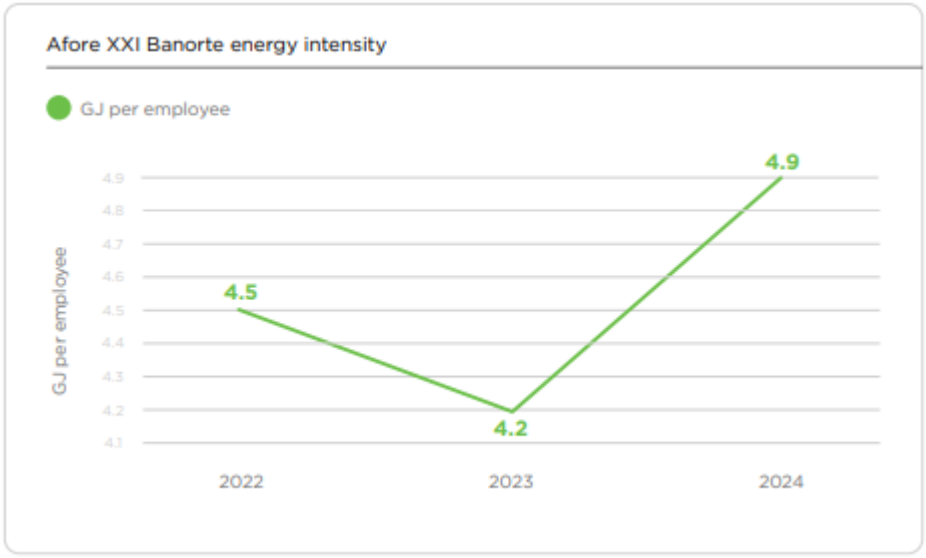
Figures as of the end of December 2024.
Note: For the calculation of energy consumption of fuels used the calorific published in the document “List of fuels and their calorific 2024, issued by the CONUEE.

2 Lista_de_combustibles_2024.pdf



Note: For the 2024 energy intensity calculation, 30,908 employees were considered, including permanent, fee-based, and other professional service providers of the subsidiaries Almacenadora Banorte, Seguros y Pensiones Banorte, and Banco Banorte, as well as Ps. 56,188 million in net income attributable to controlling interests. Compared to previous years, in 2023, a net income attributable to controlling interests of Ps. 52,418 million was reported, considering 32,392 employees, and in 2022, a net income of Ps. 46,025 million was reported, considering 30,590 employees. The types of energy considered are internal consumption from the sources of utility vehicles, power plants, heating, forklifts, and electricity of the subsidiaries Almacenadora Banorte, Arrendadora y Factor Banorte, Banco Banorte, and Seguros y Pensiones Banorte.

We note that, given the Group's organic growth, with a 2.6% increase in the workforce, energy intensity per employee decreased by 3.7%. Similarly, energy intensity per million pesos of net income attributable to the controlling interest decreased by 7.8%, due to a 7.2% increase in the denominator.



Note: For the calculation of AFORE XXI's energy intensity in 2024, 2,432 employees were considered, including permanent employees, honorary employees, and other professional service providers. The energy types considered are internal consumption from AFORE XXI's utility vehicles, heating, and electricity sources.

Energy Efficiency and Renewable Energy

With the goal of operating at lower costs and reducing our GHG emissions, during 2024 we implemented the following energy-efficient projects in our branches and administrative buildings:

• Air conditioning equipment upgrade: This involves replacing old equipment with energy-efficient, more efficient air conditioning systems that use more advanced technologies to optimize energy use and reduce carbon emissions. This measure allowed us to reduce 316,743 kilowatt hours (kWh), equivalent to 138.73 tons of carbon dioxide equivalent (tCO2e), while achieving economic savings of Ps 0.95 million.

• Reorganization of technological equipment: By 2025, the implementation of an initiative is planned to shut down 1,790 computer equipment operating in the Tlalpan corporate building, as well as to optimize air conditioning and electrical equipment, with an estimated energy savings of 2,789,156 kWh, translated into 1,221.7 tCO2e avoided and a potential savings of Ps 6.8 million in operating costs.

• Efficiency in the use of technological resources: Through this program, based on the integration of 900 Thin Client devices into the operational base of customer service executive workstations with a virtual desktop layout, an annual savings of Ps 6.8 million was generated, associated with the reduction of 109,786 kWh, equivalent to 48.09 tCO2e avoided.

Note: To calculate the tons of carbon dioxide equivalent avoided by energy efficiency initiatives—listed in the previous points—the 2023 National Electricity Emission Factor issued by the Energy Regulatory Commission (CRE), available at the time of emissions reporting, was used.

GHG Emissions

At GFNorte, we manage our Greenhouse Gas (GHG) emissions, including carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), using an operational control approach in accordance with the guidelines of the Green House Gas (GHG) Protocol. Furthermore, to ensure the traceability and quality of the information obtained, every three years our Scope 1 and 2 GHG emissions inventory undergoes a verification process by an independent reviewer and an organization accredited by the Ministry of Environment and Natural Resources (SEMARNAT) for the verification and validation of GHG emissions (OC-VV-GEIs). The scope of this verification covers the subsidiaries that comprise GFNorte.

The Group's A1 and A2 GHG emissions decreased by (13%)1), due to the (1.2%)2 reduction in energy consumption mentioned above, as well as the implementation of renewable energy initiatives.

Scope 1 and 2 GEI Emissions (tCO2e)

GEI Emissions – Scope 1 and Scope 2 in tCO2e					
Company	**Scope**	**2022**	**2023**	**2024**	**Var**
		(tCO2e)	**(tCO2e)**	**(tCO2e)**	**(%)**
Almacenadora Banorte	1	173.6	221.4	245.1	11%
	2	83.6	103.6	115.1	11%
	1 + 2	257.2	325.0	360.1	11%
Arrendadora y Factor Banorte	1	74.6	37.3	0.0	-100%
	2	0.0	0.0	0.0	0%
	1 + 2	74.6	37.3	0.0	-100%
Banorte	1	1,289.1	1,513.0	1,430.5	-5%
	2	55,070.9	57,440.4	49,596.5	-14%

	1 + 2	56,360.0	58,953.4	51,027.0	-13%
Seguros y Pensiones Banorte	1	1,345.9	1,454.3	1,439.2	-1%
	2	738.5	690.8	808.0	17%
	1 + 2	2,084.4	2,145.1	2,247.2	5%
Grupo Financiero Banorte	**1**	**2,883.3**	**3,225.9**	**3,114.8**	-3%
	2	**55,893.0**	**58,234.8**	**50,519.6**	-13%
	1 + 2	**58,776.3**	**61,460.7**	**53,634.4**	-13%

Figures as of the end of December 2024.

Notes:

1) The decrease only considers GFNorte's emissions in 2024; Afore XXI's emissions are excluded, and it is not part of the underwriting process, as GFNorte does not have operational control over this company.

2) The figure differs from the verified figure (-3.4%) because, for underwriting purposes, the energy consumption figures verified in 2023 were compared to those verified in this 2024 report. The energy consumption figure verified in 2023 included the consumption of Afore XXI Banorte. However, for 2024, the verified figure does not include Afore XXI's consumption and is not part of the underwriting process, as GFNorte does not have operational control over this company.

In the calculation of Scope 1 emissions, the factors published by SEMARNAT in the "Agreement Establishing the Technical Specifics and Formulas for the Application of Methodologies for Calculating Greenhouse Gas or Compound Emissions" were used.

For the Scope 2 calculation, the 2023 National Electricity Emission Factor issued by the Energy Regulatory Commission (CRE), available at the time of reporting, was used. Scope 2 emissions are market-based.

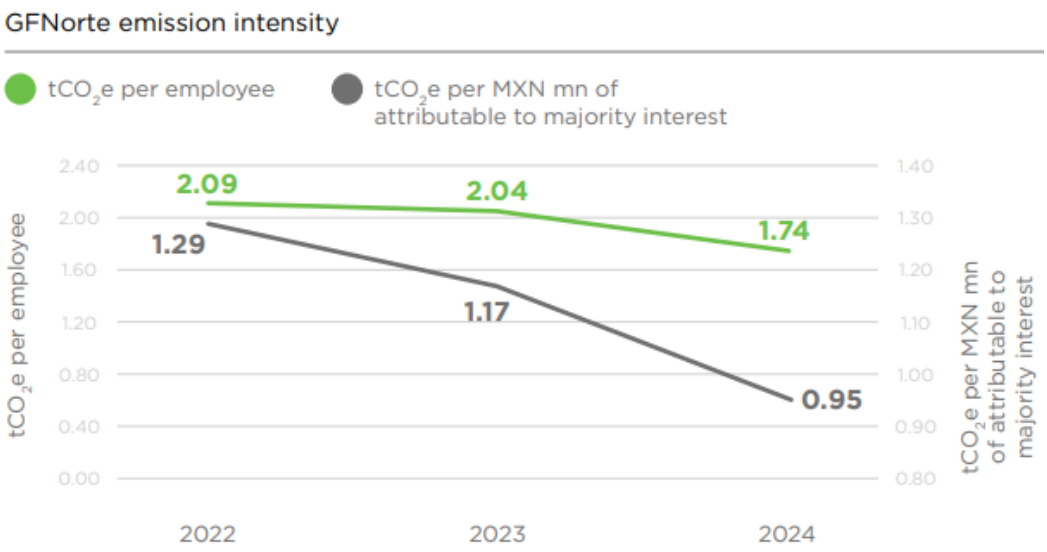
Due to internal changes, the tCO2e emissions of the subsidiary Arrendadora y Factor Banorte are consolidated with Banco Banorte starting in June 2023; therefore, emissions for that subsidiary are not reported individually during 2024.

Company	Scope	2022	2023	2024	Var (%)
Afore XXI Banorte *Joint Venture*	1	145.41	204.13	194.89	-5%
	2	1,094.80	1,113.99	1,127.38	1%
	1 + 2	1,240.21	1,318.12	1,322.27	0%

Figures as of the end of December 2024.

GFNorte does not have operational control over the Afore; therefore, the Afore's information is not consolidated as part of GFNorte's indicators and, consequently, is not part of the 2024 assurance process. The methods and sources of emission factors used for the calculation are the same as those used by the Group and are described above.

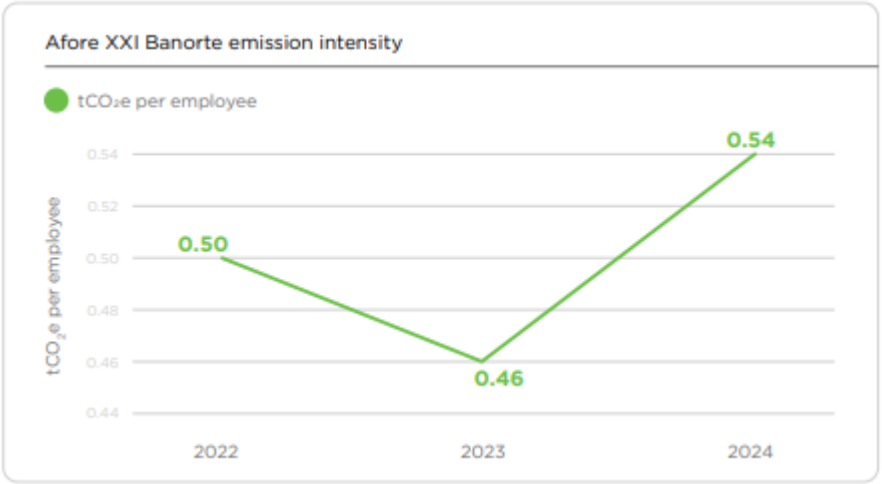
Furthermore, with the aim of contributing to the reduction of our Scope 2 carbon footprint through the use of renewable energy with guaranteed traceability in its generation, in the reporting year we purchased 16,277 Renewable Energy Certificates (RECs) aligned with RE100 criteria, equivalent to a total of 16,277 MWh from solar and wind technology generated in the country by power plants that have been in operation for less than 15 years.



3) DOF - Diario Oficial de la Federación

Note: For the calculation of emissions intensity, 30,908 employees were considered, including permanent employees, fee-based employees, and other professional service providers, along with Ps 56,188 million in net income attributable to controlling interests. Compared to previous years, in 2023, a net income attributable to controlling interests of Ps 52,418 million was reported, including 32,392 employees, and in 2022, a net income of Ps 46,025 million was reported, including 30,590 employees. The emissions included in the calculation are those belonging to Scopes 1 and 2 of the Group's operations. We had a decrease in the emissions intensity metrics per employee and per million pesos of net income attributable to the controlling interest of (14.9%) and (18.6%), respectively, which is associated with an increase in the denominators of 2.6% in employees and 7.2% in net income, compared to the previous year.

We had a decrease in the emissions intensity metrics per employee and per million pesos of net income attributable to the controlling interest of (14.9%) and (18.6%), respectively, which is associated with an increase in the denominators of 2.6% in employees and 7.2% in net income, compared to the previous year.



For the emissions intensity calculation, 2,432 employees were considered, including permanent employees, honoraria, and other professional service providers. The emissions included in the calculation are those belonging to Scopes 1 and 2 of AFORE XXI's operations.

We recorded an 18.1% increase in emissions intensity per Afore XXI employee due to an 8% reduction in its workforce compared to the previous year.

GFNorte Emissions in tCO2e of Scope 3 GHGs, c. 1-14

Category GHG Protocol	Description	Sources	2022	2023	2024	Coverage
1	Purchase of goods and services	Printed advertising, consulting services, and recharge refrigerant gas	6,755.8	11,657.3	7,120.1	95%
2	Capital Goods	Purchase of laptops, desktop computers, ATMs, tablets, Pos, mPOS, Thin Client, printers, multi-functional, tokens, headbands, monitors	828.0*	18,013.0	20,056.9	95%
3	Activities related to fuel and energy (not included in scope 1 and 2)	Electricity transmission and distribution (T&D), and the well-to-tank (WTT) fuels	9,853.1	10,245.8	10,123.0	100%
4	Upstream transportation and distribution	Correspondence mail, suitcase shipments and other internal shipments	1,335.7	2,461.9	2,209.9	95%
5	Waste generated in operations	Waste sent for recycling, and municipal waste	180.1	282.7	248.3	39%
6	Corporate Travel	Flight-related labour issues	223.8	1,225.4	1,054.0	100%
9	Downstream transportation and distribution	Overseas Shipment, delivery and credit card shipping status of account	723.4	502.0	924.0	95%

Notes:

To calculate categories 1, 2, 4, and 9, we used the expenditure-based method and the factors provided by the US EPA in the document "Supply Chain GHG Emission Factors for US Commodities and Industries v1.1.1." The most recently published factors correspond to 2018, so we updated them based on the inflation rate recorded during that period and the exchange rate at the end of 2024. *Only considers laptops and desktop computers.

To calculate category 3, we used the fuel-based method and the factors provided by the Department for Environment, Food and Rural Affairs (DEFRA) in the document "Conversion Factors 2020: Full Set." On the other hand, based on the 2023 Annual Report, the difference in category 3 figures for 2023 results from a correction in its calculation.

To calculate Category 5, we used the waste-type method, and for Category 6, we used the distance-based method. Both categories used the factors provided by the US EPA in the document "Emission Factors for Greenhouse Gas Inventories 2023."

AFORE XXI Emissions in tCO2e of Scope 3 GHGs, c. 1-14

Category GHG Protocol	Description	Sources	2022	2023	2024
1	Purchase of goods and services	Recharging of refrigerant gases	40.03	50.5	0
3	Activities related to fuel and energy (not included in scope 1 and 2)	Electricity transmission and distribution (T&D), and the well-to-tank (WTT) fuels	214.6	229.4	229.4
6	Corporate Travel	Flight-related labour issues	37.8	73.0	66.0

Figures as of the end of December 2024.

Note: GFNorte does not have operational control over the Afore; therefore, the Afore's information is not consolidated as part of GFNorte's indicators and, consequently, is not part of the 2024 assurance process. The methods and sources of emission factors used for the calculation are the same as those used for the Group and are described above.

Furthermore, Scope 3, Category 15 GHG emissions (known as financed emissions) are critical to our sector, as they are attributed to emissions associated with the financing and investments we make. As a result, starting in 2022, we will quantify financed emissions and define emission reduction targets with the highest industry standards, in line with our commitment to decarbonization.

[5] Supply Chain GHG Emission Factors for US Commodities and Industries v1.1.1 - Catalog
[6] Greenhouse gas reporting: conversion factors 2020 - GOV.UK
[7] Emission Factors for Greenhouse Gas Inventories

GFNorte Emissions in tCO2e of Scope 3 GHGs, c. 1-14

Company	Asset Class	Coverage 2023 (%)	2021 (tCO2e)	2022 (tCO2e)	2023 (tCO2e)	Var (%)	Data Quality
Banorte	Mortgage	100%	184,657	209,132	197,117	-6%	4.0
	Commercial Real estate	77%	711,980	724,549	298,213	-59%	3.7
	Investment Projects	100%	943,032	825,194	888,578	8%	4.33
	Corporate Loans	100%	7,921,188	8,364,004	9,471,080	13%	3.98
Lessor and Factor Banorte	Corporate Loans	100%	544,732	402,658	707,907	76%	2.8
Operator of Funds Banorte	Shares	98%	57,303	81,013	239,034	195%	2.0
	Corporate Bonds	95%	7,496	18,815	42,557	126%	1.6
	sovereign Bonds	100%	1,557,426	1,450,290	1,623,931	12%	2.0
GFNorte	Assets in the balance	27%	10,305,589	10,525,537	11,562,895	10%	
	Off balance sheet Assets	69%	1,622,225	1,550,118	1,905,522	22.9%	

Figures as of the end of December 2024.

Notes:

The financed emissions reported for on-balance sheet assets include Banorte's subsidiaries and Arrendadora and Factor Banorte, while the emissions for off-balance sheet assets correspond to the subsidiary Operadora de Fondos Banorte. In both cases, the PCAF Global Standard for Greenhouse Gas Accounting and Reporting, Part A, was used.

Coverage represents the percentage of the total balance or investment in the asset class. Mortgage loans, commercial real estate, and investment projects group short- and long-term financing, while corporate loans group long-term financing. Short-term financing refers to loans with maturities of less than one year, and long-term financing refers to loans with maturities of more than one year.

To calculate the financed emissions of Banorte and Arrendadora and Factor Banorte, Scope 1, 2, and 3 GHG emissions were considered, depending on the availability of the corresponding factors in the PCAF database. Investment projects and corporate loans consider the most carbon-intensive sectors, including power generation, oil and gas, aluminum, agriculture, coal, cement, construction, iron and steel, and transportation. The sources used in the calculation include internal databases, as well as public reports from clients and PCAF emission factors.

To calculate the funded emissions of Banorte Fund Operator's equities, fibers, and corporate debt, we considered Scope 1 and 2 GHG emissions from the issuers in which we invest, except for oil and gas and mining, which include Scope 3 emissions. To quantify the funded emissions of sovereign bonds, we used Mexico's consumer emissions, where emissions intensity refers to the amount of CO2 emitted per GDP based on Purchasing Power Parity (tCO2e/PPP-adjusted GDP). The sources used in the calculation include internal databases, as well as public reports from issuers, Refinitiv, and CDP.

The reported data quality is the result of a weighted average of the balances of the clients/issuers comprising the asset classes by their respective data quality. The PCAF data quality scale is used, with data quality 1 being the best and data quality 5 being the worst.

AFORE XXI emissions in tCO2e of scope 3 GHGs, category 15

Company	Asset Class	Coverage 2023 (%)	2021 (tCO2e)	2022 (tCO2e)	2023 (tCO2e)	Var (%)
Afore XXI Banorte Joint Venture	Shares	100%	321,802	309,956	448,099	44%
	Fibers	71%	35,905	40,249	35,635	-11%
	Corporate Bonds	62%	639,541	626,891	559,591	-7%
	Bonds	100%	9,036,920	9,036,920	11,527,460	28%

Figures as of the end of December 2023.

Note: GFNorte does not have operational control over the Afore; therefore, the Afore's information is not consolidated as part of GFNorte's indicators and, consequently, is not part of the 2024 underwriting process.

To calculate the funded issues of Afore XXI Banorte shares, bonds, and corporate debt, Scope 1 and 2 GHG emissions were considered. If the enterprise value of the issuers included in the calculations was not available, market capitalization was used. In the case of international companies with a presence in Mexico and with a subsidiary-level sustainability report, GHG emissions at the Mexico level were used; otherwise, GHG emissions at the corporate level were used for the calculations. To quantify financed sovereign bond issuance, Mexico's consumer emissions were used, where emissions intensity refers to the amount of CO2 emitted per Gross Domestic Product (GDP) based on Purchasing Power Parity (tCO2e/PPP-adjusted GDP). The sources used in the calculation include internal databases, as well as those from MSCI, Bloomberg, Alladin S&P, CDP, and Refinitiv.

GHG Emissions Reduction Targets

The Scope 1 and 2 GHG emissions reduction target was established with 100% coverage, considering emissions from GFNorte and AFORE XXI, using the Absolute Emissions Contraction methodology, in alignment with the 1.5°C temperature increase scenario.

Note: Emissions from GFNorte and Afore XXI Banorte are included in the target.

During 2024, we achieved a 12.5% reduction in Scope 1 and 2 emissions. This result is due to a 1.2% reduction in energy consumption compared to 2023, and a 12.1% reduction in Scope 2 emissions from the purchase of 16,277 Renewable Energy Certificates for the 2024 reporting year.

Additionally, we set category 15 Scope 3 GHG emission reduction targets, covering 19.5% of GFNorte's assets. To do this, we employ the Science-Based Target Setting Guidance for the Financial Sector, as well as the Sector Decarbonization Approach (SDA) and SBTi Portfolio Coverage methodologies, using the SBTi 1.5°C and below-2°C scenarios, depending on the asset class and sector.

Group-level GHG targets based on SBTi

Asset class	KPI 2021 (base year)	KPI 2022	KPI 2023	Metric	Coverage (% active)	Target	Target Year of	Methodology	Climate Scenario
Mortgage	8.90	8.19	7.96	kgCO2e/m2	100%	42.1%	2030	SDA	SBTi 1.5°C
Commercial Real Estate	42.0	43.4	28.48	kgCO2e/m2	75%	52.5%	2030	SDA	SBTi 1.5°C
Power Generation	0.49	0.50	0.43	tCO2e/MWh	100%	73.7%	2030	SDA	SBTi 1.5°C
Corporate loans –oil and gas	1.45%	3.71%	4.25%	Percentage of coverage	95%	27.4%	2026	Coverage of portfolio SBTi	SBTi 1.5°C
Corporate loans – other long-term loans					68%				
Common and Preferred Stock	10.5%	3.4%	6.8%	Percentage of coverage	100%	34.1%	2026	Coverage of portfolio SBTi	SBTi 1.5°C
Corporate Bonds					100%				
Titles referenced to shares listed (TRACs)					100%				

Figures as of the end of December 2023.

Notes:

Short-term refers to loans with maturities of less than one year, while long-term refers to loans with maturities of more than one year. In both cases, these are relative to the reference year (2023 for the purposes of this exercise).

The mortgage and commercial real estate targets apply only to Banorte (bank) and include loans with short- and long-term maturities. Commercial real estate does not consider investment projects. The Sectoral Decarbonization Approach (SDA) Tool for Commercial Real Estate and Residential Mortgages, version 1.2, was used to define the targets for both asset classes.

The energy generation target includes investment projects and corporate loans with short- and long-term maturities. The Science Based Targets Setting Tool, version 2.1, was used to define the energy generation target.

Corporate loans consider the portfolios of Banorte (bank), Arrendadora, and Factor Banorte. This asset class includes loans from the oil and gas sector with short- and long-term maturities, as well as other long-term loans, primarily from other carbon-intensive sectors.

The asset classes of common and preferred stock, corporate bonds, and listed equity-referenced securities (TRACs) correspond to the "investments in securities" accounting account. The "investments in securities" account includes marketable, available-for-sale, and held-to-maturity financial instruments of all Group subsidiaries that manage assets on the balance sheet. TRACs directly consider the commitments of the instrument managers to SBTi, not those of the issuers that comprise them.

In line with SBTi's methodologies, the exercise covers all mandatory asset classes and their respective hedges, unless the asset class does not exist on the Group's balance sheet. Additionally, the hedge also includes mortgages, which are a voluntary asset class.

Overall, the Scope 1, 2, and 3 GHG emission reduction targets underwent a validation process with SBTi, resulting in a favorable outcome. SBTi is the first financial institution in Latin America to have targets validated by the initiative.

Additionally, we established targets for high-carbon sectors at the Banorte (bank subsidiary) level, with a total coverage of 43.4% of the loan portfolio. The targets were developed under the NZBA guidelines, the SDA and Absolute Contraction methodologies, using the 1.5°C SBTi and Net-Zero Emissions by 2050 scenarios from the International Energy Agency (IEA – NZE 2050).

Banorte-level GHG targets based on NZBA

Industry	KPIS 2021 (Base Year)	KPI 2022	KPI 2023	Metric	Coverage of the industry (% portfolio)	Goal 2030	Ranges approved by the Council	Methodology	Climate Scenario
Mortgage	8.90	8.19	7.96	kgCO2e/ m2	100%	42.1%	20% - 39%	SDA	SBTi 1.5°C
Commercial Real estate	42.0	43.4	28.48	kgCO2e/m2	75%	52.5%	19% - 37%	SDA	SBTi 1.5°C
Subtotal portfolio real estate									495,331.36
Power Generation	0.49	0.50	0.43	tCO2e / MWh	100%	73.7%	34% - 68%	SDA	SBTi 1.5°C
Oil and gas	2,109,250	1,875,030	1,451,603	tCO2e	95%	21.0%	24% - 47%	Contraction absolute	IEA – NZE 2050
Agriculture and livestock	1,691,253	1,789,475	1,131,003	tCO2e	100%	35.0%	18% - 35%	Contraction absolute	IEA – NZE 2050
Aluminum	5,973	15,273	12,866	tCO2e	100%	35.0%	18% - 35%	Contraction absolute	IEA – NZE 2050
Iron and steel	50,136	45,027	142,772	tCO2e	100%	22.0%	11% - 22%	Contraction absolute	IEA – NZE 2050
Coal	1,418	156	1,414	tCO2e	100%	68.0%	34% - 68%	Contraction absolute	IEA – NZE 2050
Transportation	46,608	51,729	10,317	tCO2e	100%	18.0%	9% - 18%	Contraction absolute	IEA – NZE 2050
Cement	1,161,167	1,194,810	897,421	tCO2e	100%	17.0%	3% - 18%	Contraction absolute	IEA – NZE 2050
Construction	164,519	194,841	18,127	tCO2e	100%	35.0%	18% - 35%	Contraction absolute	IEA – NZE 2050
Subtotal emissions industries most polluting									6,851,939.15

Figures as of the end of December 2023.

Notes:

Short-term refers to loans with a maturity of less than one year, while long-term refers to loans with a maturity of more than one year. In both cases, these are relative to the reference year (2023 for the purposes of this exercise). All sectors covered in the exercise consider short- and long-term loans.

The reported ranges represent optimistic and conservative scenarios of the measures that Banorte would need to implement depending on market response. The ranges were presented and approved by the Board of Directors and are presented for informational purposes only.

In line with NZBA guidance, the exercise covers the nine mandatory high-carbon sectors.

All GHG emission reduction targets were presented and approved by the Sustainability Committee, the CPR, and the Board of Directors.

Decarbonization Roadmap

During 2024, in order to advance on the decarbonization path and achieve the emissions reduction goals of our internal operations and portfolio, we implemented initiatives aligned with the Group's position on climate change. The details of these initiatives, as well as our next steps, are shown below:

Scope 1 + 2 Emissions:

• To ensure that our branch network maintains best practices in sustainability, we have launched a pilot focused on distributed energy generation, through the installation of rooftop solar panels to supply part of their electricity consumption. • Similarly, we are working on the initial phase of certifying a portfolio of 14 branches under the Excellence in Design for Greater Efficiencies (EDGE) scheme, which will allow us to optimize energy, water, and the energy stored in materials. This process will culminate in 2025. In addition, we are maintaining an ongoing program to renew air conditioning equipment at 43 branches to reduce our energy consumption and associated environmental impact.

• We began the certification process under the EDGE Advanced model for two main corporate buildings located in Nuevo León, which will be completed in 2025. We also installed five charging stations for plug-in hybrid and electric vehicles in one of these buildings. • Contributing to the reduction of our Scope 2 carbon footprint and with the goal of ensuring the traceability of renewable resources, in the reporting year we purchased 16,277 International Renewable Energy Certificates (IRECs), equivalent to a total of 16,277 MWh from solar and wind technology generated in the country.

• To promote environmental awareness among our employees, we have worked on the creation of informative and demonstrative capsules of best practices in energy efficiency, waste reduction, separation, and recycling, which have been displayed within our facilities, as well as in our internal media.

• Under our climate governance structure, through the multidisciplinary work team called the "Operational Eco-Efficiency Cell," which meets bimonthly, six areas within the organization actively participate, identifying, evaluating, developing, and implementing projects focused on the eco-efficiency of our operations, in areas such as energy, water, waste, mobility, and emissions. These projects are presented to the Sustainability Macrocell once they reach a higher level of maturity.

• As the next steps, to incentivize the development of initiatives that allow us to reduce emissions, we will work on establishing an internal carbon price. Likewise, the gradual replacement of part of the internal combustion vehicle fleet with hybrid or electric vehicles will be evaluated.

Scope 3 Emissions:

• Starting January 1, 2024, we implemented specific limits restricting financing for activities based on coal, oil, and unconventional gas. These activities will be temporarily restricted through a downward limit, effective until January 2030, when the ban will be implemented. As part of this work, we provided a series of training sessions to our account

executives during March 2024, with the participation of over 1,000 employees, to identify clients subject to these restrictions.

• In February 2024, we issued our first sustainable bond for Ps 13,064 million. As a result of this issuance, during 2024 we worked with both the business areas and our clients to identify and finance projects that may be eligible to be financed with the proceeds from this issuance, taking into account the specific characteristics of the purpose of each financing aligned with our Reference Framework.

• As part of the process of identifying eligible projects, during 2024 GFNorte carried out various outreach activities with an environmental, social, and governance (ESG) focus with clients in industries considered strategic for reducing our financed emissions. Through these outreach activities, the current industry conditions, industry performance, trends, and applicable regulations were discussed with each of the selected clients. This was done in order to determine the main areas of ESG opportunity and thus identify financing opportunities. For Corporate Banking, we are working with clients in the hospitality and industrial park industries; while for Business Banking, we are working with clients in the commercial real estate, transportation, and livestock industries. • With the goal of strengthening our climate governance, during 2024 we worked within two multidisciplinary teams called the "Climate and Nature Risk Cell" and the "Sustainable Financing Cell." These teams meet monthly, and in which teams from more than 10 areas participate. Each team reports on projects related to the development of sustainable products, financing labeling, climate risk management models, and the measurement of the carbon footprint of the credit portfolio. Once they reach a certain maturity, the projects are presented to the Sustainability Macrocell, which in turn reports to the Policy and Risk Committee. These committees meet quarterly and monthly, respectively. In the year covered by this report, the topics addressed were:

- Performance of the Social and Environmental Risk Management System (SEMS).
- Climate Strategy – Decarbonization
- Disclosure of climate information in the Climate Risks and Opportunities Report, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Monitoring of ESG indicators
- Progress in the first stage of identifying nature impacts and dependencies based on the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

• We promoted transparency in the disclosure of sustainability-related indicators, as well as climate-related risks and opportunities, by incorporating two variables related to decarbonization goals and climate risk in the New Internal Risk Rating (NCIR), with the aim of incentivizing our clients to make efforts and investments toward reducing atmospheric emissions and disclosing climate risk. Likewise, we are working to align with the requirements of the Sustainability Reporting Standards (SRS), issued in 2024 by the Mexican Council of Financial and Sustainability Reporting Standards (CINIF), promoting more efficient management of environmental resources.

• Similarly, during 2024, we strengthened our information sources by automating some processes for calculating the footprint of Scope 3 category 15 emissions, which, for the first time, will be part of the verification process by an independent third party. Our Risks and Opportunities report details the progress made on each of our goals.

Materials and Waste

At GFNorte, we are committed to developing and implementing measures to optimize materials and manage waste with the goal of reducing the waste generated by our internal operations.

During 2024, our paper consumption of 607.3 tons decreased by 0.6% compared to 2023. However, we have worked to identify the areas with the highest paper consumption to evaluate the migration of their processes to a digital format, using platforms that will allow us to reduce paper consumption.

Waste generated (tons)

Tons	2022	2023	2024	Var (%)
Recyclable Waste	391	1,138	124	-89%
Urban Solid Waste	332	475	469	-1%
Infectious Biological Hazardous Waste*	-	-	0.13	100%
Total tons	723	1,614	593	-63%
Percentage of recycled waste	54%	83%	21%	
Employee Coverage	35%	36%	39%	

Notes:

The following assumptions apply to the three years.

Using measurements taken through the waste separation program, we estimated the waste generated in the administrative buildings based on a kilogram-per-employee indicator, which is extrapolated to seven administrative buildings, assuming similar behavior. Note: Urban solid waste is destined for landfills, while Infectious Biological Hazardous Waste (IBHW) is taken by an authorized provider for treatment.

Starting in 2024, the tons of Infectious Biological Hazardous Waste (IBHW) generated within the medical offices of the buildings considered within the scope will begin to be detailed. This excludes GFNorte branches.

Recycling Initiatives

During 2024, through the implementation of the Waste Separation Program in six of our administrative buildings, we sent a total of 124 tons of urban solid waste for recycling, recovering Ps 210,286 million, preventing it from ending up in municipal landfills.

We also sent 116 tons of obsolete ATMs to be separated and reclaimed for recycling through a SEMARNAT-certified supplier.

Additionally, through the Banorte Foundation, we developed the "From One Liter to a Roof: Tetra Pak Collection" initiative to support the communities participating in this program. Through this campaign, we collected a total of 672 kilograms of Tetra Pak containers in three corporate buildings in Mexico City and three more in Monterrey, to repurpose them into 92 sheet metal roofs for homes.

Similarly, we jointly created the "Tapitas" campaign, in which 2 tons of PET bottle caps were donated for recycling to support 48 chemotherapy treatments.

Furthermore, as part of the renovation of the Santa Fe and Torre Sur buildings, we incorporated furniture designed with the new corporate image, which contains an average of 34% recycled materials.

Likewise, we continue working on incorporating new products with the issuance of debit cards with a percentage of recycled plastic, managing to distribute more than 511,000 cards by 2024 across the Mujer Banorte, Enlace Negocio, Banortec, and Visa Platinum Debit products. With this initiative, we estimate avoiding the emission of 3.5 tCO2e and saving more than 4 million liters of water during manufacturing, thus reducing the environmental impact of our operations. It is worth mentioning that these estimates were obtained from information provided by the card provider.

Waste Reduction Initiatives

As part of our efforts to reduce the environmental impact associated with waste generation, GFNorte has developed the following initiatives:

• Elimination of Single-Use Plastics

During 2024, we launched the "Elimination of Single-Use Plastics" campaign, a pilot project that underpins our commitment to the environment and aims to minimize the use of PET bottles in corporate buildings.

In the first phase, we delivered more than 8,600 thermoses to employees located in the administrative buildings of Torre KOI, Torre Sur, Santa Fe, Palo Alto, Tlalpan, and Reforma 383. We also delivered more than 20 sets of glass pitchers and cups to the meeting rooms of some of our executives. All of this is intended to encourage the use of water filters located on each floor of the buildings within reach, in addition to avoiding the consumption of PET plastic bottles. As a result of the delivery of these thermoses and the adjustments to water purification filters, 509,728 PET plastic bottles were saved, a figure that will increase as the project's reach expands.

We will continue working on this initiative throughout 2025 to reach all our locations and achieve a commitment to minimize the use of plastic bottles.

• Elimination of account statements

We encouraged the elimination of printed credit card statements, reaching +90% of statements through the digital channel by the end of 2024. The initiative generated a reduction of 380 tons of paper and savings of Ps 110.73 million.

Water

We recognize the value of water as an essential resource for life and a driver of economic development.

Water consumption (m3)

Water	2023	2024	Var (%)
Consumption in m3	116,718.9	121,100.50	3.8%
Water consumption/contributor	9.9	11.2	13.1%
Coverage	36%	35%	

To calculate the water footprint, we considered the water consumption of the five buildings with the highest concentration of employees, including permanent employees, contract employees, and other professional service providers. This report is only available for the current year due to an update to the calculation methodology that allows us to provide greater accuracy in the reported figures

Reuse Initiatives

• Rainwater Reuse

To reduce our drinking water consumption, the Tlalpan building has a 79 m3 rainwater harvesting system, which allows filtered water to be reused for the gardens and restrooms on three floors of the building.

- Environmental Culture

We integrate sustainability into GFNorte's daily practices by implementing various initiatives to foster greater environmental awareness among our employees, seeking to create agents of change to foster a more responsible and committed organizational culture through the following initiatives:

• Median Strips

The purpose of this initiative is to replace and increase the number of different types of trees and shrubs in the median strips located on Santa Fe Avenue and Paseo de la Reforma Extension, which border our headquarters, as well as improve both the condition of the current median strips and their viability. Additionally, we will use low-maintenance vegetation and irrigation. With this initiative, we will be planting more than 3,400 shrubs and 25 trees.

• Operational Eco-Efficiency Capsules

To raise awareness among our employees about the importance of implementing sustainable habits in their daily lives, we developed five informational capsules focused on energy efficiency and the separation, reduction, and recycling of waste generated, which we displayed within our facilities and through internal media.

• Sustainability Calendar

We celebrate and share sustainability-related events with our key stakeholders through our internal and external media, fostering dialogue and sharing the challenges and opportunities in this area. In this regard, during the reporting year, we commemorated more than 20 events.

- Risk Identification

Risk management is a fundamental pillar of our business model, actively integrated into the execution of all the Group's initiatives and strategies. This management is based on a solid organizational culture, where all employees assume the role of risk managers, promoting close and constant collaboration across all areas. This has allowed us to advance toward achieving the best experience in the market, providing a personalized value offering that drives the Group's sustained growth.

The comprehensive risk management framework at GFNorte is based on a solid risk management culture, implemented through formal management processes that include defining and monitoring risk appetite.

Risk management processes include the identification, measurement, and mitigation of the main and emerging risks to which we are exposed at the institution, as well as timely communication with senior management, enabling decision-making based on reliable quantitative indicators. Furthermore, scenario and stress testing allows us to assess potential impacts and determine adjustments to mitigate them.

In 2024, we considered 63 quantitative indicators in our risk appetite, both at the GFNorte level and individually by subsidiary, covering Banorte, Brokerage Firm, Leasing and Factoring, Insurance, Pensions, and Bineo.

The indicators are defined for the following risks:

• Credit

• Concentration

• Market

• Liquidity

• Balance Sheet

• Capital

• Operational

• Reputational

• Profitability

They are proposed by the areas responsible for each of the risks or indicators within the General Directorate of Risk and Credit Management in coordination with the General Directorate of Finance and Operations. They are subsequently validated by senior management and the Risk Policy Committee (CPR) for updating and approval by the Board of Directors.

The risk map defined at GFNorte includes greater detail and depth regarding the monitoring of relevant indicators for all types of risks across all our subsidiaries. It is composed of 377 indicators that provide additional scope for timely risk mitigation.

In line with GFNorte's business model, we determined the risk management framework based on the main risks whose management has been consolidated in recent years and on emerging risks that have been recently identified and monitored. The risk map is presented below:

Sustainability Risk

At GFNorte, we understand that sustainability is not only a strategic aspect, but an essential responsibility in risk management. We have implemented a robust sustainability risk management framework that integrates environmental, social, and governance criteria, as well as climate and nature risk, at all levels of our operations.

From an environmental perspective, we work to mitigate our ecological impact through a strategy that promotes climate and nature risk modeling, incorporating green products and services into our value offering, decarbonizing our portfolio, integrating energy efficiency, reducing emissions, and making the rational use of resources, as well as disclosing environmental information to our stakeholders. To this end, we align ourselves with international commitments, such as the United Nations (UN) Sustainable Development Goals, the Paris Agreement, and the Kunming-Montreal Global Biodiversity Framework, with the aim of contributing to the transition to a low-carbon economy. Likewise, we recognize the importance of biodiversity and the sustainable management of natural resources in our operations and value chains.

In the social sphere, we are committed to the well-being of our employees and their professional development, priorities that drive productivity and innovation within the Group. Furthermore, we foster strong relationships with our customers, suppliers, and partners, as well as to creating value for our communities, promoting projects that promote inclusion and equity, ensuring that the principles of social responsibility and business ethics guide all our interactions.

Regarding corporate governance, we have developed a governance system that guarantees informed, transparent, and responsible decision-making. Our proactive approach to sustainability is supported by the leadership of senior management and the Sustainability Committee, who ensure compliance with our environmental, social, and governance policies.

In this regard, we recognize that identifying and managing sustainability risks are vital to protecting our competitive position in the market. It's not just about minimizing risks, but also about identifying opportunities that arise from the transformation toward more sustainable models. Our commitment is to continue innovating in sustainable practices that generate a positive impact in all areas of society and the planet.

Sustainability Score

The concept of sustainability has taken on a central role in our business strategy, driving both business and investment decisions. In this context, the sustainability score is presented as a key tool that allows us to measure and evaluate the organization's overall performance in the environmental, social, and governance areas. This score

not only reflects our commitment to responsible management but also provides us with a clear view of our progress toward integrating sustainable practices into all our operations.

The value of this score lies in its ability to translate our sustainability efforts into a quantifiable rating, facilitating both the evaluation of our current performance and the identification of areas for improvement. Through this tool, we can establish long-term strategic objectives that drive our sustainability agenda, thus ensuring continuous improvement in each of the environmental, social, and governance pillars.

Update Process:

The score update process included the following components:

• **Information gathering.** We collected information as of December 2022 and 2023 from the areas responsible for monitoring and managing each of the indicators.

• **Information evaluation**. We analyzed the coherence, consistency, and completeness of the information based on the historical evolution of the indicators.

• **Indicator integration.** We updated the indicators for each of the environmental, social, and governance pillars that were integrated into the score.

• Threshold definition. We updated the risk thresholds with a forward-looking perspective and aligned with national and international standards, commitments, and best practices, in conjunction with the areas responsible for each indicator.

• **Calculation of the sustainability index**. We updated the score for each of the pillars, and analyzed improvements and areas for improvement. Finally, the Global Sustainability Index was obtained.

The sustainability score obtained a score of 81.9 points (0-100 point scale), an improvement of 8.2 points compared to the previous year, reprocessed with the new criteria, thereby maintaining our risk tolerance level. The results of the sustainability score were presented to the Risk Policy Committee and the Sustainability Committee.

Climate Risk

Climate change represents an unprecedented threat to ecosystems, communities, and global economic stability. Its effects are manifested not only through extreme weather events but also through the transition to a low-carbon economy, which requires profound transformations across all sectors. At GFNorte, we recognize that our ability to adapt to this new context is critical to ensuring long-term resilience and sustainability.

Therefore, we have a climate strategy based on the integration of environmental criteria into every business decision. In line with this, we adopt a comprehensive approach that allows us to identify both the physical and transition risks associated with climate change, as well as the opportunities associated with the energy transition. This approach drives us to design innovative financial solutions that not only mitigate negative impacts but also promote a sustainable economy.

Aware of the urgency of the climate crisis, we have aligned ourselves with global commitments to reduce carbon emissions, with the goal of achieving carbon neutrality by 2050. This objective is reflected in our sustainable financing programs, where we seek to direct capital toward projects that generate a positive impact on emissions reduction and climate change adaptation. Furthermore, we foster collaboration with our stakeholders, promoting responsible practices among clients, employees, and business partners.

Climate risk is a key component of our corporate agenda linked to long-term value creation. Therefore, we have incorporated climate management into our governance structures, with specialized teams and committees working to integrate climate resilience into our operations and decisions. The CPR reviews the evolution of sustainability risk, which includes climate risk, monthly through quantitative and qualitative indicators, as well as indicators from the

social and governance pillars. Additionally, senior management and the Board of Directors are addressing key initiatives such as sustainable financing, operational eco-efficiency, and climate risk within the sustainability macro-cell.

In line with last year's projects, during 2024 we have intensified our actions by working with 37 clients on projects focused on climate adaptation, sustainable financing, and solutions that generate sustainable value for our clients and investors.

Furthermore, we were selected to participate in the first pilot test of Climate Scenario Analysis for the Mexican Financial Sector 2024, organized by the Bank of Mexico (Banxico) in collaboration with the TCFD Consortium, the Mexican Council for Sustainable Finance (CMFS), and the Climate Change Research Program (PINCC) of the National Autonomous University of Mexico (UNAM). This exercise will enable the development of capabilities to enhance strategic plans through the analysis of climate scenarios generated by Integrated Assessment Models (IAMs), focused on assessing physical and transition risks.

GFNorte's Climate Strategy

At GFNorte, developing and executing our climate strategy not only responds to the physical and transition risks associated with climate change, but also presents an opportunity to contribute to Mexico's economic, social, and environmental sustainability.

The impact of climate change has direct implications for financial and operational stability, affecting everything from physical assets to business models. Extreme weather events, the transition to clean energy, and the demand for sustainable products and services require companies to take an active role in climate mitigation and adaptation. At GFNorte, this strategy not only involves managing risks but also identifying growth opportunities in a world transitioning toward a low-carbon economy.

By implementing a robust climate strategy, at GFNorte we promote the development of innovative financial products that support the transition to a more resilient economic model, while strengthening our reputation as a leader in promoting responsible business practices. Incorporating environmental criteria into decision-making, financing sustainable projects, and proactively managing climate risks are not only essential to meeting regulatory and stakeholder expectations, but are also key to ensuring long-term sustainable growth.

In 2024, we are further developing our climate strategy set in 2023, taking into account global best practices, institutional priorities, and the most relevant actions to be implemented during the 2024-2030 period. Thus, we maintain five strategic pillars:

Model: Model the physical and transition risks associated with climate change and nature, comparing different scenarios and conducting stress tests to quantify potential losses.

Green: Strengthen green portfolios through the development of products, services, and the structuring of credit and deposits.

Decarbonize: Continue measuring the carbon footprint and monitoring goals. Internally, processes and operations will be strengthened, while externally, clients and suppliers will be supported to improve their practices.

Integrate: Strengthen the policies, processes, and systems that support the deployment of the remaining pillars, considering issues of compensation, pricing, and budgets.

Disclose: Maintain our commitment to our clients and investors, reporting on the various risks and opportunities in a timely and transparent manner.

GFNorte's 2024 Climate Strategy Approach

Efforts focused on quantifying operational Scope 1 and 2 emissions, as well as measuring financed emissions (Scope 3) from GFNorte's loan portfolio and the emissions from the investment portfolio of Banorte Fund Manager. During 2024, we strengthened these processes related to the estimation of financed emissions from the loan portfolio through automation, documentation, and independent third-party verification. We also continued to monitor emissions reduction targets and deepened our analysis of physical and transition risks associated with climate change and nature, developed climate scenarios, and implemented stress tests.

In our Climate Risks and Opportunities Report, we present a breakdown of our clients' Scope 3, Category 15 emissions by asset class. This year, for the first time, we incorporated Scope 3-Category 15 emissions for each of our Bank, Leasing, and Factoring portfolios, which are committed to targets by the Net-Zero Banking Alliance (NZBA) and the Science Based Targets Initiative (SBTi), into the indicators that undergo verification in our annual report. This verification strengthens our processes for continuous improvement, generating greater confidence in our investors regarding the quantification of climate risk management metrics, including the disclosure of our clients' decarbonization progress.

Physical and Transition Risk Analysis

Based on the study of physical risks, transition risks, and the analysis of greenhouse gas (GHG) emissions in our portfolios at GFNorte, we identified short-term (0-4 years), medium-term (5-14 years), and long-term (more than 15 years) risks and opportunities for the high climate-exposure sectors of the wholesale portfolio. In addition to historical analyses, we conducted climate scenario exercises and climate stress tests. The scenarios allow us to understand, in a structured manner, possible future situations related to climate change, while the stress tests help us estimate potential losses, portfolio sensitivity in specific sectors, and the institution's resilience to adverse scenarios.

Physical Risks

The following improvements were made to the quantification of physical risks:

• We continued the analysis at the municipal level of the Mexican Republic according to their risk level, based on their geographic location, with a resolution of 3 km. Hydrometeorological events such as cyclones, floods, and storm surges were considered to determine the level of exposure of the real estate, temporary housing, and mortgage portfolios, as well as our branches. This year, we successfully included a quantified analysis of the impact on branch net income for each event. The results show that the concentration of branches and assets in the evaluated portfolios is low in areas currently classified as high risk.

• We incorporated an analysis of drought and extreme temperature events for the agricultural portfolio focused on primary activities based on the production locations of each borrower, identifying low-, medium-, and high-risk areas according to the North American Drought Monitor (NADM).

• We used global socioeconomic and climate change scenarios (Shared Socioeconomic Pathway) with their respective greenhouse gas concentration scenarios (Representative Concentration Pathway) aligned with the Intergovernmental Panel on Climate Change (IPCC) to project temperature variations by 2050 (from +2°C to +4.3°C relative to pre-industrial averages). We estimated the impacts on our direct operations and the aforementioned portfolios. While the impacts are limited by 2030, as the time horizon extends and/or the scenarios become more pessimistic, the impacts increase.

• We updated the climate scenario methodology that is integrated into the Capital Adequacy Assessment (CAA). An analysis of different greenhouse gas emission trajectories in the short, medium, and long term was incorporated, resulting from industries' failure to take sufficient action to reduce emissions by 2030, as required by the General Law on Climate Change. As a result of the climate scenario assessment, it was concluded that GFNorte has sufficient capital to absorb potential losses if this scenario materializes.

Transition Risks

Since we lack historical data on transition risks, we rely on economic models, risk factors, and sector-specific sensitivities, which are interrelated with the climate scenarios suggested by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). One of the key variables in these scenarios is carbon pricing, which has already been implemented in several countries to mitigate the impact of industries on climate change, causing increased costs at all levels of the production chain.

This year, we made the following improvements to the quantification of transition risks:

• We updated the indicator that quantifies the proportion of the cost of Scope 1 and 2 GHG emissions in each client's Earnings Before Financing, Income Tax, Depreciation, and Amortization (EBITDA), allowing us to estimate the potential impact of increased carbon pricing. For this calculation, we used two Net Zero and Delayed Transition (NGFS) scenarios with cutoffs in the years 2030, 2040, and 2050. This exercise was applied to the wholesale portfolio, generating a traffic light system to classify clients. Under the Net Zero scenario, the most affected sectors are agriculture, aluminum, iron, and steel, which together represent 1.5% of Banorte's total portfolio. • We developed two metrics, aligned with the TCFD framework, to estimate the impact of transition risks to which our clients are exposed, considering the two scenarios mentioned above:

- Direct cost, the increase in carbon-price taxes considering Scope 1 emissions.
- Indirect cost, the increase in carbon-price taxes considering Scope 2 and 3 emissions.

• We advanced in the development of financial models designed to perform climate stress exercises, using the Net Zero, Delayed Transition, and Fragmented World (NGFS) scenarios. These models integrate both climate and stressed macroeconomic variables, such as carbon price, energy mix composition, Gross Domestic Product (GDP), exchange rate, and oil price, among others. By projecting the financial statements of our clients in sectors with high climate exposure, we assess the potential impact on their financial results. The objective of this analysis is to anticipate the implications of transition risk on the main financial ratios used in our rating models, thus allowing us to measure their impact on managed portfolios.

• We developed an in-house methodology to evaluate financial impacts based on transition risks at the client level and subsequently aggregated them at the sector level. We calculated the positive or negative impacts on the income statement, balance sheet, and cash flow, considering macroeconomic variables, changes in supply and demand, price levels, and the structure of clients' costs. The carbon tax was a key element in capturing the level of impact according to the transition scenarios proposed by the NGFS. A granular analysis of the financial statements was achieved for the wholesale portfolio (corporate and business), the agricultural, oil and gas, and power generation sectors. This type of client-based economic and financial analysis represents a first step that will allow us to calculate the potential monetary impacts of transition risk for Banorte.

The above is described as part of our fourth Climate Risks and Opportunities Report 2024, developed under the recommendations of the TCFD.

Nature-related Risk

Natural capital is defined as a country's natural wealth, made up of a variety of ecosystems, animal and plant species, and microorganisms. Mexico is home to almost 70% of plant and animal species, ranking fifth among the 17 megadiverse countries in the world.

In recent years, due to various social and economic phenomena, Mexico has suffered a loss of its terrestrial ecosystems due to their transformation into agricultural fields or urban areas, causing significant losses of our natural capital.

The magnitude and rapidity of these transformations have accelerated the loss of biodiversity, as well as the deterioration of environmental services such as water availability, climate regulation, soil erosion, habitat fragmentation, and desertification, among others.

Therefore, GFNorte is committed to the environment and in 2020 joined the Working Group on Nature-related Financial Disclosures (TNFD), announcing its commitment to begin the analysis and gradual disclosure of nature-related risks and opportunities starting in fiscal year 2025, based on the recommendations of this working group.

Our journey toward managing and disclosing nature-related risks

The TNFD is a global initiative that seeks to support a shift in global financial flows away from negative outcomes for nature and toward positive outcomes. It is structured around four pillars: governance, strategy, risk and impact management, and metrics and targets. These pillars are aligned with the goals and targets of the Kunming-Montreal Global Biodiversity Framework, adopted in 2022 by the international community.

Our commitment to implementing the TNFD recommendations will be based on different stages. During 2024, work was done on the first stage, which focused on developing and strengthening the governance and strategy pillars.

Governance

To address this pillar, we began with work on governance for climate-related issues, which, in the case of GFNorte, is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Additionally, this pillar was strengthened and updated regarding environmental issues to include issues related to nature and biodiversity. As a result, at GFNorte, we have combined efforts to strengthen our Natural Capital and Human Rights policies, where we will reinforce our commitment to nature and biodiversity.

Strategy

During 2024, we conducted an analysis of our corporate and business portfolio's exposure to nature-related risks, which at the end of 2023 amounted to Ps 338,035 million, and aligned it with the Sustainability Accounting Standards Board (SASB) sector classification through the Sustainable Industry Classification System (SICS), which is one of TNFD's suggestions (see Figure 1).

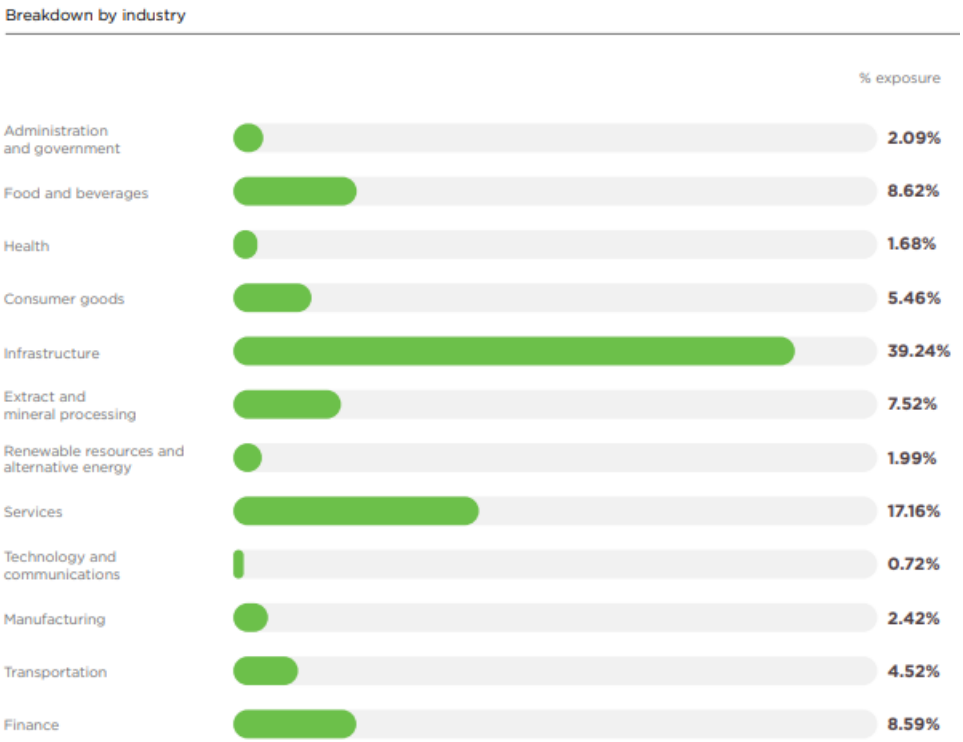


Figure 1. Loan Exposition

Based on the portfolio exposure review, we identified three sectors (infrastructure, food and beverage, and extracts and mineral processing) with which we began working and conducting an in-depth analysis.

Based on this analysis, and taking information as of the end of December 2023, the following conclusions were reached:

Infrastructure sector: For this sector, only clients with an investment project were considered. At the end of 2023, we had 162 clients with an outstanding balance of Ps 111.35 billion, of which 27 clients are located near sensitive areas and have an outstanding balance of Ps 17 billion at the end of December 2023.

Food and beverage sector: This sector is divided into three subsectors in our portfolio: primary activity, industrialization, and marketing. For this first stage, we focused on clients that carry out primary activities (crops and livestock farming). At the end of 2023, we had a total of 196 clients with a balance of Ps 11.381 billion. Based on analysis using geographic information systems, we identified 19 clients located near sensitive areas, with a current balance of Ps 484 million at the end of December 2023.

Mineral and extracts processing sector: In this sector, according to the SASB classification, we include oil and gas, coal, materials manufacturing, and mining activities. At the end of December 2023, we had 142 clients with a balance of Ps 25.4 billion. In this first stage, we selected a sample of 14 clients, three of which are located near sensitive natural areas, representing a current balance of Ps 91 million.

For a more detailed analysis, please consult our 2024 Annual Report.

Nature-Related Risks and Opportunities

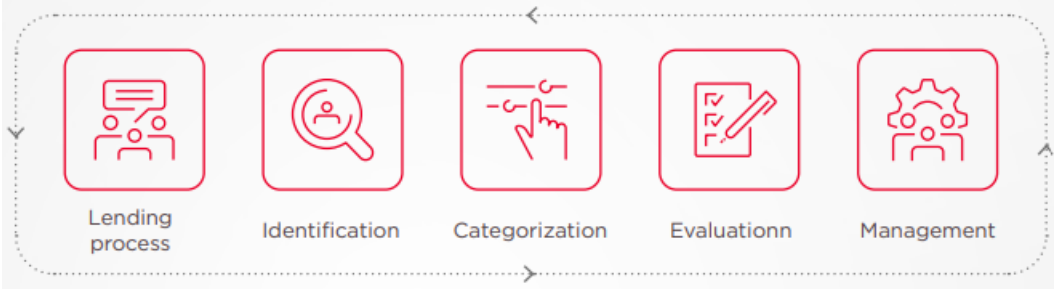
Continuing with the work previously conducted for TCFD, we decided to strengthen water risk analysis as one of the first steps toward addressing physical risks related to nature. In this regard, we analyzed the water footprint, where an initial exercise was conducted to calculate the physical risk of water in the agricultural sector portfolio. For a more detailed analysis, please consult the 2024 Risks and Opportunities Report.

Socio-environmental Risk in Financing

At GFNorte, environmental and social risks are fundamental aspects to consider when defining and executing our business strategy. Therefore, within the bank's lending process, we have a social and environmental risk management system (SEMS). This system allows us to identify, categorize, evaluate, and manage the risks involved in the financing we provide in corporate, business, and infrastructure banking, based on the Equator Principles, the International Finance Corporation (IFC) Performance Standards, as well as national legislation and institutional regulations.

The SEMS is managed by ARSA, which reports to the Executive Directorate of Sustainability and Investor Relations. This area is comprised of subject matter specialists and is supported by sustainability champions, representatives from the lending areas who act as liaisons between the socio-environmental team and the bank's regional offices to identify financing cases with potential and significant risks.

Socio-environmental risk analysis process



During the analysis process, we identify the potential risk of the financing and apply our exclusion list. We classify risks into categories A (high risk), B (medium risk), and C (low risk) based on the magnitude of the impacts and their potential for mitigation. We then select the loans to be evaluated based on their purpose, financing amount, location, and sector, prioritizing investment projects, working capital, and/or bridge loans for sensitive sectors. The evaluation framework is defined by the loan amount.

Evaluation Frameworks

	Equator principles	Performance Standards, IFC	Evaluation SEMS
Credit	< $ 10 million dollars	< $ 10 million and > 1 million dollars	< 1 million dollars

Finally, we manage projects by providing advice to our clients, conducting on-site visits, monitoring reputational issues, and participating in credit committees. Also, as part of our commitment to continuous system improvement, we continue to refine our practices and processes.

GFNorte's 2024 Social and Environmental Risk Management System Results

Identification

Wholesale banking portfolio analyzed



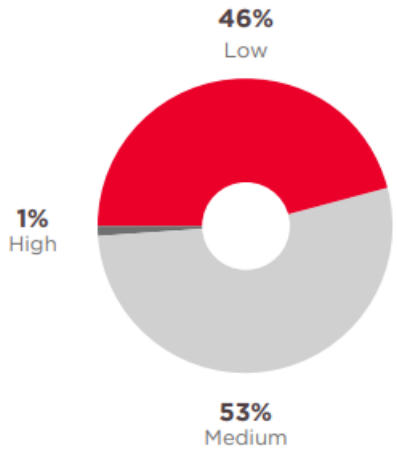
Business banking portfolio analyzed



Corporate banking portfolio analyzed



Categorization

	46% of the loans we granted were classified as low risk, meaning they do not pose significant risks, or they pose minimal or mitigable risks.

Evaluation

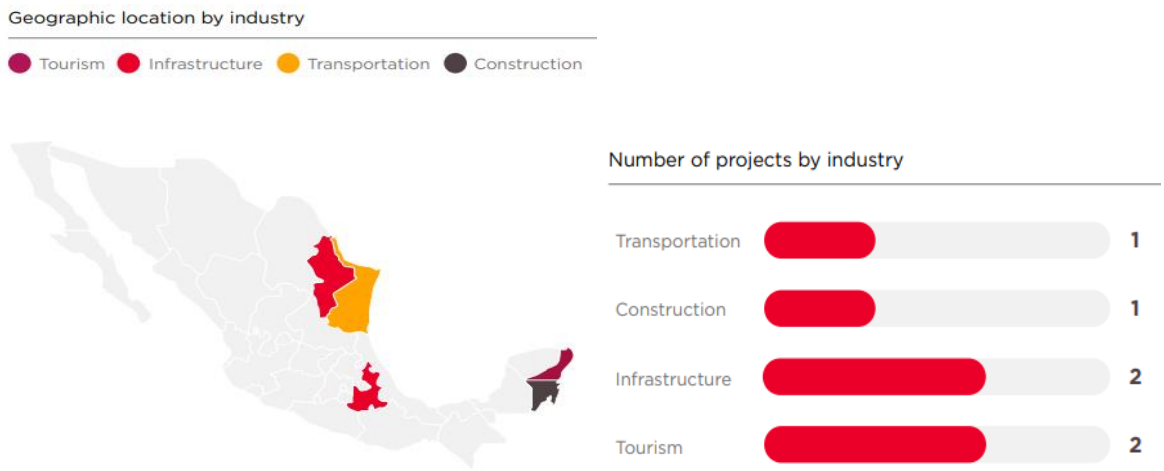
Evaluation framework	Category A	Category B	Category C	Total
Equator Principles	6	17	0	23
Performance Standards	0	1	0	1
Assessment SEMS	0	0	0	0

We evaluated 24 projects in the construction, infrastructure, agricultural, oil and gas, and tourism sectors, representing financing of Ps 18.082 billion.

We also analyzed 227 lower-impact loans that were managed with the support of the IFC's Health, Safety, and Environment Sector Guidelines. The most representative sectors with which we share global best practices are construction, agribusiness, oil and gas, manufacturing, and infrastructure.

Management

In 2024, we conducted six visits to projects in the transportation, construction, tourism, and infrastructure sectors across the country. Additionally, we monitored the reputational exposure of 118 projects monthly, of which only one registered medium-risk disputes, which will remain under review in 2025.



To serve our stakeholders, they can send us an e-mail via sems@banorte.com.

Training on Socio-Environmental Risks

Training in credit, business, and risk areas is essential to consolidate a risk management culture that includes socio-environmental, climate, and nature aspects. We firmly believe that awareness, developing competencies and skills, and staying up-to-date on the latest trends are essential to preventing and mitigating risks. Therefore, in 2024, our annual training plan reached more than 650 employees.

Training			
Topic	**Target Audience**	**Number of employees**	**Hours of training**
Opportunities for Financing Sustainable	Business Banking, Corporate, Areas Specialists, Government and Infrastructure	273	559.5
Corporate Business Induction and Socio-Environmental Risk Credit	Business Banking, Corporate and Credit	154	77
Socio-environmental Risk Capsules/SEMS	Banking Business, Corporate and Credit	252	272.5
Area Composition			
Biodiversity	Sustainability	3	59
Climate Change		1	33
Sustainable Financing		10	109
Other		2	95

Responsible Investment

We integrate responsible investment into our investment processes to complement risk management, seize opportunities, and strengthen decision-making.

Through these actions, we seek to create value for our clients through investments that promote sustainable development and meet the needs of the economic model over long-term horizons.

In line with this commitment, one of our subsidiaries is a signatory to the United Nations (UN) Principles for Responsible Investment (PRI), an initiative that works to establish a sustainable global financial system that contributes to a more prosperous future. Banorte Fund Manager, our asset manager, has been a signatory to the PRI since 2020.

Banorte Fund Manager

In line with global best practices, as well as following the recommendations of the PRI and other regulatory requirements, in 2024 we updated the Responsible Investment Policy to now have specific policies by asset type and thus cover their specificities more precisely. The two policies are listed below:

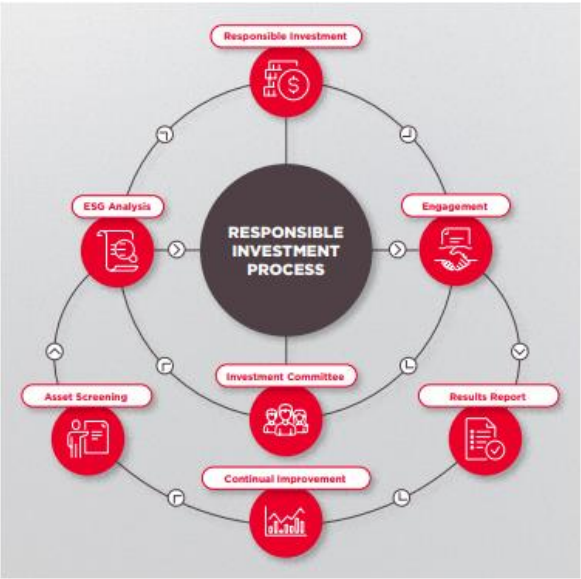
• Responsible Investment Policy for Equity Assets.

• Responsible Investment Policy for Debt Instruments.

The Responsible Investment Policy is associated with other thematic regulations of the Financial Group and is complemented by the procedures corresponding to ESG analysis and the active ownership strategy.

The Executive Directorate of Sustainability and Responsible Investment, together with the Deputy Directorate General of Asset Management, is responsible for overseeing compliance with the policy and its respective procedures. The results of its implementation are presented to the governing bodies of Banorte Fund Operator: the Asset Management Committee, the Fund Operator Risk Committee, and the Investment Services Committee.

RESPONSIBLE INVESTMENT PROCESS



In order to maintain our commitment to continue promoting and implementing best practices in investment processes with a focus on sustainability and responsibility, we have defined a responsible investment process that aligns with the PRI principles, which focus on incorporating ESG factors into investment decisions for better risk management and the generation of long-term sustainable results.

ESG Analysis

We evaluate the performance and transparency of local issuers' ESG factors using an internal methodology that covers 18 industries. The methodology includes more than 200 indicators, which we define and weight according to our sector materiality matrix, which references the GRI and SASB standards, as well as the CDP questionnaire and PCAF methodologies for climate change-related indicators.

During 2024, we are focused on updating the assessment templates to align with global best practices. In addition, we are in the process of developing an assessment template for seven new sectors, thereby covering the universe of issuers investable by the Fund Operator.

At the same time, we are integrating the ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) methodology into the ESG Analysis for sovereign issuers. Using a set of specifically designed indicators, we assess governments' progress in the transition to a low-carbon economy and in managing the impacts of climate change.

Additionally, we analyze issuers' reputational risk quarterly through their exposure to controversies, using a global data provider. In cases where we identify a relevant controversy, we engage with the issuer to understand the potential financial impacts, the response to the incident, and its mitigation measures.

During 2024, we received 30 alerts regarding controversies associated with impacts on communities, human rights violations, impacts on landscapes, ecosystems and biodiversity, money laundering, fraud, bribery, and price fixing.

The ESG performance and transparency ratings, together with the reputational risk ratings, are used to obtain a combined ESG rating for each issuer. These ratings are in turn used to rate the ESG performance of the NTESEL, NTEIPC+, and NTERT equity funds, which are presented to the Asset Management Committee and the Risk Committee.

ESG analysis coverage for 2024 reached 77% of internally managed AUM. This figure exceeds the 50% defined in our Responsible Investment Policy, which is based on one of the minimum requirements requested by the PRI initiative.

% ANALYZED BY TYPE OF ASSET

Equity	81%
Money Market	95%
Fixed Income	92%
Liquidity	99%

In addition, the ESG analysis coverage includes an assessment of the ESG performance of the United States and the MILA member countries: Mexico, Peru, Chile, and Colombia.

Our internal methodology for the ESG assessment of fixed-income instruments evaluates the ESG profile of issuers using the internally developed methodology for equity assets, as well as the criteria and principal components of labeled bonds as established in the corresponding Principles developed by the International Capital Markets Association (ICMA).

During 2024, we evaluated 100% of the labeled bonds that made up the Fund Operator's portfolio at the end of 2023. In addition, we issued an ESG Opinion for 14 labeled bonds issued during 2024 and in which the Fund Operator was eligible to participate as an investor.

ESG Fund Rating

We rate the fixed-income and equity funds managed internally by the Fund Operator.

The ratings are obtained from a weighted average of each issuer's ESG ratings and their exposure in the funds. In the case of equity funds, the fund's ESG rating is compared to that obtained by the benchmark index.

In 2024, the NTESEL and NTEIPC+ funds outperformed the benchmark index by 5% and 2%, respectively. It should be noted that the benchmark index (S&P/BMV IPC) obtained an ESG rating of 57 points in 2024.

Fund	NTESEL	NTEIPC+	Benchmark (S&P/BMV IPC)
ESG Rating	59.86	58.24	57.15

Note: The ratings were obtained using a weighted average of each issuer's ESG ratings and their exposure across the funds, so the rating may vary over time. For issuers not assessed using the internal methodology, ESG ratings were used from a data provider that uses a comparable methodology. It should be noted that the NTERT fund is not comparable with the S&P/BMV IPC.

Active Ownership

Based on the results and considering global ESG trends, we defined an active ownership strategy that considers individual engagement, collective engagement, and voting.

Individual engagement is the process by which we engage in dialogue with issuers and establish bilateral commitments to improve performance and increase transparency regarding ESG factors, allowing us to advance the sustainability agenda as a whole. In 2024, we conducted 39 engagements with local issuers, providing feedback based on internally generated ESG ratings, highlighting best practices and issuing recommendations.

In addition, we held five engagement sessions to expand the scope of ESG and reputational risk analyses, understand the issuer's ESG track record, and establish commitments if necessary.

We seek to take advantage of collective engagement opportunities that are aligned with our strategic focus and add value to our individual approaches. In this regard, as CDP investor signatories, we participate in the following collective engagement campaigns promoted by this initiative.

Non-Disclosure Campaign (NDC)

For the fifth consecutive year, Banorte served as the leader responsible for engaging 17 Mexican companies and encouraging them to report their actions against climate change, deforestation, and water stress through various CDP questionnaires. They sent engagement letters signed by both Banorte and CDP, along with its base of more than 300 global signatories participating in the campaign.

SBTi Campaign

Composed of 318 financial institutions representing USD 37 billion in assets, the campaign's objective is to incentivize more than 1,060 of the most carbon-intensive companies globally to set GHG emission reduction goals in line with the 1.5°C goal of the Paris Agreement. Of the universe of companies included in the campaign's scope, 130 are Latin American, and of these, 26 are Mexican companies in which the Fund Operator invests.

Voting is an engagement activity that corresponds to us as equity holders of the issuers in which we invest. In 2024, we did not participate in any shareholder meetings because attendance and voting are only considered in cases that are relevant and/or that, in the judgment of the investment team, require the active exercise of this right.

Responsible Investment Strategies

We have implemented various responsible investment strategies: ESG integration, positive and negative screening, and thematic investing, which complement the active ownership strategy.



ESG integration is reflected in the NTESEL fund by using internal ESG ratings and those from a data provider as part of the factors used by quantitative models within the asset selection methodology for portfolio optimization.

With an ESG rating of 59.86 points (base 100), the NTESEL fund is 2% lower than the previous year's score and remains 4.7% above the benchmark index. At year-end, the fund accumulated a total market value of Ps 868 million in AUM.

We applied positive selection by consolidating the NTEESG fund in collaboration with Franklin Templeton, which is comprised of issuers with the best ESG performance globally as rated by a highly reputable ESG data provider. The fund is integrated into the multi-asset strategies of our product offerings. With an ESG rating of 7.29 points (base 10), according to the external manager's methodology and the ESG ratings generated by its respective data provider, the NTEESG fund is 1.5% lower than the previous year's score and remains 6.73% above the benchmark index. At year-end, the fund accumulated a total market value of Ps 1.65 billion in AUM.

The negative selection is reflected in our exclusion list, which lists those economic activities and countries that are restricted from the Fund Operator's investment universe based on the IFC's exclusion lists.

Committed to implementing the Principles for Responsible Investment in our investment processes, in 2024 we updated the exclusion list, defining the sectors, economic activities, and countries excluded from investments by asset type:

- Exclusion list for investments in equity assets
- Exclusion list for investments in debt instruments

These lists are authorized by the Deputy General Directorate of Asset Management and the Executive Directorate of Investor Relations, Corporate Development, and ESG.

We make thematic investments in financial instruments whose resources contribute to sustainable development, as reflected in the Ps 6,168 million in AUM invested in bonds and labeled ETFs at the end of 2023.

Instrument	Amount invested (Ps million)
Green bonds	754
Social bonds	1,905
Gender bonds	40
Sustainable bonds	2,544
Bonds linked to sustainability	887
Thematic ETFs	35

Afore XXI Banorte

Although Afore XXI is part of the responsible investment program, GFNorte does not have operational control over the Afore; therefore, the Afore's information is not consolidated as part of GFNorte. For more information on Sustainable Investments at AFORE XXI Banorte, click here.

Thematic Issuances

Issuance of Labeled Bonds

Through the Investment Banking area, we actively participated as an intermediary underwriter in 27 tranches of thematic bonds from eight issuers for a total amount of Ps 99,528 million and an average oversubscription of 1.5 times. Of the total labeled bond issuances, social bonds accounted for 43%, and sustainable bonds the remaining 57%. All issues received a positive SPO rating from the benchmark framework, the three main ones being Sustainalytics, ISS-Corporate, and Moody's Sustainability.

Labeled bonds in which Banorte participated as an intermediary in 2024

Issuer	Ticker	Bond type	Sector	Amount placed (MXNmn)	Format	Rate/ spread	Issue date	Term	Bid to cover	S&P	Moody's	Fitch	HR	Verum	SPO
NAFIN	NAFF 24S	Social	Development bank	MXN8,121.71	Fixed	9.60%	13/02/2024	10.0	1.22x			AAA	AAA		Sustainalytics
NAFIN	NAFR 24S	Social	Development bank	MXN4,271.15	TIIEF+	0.25%	13/02/2024	3.3				AAA	AAA		Sustainalytics
Banorte	BANORTE 24-2X	Sustainable	Retail banking	MXN3,642.44	Fixed	9.74%	19/02/2024	7.0	1.21x		AAA	AAA			Sustainalytics
Banorte	BANORTE 24UX	Sustainable	Retail banking	MXN5,249.10	UDIs	4.90%	19/02/2024	10.0			AAA	AAA			Sustainalytics
Banorte	BANORTE 24X	Sustainable	Retail banking	MXN4,171.97	TIIEF+	0.33%	19/02/2024	4.0			AAA	AAA			Sustainalytics
Bancomext	BACMEXT 24X	Sustainable	Development bank	MXN7,188.89	TIIEF+	0.25%	11/03/2024	3.5	1.34x			AAA	AAA		ISS ESG
Bancomext	BACMEXT 24-2X	Sustainable	Development bank	MXN4,890.00	Fixed	9.56%	11/03/2024	10.0				AAA	AAA		ISS ESG
Banco Compartamos	COMPART 24S	Social	Retail banking	MXN3,500.00	TIIE+	0.62%	14/03/2024	3.5	1.16x		AA	AA			Sustainalytics
CABEI	CABEI 1-24S	Social	Foreign development bank	MXN10,000.00	TIIE+	0.19%	29/05/2024	3.6	1.56x	AAA	AAA				Moody's
CABEI	CABEI 2-24S	Social	Foreign development bank	MXN3,000.00	Fixed	0.59%	29/05/2024	10.1		AAA	AAA				Moody's
Bancomext	BACMEXT 24-3X	Sustainable	Development bank	MXN4,547.66	TIIEF+	0.25%	13/08/2024	3.5	1.78x		AAA		AAA		ISS-Corporate
Bancomext	BACMEXT 24-4X	Sustainable	Development bank	MXN6,406.35	Fixed	9.78%	13/08/2024	10.0			AAA		AAA		ISS-Corporate
Bancomext	BACMEXT 24DX	Sustainable	Development bank	MXN4,045.98	Fixed USD	4.57%	13/08/2024	3.0			AAA		AAA		ISS-Corporate
Acueducto Cuchillo 2	AQUACB 24X	Sustainable	Infrastructure	MXN6,600.00	Fixed	10.74%	04/09/2024	8.1	1.15x			AAA	AAA		Fitch
NAFIN	NAFF 24-2S	Social	Development bank	MXN6,813.90	Fixed	9.99%	06/09/2024	10.5	1.10x			AAA	AAA		Sustainalytics
NAFIN	NAFR 24-2S	Social	Development bank	MXN4,779.20	TIIEF+	0.25%	06/09/2024	3.5				AAA	AAA		Sustainalytics
FinÚtil (ConCrédito)	FUTILCB 24S	Social	Financial	MXN700.00	TIIE+	2.15%	18/09/2024	3.5	1.35x	AAA			AAA		Sustainalytics
Banco Compartamos	COMPART 24-2S	Social	Retail banking	MXN1,600.00	TIIE+	0.56%	13/11/2024	3.5	2.12x		AA	AA			Sustainalytics
CFE	CFE 23-2X (Re)	Sustainable	Energy	MXN2,875.67	TIIE+	0.45%	13/12/2024	2.0	2.32x	AAA	AAA	AAA			Sustainalytics
CFE	CFE 23-3X (Re)	Sustainable	Energy	MXN3,480.87	Fixed	1.45%	13/12/2024	5.3		AAA	AAA	AAA			Sustainalytics
CFE	CFE 24UX	Sustainable	Energy	MXN3,643.45	UDIs	1.28%	13/12/2024	10.0		AAA	AAA	AAA			Sustainalytics

Prior to the commencement of the placement and/or in parallel with the roadshow and sale process, we assist companies in developing sustainability capabilities in line with market expectations. This includes the ESG structuring of placements, the development of reference frameworks and obtaining SPOs, guidance on sustainability strategies and ESG information disclosure, as well as the distribution of sustainability reports to institutional investors and rating agencies.

Sustainable Bond

Keeping up with sustainability trends, a Ps 13,064 million sustainable bond was issued in February 2024. This bond seeks to finance projects that can be considered sustainable under the criteria established in our reference framework (click here for more information), developed under standards and guidelines that adhere to market best practices due to its transparency and monitoring guidelines.

During the year, we have focused on analyzing various projects to ensure the allocation of resources.

Our commitment is to issue a resource allocation report on the anniversary of the issuance.

Main products and services with ESG criteria by subsidiary

As a responsible bank, we offer our clients, through our various subsidiaries, products and services that generate positive social and environmental impacts.

Corporate and Commercial Banking

Sustainable Portfolio

At GFNorte, we are working to ensure that our loan portfolio increasingly includes projects that promote the country's economic prosperity, the well-being of people, and the preservation of nature.

At the end of 2024, our sustainable portfolio in Corporate and Commercial Banking was estimated at Ps 23,386 million, allocated to projects related to energy generation from renewable and clean sources, sustainable construction, drinking water distribution, wastewater treatment, sustainable agricultural practices, clean and affordable transportation, as well as the reuse, recycling, and final disposal of solid waste such as metals and plastics.

It is of utmost importance to recognize the contribution of wind and solar energy as a means to achieving a low-carbon economy, which is why we remain firmly committed to our clients in the renewable energy sectors, who contributed an estimated Ps 2,387 million to our climate portfolio by the end of December 2024.

Sustainability-linked syndicated loans

In 2024, Banorte has strengthened its portfolio through the inclusion of sustainable products, offering syndicated loans in Wholesale Banking characterized by their focus on environmental, social, and governance (ESG) aspects. Throughout the year, we closed five green syndicated loans, with our total participation amounting to Ps 4,457 million. These projects contribute to decarbonization and are a key factor in promoting a more sustainable and responsible financial market.

At Banorte, we reaffirm our commitment to sustainability and will continue to promote financing that generates long-term environmental and social benefits through projects that promote the adoption of clean technologies, the responsible use of natural resources, social cohesion, and environmental conservation.

Consumer Banking

Green Auto Premiere

In line with national electric mobility goals, GFNorte launched the "Green Auto Premiere" product in April 2022, a product created to finance the acquisition of hybrid and electric vehicles that quickly positioned itself as a market leader. During the year, the portfolio for this product amounted to Ps 3.4 billion through the placement of 7,078 loans by the end of 2024.

Green Mortgage

In 2024, work was done on the design of the Green Mortgage product, with the goal of strengthening and providing new financing opportunities and solutions for the acquisition of real estate with sustainable features, enabling the reduction of initial costs and financial savings in services for our clients.

The placement report will be prepared starting in 2025.

Mujer Pyme

In 2024, Banorte launched Mujer Pyme, a comprehensive package designed to support female entrepreneurs through financial and non-financial solutions with preferential terms. This product includes credit options, services, and transactional products tailored to meet both their personal and business needs, thus promoting their financial inclusion and reaching a placement of Ps 493.09 million through 266 loans.

Banorte Total Rewards

During 2024, 697 customers and employees had the opportunity to redeem 11,462,024 points within the Products with a Cause section, in partnership with Mexican companies and civil associations that offer sustainable products that benefit our communities and the environment.



Sustainable Insurance

Hydrometeorological Insurance

Through our subsidiary, Seguros Banorte, we offer catastrophic coverage designed for hydrometeorological phenomena, helping to mitigate the physical risks associated with climate change, such as hurricanes, floods, storm surges, heavy seas, and hail, among others.

We demonstrated its effectiveness by providing support in the face of devastating events such as Category 5 Hurricane Otis, which hit the state of Guerrero in October 2023. These insurance policies are available in home, commercial, and industrial categories, offering comprehensive protection to our clients.

As of December 2024, we covered a total of 227,855 risks across the country, including areas most exposed to hurricanes, such as the Yucatán Peninsula, the Gulf of Mexico, and the Pacific Ocean. The insurable values declared in the policies amounted to Ps 1,284,941 million, with a retention value of Ps 56,180 million and a net premium of Ps 1,208 million.

Parametric Insurance

We offer parametric hurricane insurance designed to provide prompt and efficient support to our clients in the event of a disaster. The payment trigger parameters are based on the trajectory and wind speed, graded at 100, 130, and 160 knots, which define the maximum limit of liability (MRL). These parameters are rated based on official records from the National Hurricane Center (NHC) of the National Oceanic and Atmospheric Administration (NOAA).

In the event of a claim that meets the predefined parameters, we guarantee payment within a maximum of ten business days from the approval of the claim, regardless of whether there are visible damages in the insured area. This scheme allows for immediate response to both infrastructure and natural capital damage in affected areas. It represents an innovative way to address the impacts generated by climate change. In 2024, we will celebrate five years of serving both the private sector and the government sector with this type of coverage, generating a net premium of Ps 2.6 million this year.

viii. MARKET INFORMATION

As a result of the wide variety of products and services in all our business lines, we are faced with large competitors, which may be financial groups, commercial banks, regional or international, brokerage houses, investment fund operators, Afores, Insurance , Pensions, Leasing and Factoring Companies, among others.

Grupo Financiero Banorte (GFNorte), competes strongly in Mexico with foreign Financial Groups with Mexican subsidiaries (mainly US and Spanish), the main ones being: *i) BBVA Bancomer, S.A., Multiple Banking Institution, BBVA Bancomer Financial Group; ii) Banco Nacional de México, S.A., Multiple Banking Institution, Grupo Financiero Banamex; iii) Banco Santander (Mexico), S.A., Multiple Banking Institution, Grupo Financiero Santander; iv) HSBC México, S.A., Multiple Banking Institution, Grupo Financiero HSBC; v) Scotiabank Inverlat, S.A., Multiple Banking Institution, Grupo Financiero Scotiabank Inverlat; and vi) Banco Inbursa, S.A., Multiple Banking Institution, Grupo Financiero Inbursa.*

Below is the evolution of the market shares of the main financial entities that make up GFNorte:

Company	Concept	2024	2023	2022
Consolidated Bank (1) (2)	Core Deposits	13.52%	13.74%	13.00%
	Stage 1 and Stage 2 Loans	15.13%	15.06%	14.67%
Casa de Bolsa Banorte (3)	Share operation	1.44%	1.44%	1.73%
Afore XXI Banorte (4)	Affiliations	12.07%	13.01%	13.45%
Seguros Banorte (5)	Issued Premiums	5.43%	5.04%	4.62%
Pensiones Banorte (6)	Pensions	42.93%	42.75%	46.24%
Arrendadora y Factor Banorte (7)	Total Loans	20.48%	19.71%	17.17%
Almacenadora Banorte(8)	Deposits of Property	5.44%	4.69%	5.17%

1) Consolidation of Banco Mercantil del Norte with the other subsidiaries
2) Source: CNBV Banca Multiple as of December 2024.
3) Source: Asociacion Mexicana de Intermediarios Bursatiles (Operations Report), A.C., as of September 2023.
4) Source: CONSAR as of December 2022, does not include Assigned Workers with Resources Deposited in Banco de México.
5) Source: Premiums written, Asociacion Mexicana de Instituciones de Seguros, A.C.(AMIS) as of December 2022, 2023, and 2024.
6) Source: AMIS as of December 2024.
7) Source: CNBV Sociedades Financieras de Objeto Multiple, Entidades Reguladas that do not consolidate with Banks as of September, 2024.
8) Source: CNBV Almacenes Generales de Deposito as of December 2024.

For Banorte Consolidated, the following is a detail of the position and market share in various items of the Stage 1 and 2 Portfolio and Traditional Fundraising lines:

Concept	2024		2023	
	Position	Market Share	Position	Market Share
Total Assets	3	12.04%	3	12.67%
Performing Loans	2	15.23%	2	15.06%
Commercial	2	15.03%	2	14.49%
Consumer (1)	2	12.83%	2	13.80%
Credit Cards	4	11.01%	4	10.59%
Mortgage	2	19.58%	2	19.52%
Government	2	28.27%	2	26.17%
Retail Total Deposits	2	13.52%	2	13.74%
Demand Deposits	2	12.94%	3	13.21%
Time Deposits	1	14.89%	1	14.98%

Source: CNBV Banca Mutiple as of December, 2024.

1) Includes Personal, Payroll and Car.

ix. CORPORATE STRUCTURE

Financial Entity / Service Subsidiary	Equity as of December 31, 2024
Banco Mercantil del Norte, S.A., Institucion de Banca Multiple, Grupo Financiero Banorte. • Credit Institution authorized to conduct financial operations. • Conduct banking and credit operations.	98.26%
Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte • Company authorized to act and operate as Multiple Banking Institution. • Authorization was obtained to begin operations in terms of Article 46 Bis of the Law of Credit Institutions. Began operations as of January 2024.	99.99%
Arrendadora y Factor Banorte, S.A. de C.V., Sociedad Financiera de Objeto Multiple, Entidad Regulada, Grupo Financiero Banorte. • Celebrate leasing and factoring contracts. • Obtain loans and financing from credit and insurance institutions to cover liquidity needs.	99.92%
Almacenadora Banorte, S.A. de C.V., Organizacion Auxiliar del Credito, Grupo Financiero Banorte. • Store, keep and maintain goods and merchandise. • Issue deposit certificates and pledged bonds. • Transform deposited merchandise in order to increase their value.	99.99%
Casa de Bolsa Banorte, S.A. de C.V., Grupo Financiero Banorte. * Act as authorized intermediary to operate in the stock market, conducting sale and purchase transactions of securities; provide advice on securities' placement and operation of mutual funds.	99.99%
Operadora de Fondos Banorte, S.A. de C.V., Sociedad Operadora de Fondos de Inversion, Grupo Financiero Banorte.[1] • Carry out asset the functions of asset management, distribution, valuation, promotion and acquisition of securities issued by mutual funds, deposit and custody of securities subject to investment and of mutual funds, accounting, and management in the issuance of securities.	99.99%
Banorte Ahorro y Previsión, S. A. de C. V.* * Act as a Sub-holding company of Grupo Financiero Banorte, in terms of the Law Regulating Financial Groups, maintaining its share position in the financial entities comprising the Long-Term Savings Sector.	99.99%
***Seguros Banorte, S.A. de C.V., Grupo Financiero Banorte.** * Act as insurance and re-insurance institution for individuals and corporations.	99.99%
***Pensiones Banorte, S.A. de C.V., Grupo Financiero Banorte.** * Act as insurance institution whose objective is to exclusively manage annuities derived from social security laws.	99.99%

For more information on the main business relationships with subsidiaries, see Section 4, item b) "Administration- Operations with Related Parties and Conflict of Interest" of this Annual Report.

x. DESCRIPTION OF MAIN ASSETS

The following are the most important real estate properties of GFNorte and its subsidiaries:

Bulding	Location	Construction m^{2*}	Net book value (thousands of Ps)
Torre Koi	David Alfaro Siqueiros #106, Col. Valle Ote, San Pedro Garza García, N.L.	26,140	2,686,224
Torre Santa Fe	Av. Prolongación Reforma #1230, Col. Cruz Manca Santa Fe, Ciudad de México	24,791	2,127,933
Torre Sur	Av. Revolución #3000 Sur Esq. Ricardo Covarrubias, Col. Primavera, Monterrey, N.L.	25,722	2,086,944
Tlalpan	Calzada de Tlalpan # 2980, Ciudad de México.Col. Santa Úrsula Coapa	25,476	1,474,776
Centro de Contacto	Alfonso Reyes # 3639, Monterrey, N.L. Col. Del Norte	41,672	669,873
Oro Sena	Paseo de la Reforma # 281, esquina Río Sena 110, Ciudad de México Col. Cuahutémoc	1,182	146,216
Reforma 383	Paseo de la Reforma #383, Col. Cuauhtémoc, Ciudad de México	26,812	928,093

* Includes offices and parking lots.

These properties are insured against damages and are not pledged as guarantee in credit operations.

As of December 2024 there are office spaces for subsidiaries in 9 buildings. All these properties are leased to third parties with contracts ranging from 5 to 10 years in average duration. The following chart shows the location of our leased offices and branches.

Buildings	Offices
Cd. de México y A.M.	1
Estado de México	1
Jalisco	1
Michoacán	1
Nuevo León	1
Querétaro	1
Yucatán	1
Total	**7**

xi. ADMINISTRATIVE, ARBITRATION AND JUDICIAL PROCESSES

There are no relevant matters to report.

For information on Commitments and Contingencies, see Note 42 Commitments and 43 Contingencies in the Audited Financial Statements (Section 8. C) "Annexes- Audited Financial Statements" of this Annual Report.

xii. REPRESENTATIVE SHARES OF COMPANY'S EQUITY

As of December 31, 2024, the authorized equity amounted to $9,846'048,079.00, which is fully subscribed and paid - represented by 262'132,418 ordinary nominative shares, Series "O", Class I, and 2,551'024,176 ordinary, nominative shares, Series "O", Class II, all with face value of $3.50.

Shares representing subscribed capital are classified as: Class I shares, (representing the fixed portion of equity) and Class II shares (representing the variable portion of equity).

The variable portion of equity cannot exceed 10 times the fixed portion, and is not subject to withdrawal according to legal and statutory regulations.

According with the Corporate By-laws, total equity will be composed of a common portion and could also include an additional portion. The total common equity will be made up of Series "O" shares. If necessary, additional equity will be represented by Series "L" shares that can be issued up to an amount equivalent to forty percent of the ordinary equity, with the previous authorization of the CNBV. Series "O" and "L" shares will be available to the general public.

In the General Extraordinary Shareholders' Meeting held on March 30, 2011, the merger of Ixe Grupo Financiero, S.A.B. de C.V., with Grupo Financiero Banorte, S.A.B. de C.V. was approved, increasing Grupo Financiero Banorte's variable portion of the total equity to $1,078,035,819.00 pesos, by issuing 308,010,234 ordinary nominative shares, Series "O", with a face value of Ps 3.50 each. Previous to this merger, GFNorte's subscribed equity was represented by 2,018'347,548 ordinary nominative shares, Series "O".

In the General Extraordinary Shareholders' Meeting held on July 3, 2013, an increase in the variable portion of the total equity was approved by issuing 447'371,781 ordinary nominative shares, Series "O", Class II with face value of $3.50, to be subscribed in a Public Offering, which was finalized on 22 July, 2013.

In the Extraordinary General Shareholders' Meeting held on December 5, 2017, the merger of Grupo Financiero Interacciones, S.A.B. of C.V. with Grupo Financiero Banorte, S.A.B. of CV, an increase in the variable part of the Company's capital stock in the amount of $384,044,608.50 by issuing 109,727,031 (one hundred nine million seven hundred and twenty-seven thousand thirty-one) ordinary, registered shares of the "O" Series, with face value of $3.50. Prior to this merger, the subscribed share capital of the Company was represented by 2,773,729,563 ordinary, nominative shares, corresponding to Series "O". Prior to this merger, the Company's subscribed capital stock was represented by 2,773,729,563 ordinary registered shares, corresponding to Series "O".

At the Extraordinary General Shareholders' Meeting held on November 20, 2024, it was agreed to cancel 70,300,000 ordinary, registered shares, Series "O", Class II, with a par value of $3.50 representing the variable portion of the Company's capital stock, which were acquired through the Buyback Fund and, consequently, reduce the variable portion of the capital stock by the amount of $246,050,000.00, to be set at the amount of $8,928,584,616.00.

See Note 35 in Equity in the Audited Financial Statements (Section 8. c) "Annexes- Audited Financial Statements" of this report.

xiii. DIVIDENDS

GFNorte has decreed the following cash dividends for the last three fiscal years as follows:

Meetings' Date (decreed dividend)	Amount of Decreed Dividend (pesos per share)	Date of Payment	Comments
May 23, 2022	Ps 6.0774	May 31, 2022	Corresponds to the payment necessary to cover the amount of 50% of the net income for the year 2021. This amount was approved by the Board of Directors of the Company, at its meeting held on April 21, 2022.
November 29, 2022	Ps 5.81212	December 8, 2022	Corresponds to the payment necessary to cover the amount of 25% of the net income for the year 2019 and 2020. This amount was approved by Company's Board of Directors, at its meeting held on October 20, 2022.
June 2, 2023	Ps 7.8738	June 12, 2023	Corresponds to the payment necessary to cover the amount of 50% of the net income for the year 2022. This amount was approved by the Company's Board of Directors at its meeting held on April 20, 2023.
October 5, 2023	Ps 5.2020	October 16, 2023	Corresponds to the payment of an extraordinary cash dividend in the amount of Ps 15,000'000.000.00 given the significant generation and strength of GFNorte's capital. This amount was approved by the Company's Board of Directors at its meeting held on July 20, 2023.
April 29, 2024	Ps 9.0894	June 28, 2024	Corresponds to the payment necessary to cover the amount of 50% of the net income for the year 2023. This amount was approved by the Company's Board of Directors, at its meeting held April 16, 2024.
December 9, 2024	Ps 3.5547	December 18, 2024	Corresponds to the payment of an extraordinary cash dividend in the amount of Ps 10,000'000.000.00 given the significant generation and strength of GFNorte's capital. This amount was approved by the Company's Board of Directors at its meeting held on October 29, 2024.

According to the Resolution of the Ordinary General Shareholders' Meeting held on April 30, 2019 it was approved to modify the Dividend Policy in order that the dividend payment can be

1. Between 16% and up to 50% of the net income of the prior year.

For reference, the previous Dividend Policy was approved in accordance with the following:

a) By resolution of the Ordinary General Shareholders Meeting held on November 19, 2015, it was approved to modify the Dividend Policy so that the payment of dividends is by a percentage in accordance with the following:

1. Between 16% and up to 40% of the profit for the previous year.

b) By resolution of the Ordinary General Shareholders Meeting dated October 17, 2011, it contemplated the payment of dividends as follows:

1. 16% of the recurring net profit in case the profit grows between 0% and 10% during the year.
2. 18% of the recurring net profit in the event that profit grows between 11% and 20% during the year.
3. 20% of the recurring net profit in case the profit grows more than 21% during the year.

3. FINANCIAL INFORMATION

When analyzing the information contained herein is important to take the following into consideration:

- ✓ *Starting on 2Q24, a new methodology for calculating ratios was adopted, in line with the standardization issued by the CNBV for the Banking Sector. The adjustment is not retroactive for the periods before 2024 shown in this report, which makes the financial indicators incomparable.*
- ✓ *As of December 2023, Grupo Financiero Banorte consolidates line-by-line the operations of the Joint Venture with Rappi, hereinafter referred to as "Tarjetas del Futuro", in its financial statements.*
- ✓ *The financial information contained in this report is based on the Audited Consolidated Financial Statements of Grupo Financiero Banorte (GFNorte) for the year ended December 31, 2024 and 2023, published by Galaz, Yamazaki, Ruiz Urquiza, S. C. Member of Deloitte Touche Tohmatsu Limited, dated February 28, 2025. For the year ended December 31, 2022, the financial figures are based on the Audited Consolidated Financial Statements of GFNorte, published by Galaz, Yamazaki, Ruiz Urquiza, S. C. Member of Deloitte Touche Tohmatsu Limited, dated February 29, 2024.*
- ✓ *The financial information presented in this report has been calculated in pesos and the tables are in million pesos, thus, differences are the result of rounding effects.*
- ✓ *For comparison purposes, is relevant to consider that GFNorte owns 98.2618% of shares of the Bank, therefore in some cases certain figures may vary when referring to them, both for the Group and the Bank.*

a) SELECTED FINANCIAL INFORMATION

	2024	2023	2022
Net Income	$56,188	$52,418	$45,408
Total Assets GFNorte	$2,471,209	$2,274,859	$2,070,072
Total Liabilities GFNorte	$2,222,781	$2,025,654	$1,831,041
Stockholders' Equity GFNorte	$248,428	$249,205	$239,031
INFORMATION PER SHARE			
Earnings per share Basic (pesos) [1)]	$19.72	$18.31	$16.11
Earnings per share Diluted (pesos) [2)]	$ 19.72	$18.31	$15.96
Dividend approved per share (pesos) [3)]	$12.64	$13.08	$11.89
Book value per share (pesos) (excluding minority interest) [4)]	$88.69	$86.48	$81.86
Shares outstanding Basic (millions) [5)]	2,849.34	2,862.68	2,856.68
Shares outstanding Diluted (millions) [5)]	2,849.34	2,862.68	2,883.46
PROFITABILITY RATIOS			
NIM	6.26%	6.32%	6.32%
NIM Adjusted for Credit Risk	5.38%	5.53%	5.67%
NIM from Loan Portfolio	8.23%	8.59%	8.37%
Return on Assets (ROA)	2.32%	2.39%	2.26%
Return on Equity (ROE)	22.44%	21.41%	19.19%
OPERATIONS			

Efficiency Ratio [6)]	36.96%	36.23%	38.05%
Operating Efficiency Ratio [7)]	2.25%	2.22%	2.22%
LCR Banorte and SOFOM - Basel III	164.15%	160.54%	154.61%
ASSET QUALITY INDICATORS			
Non-Performing Loan Ratio	0.93%	1.04%	1.07%
Coverage Ratio	183.67%	182.33%	179.47%
CAPITALIZATION RATIO			
Banco Mercantil del Norte	21.78%	20.72%	22.85%
INFRASTRUCTURE AND EMPLOYEES			
Bank Branches [8)]	1,191	1,164	1,154
ATMs (automated teller machines)	11,284	10,372	9,938
Points of Sale	223,148	197,216	167,148
Full-time employees	33,765	32,705	30,941
Full-time employees and professional services	33,767	32,707	30,943

Million pesos.

9. Earnings per Share Basic= Net Income of the period / weighted average of accounting outstanding shares.
10. Earnings per Share Diluted = Net income of the period / (weighted average of accounting outstanding shares + weighed average of shares potentially dilusive).
11. In 2024, dividends declared by the Shareholders' meetings were those corresponding to 69% of the profit of 2023; a first dividend of Ps 26,209,114,772.24, at Ps 9.089477825598920 per share, paid on June 28, 2024, and a second dividend of Ps 10,000,000,000.00 at 3.554725684779990 per share, paid on December 18, 2024, charged against the profits of prior years. In 2023, dividends declared by the Shareholders' meetings were those corresponding to 83% of the profit of 2022; a first dividend of Ps 22,704,037,531.52, at Ps 7.873896065842770 per share, paid on June 12, 2023, and a second dividend of Ps 15,000,000,000.00, at Ps 5.202089752699080 per share, paid on October 16, 2023, charged against the profits of prior years. For 2022, dividends declared were those corresponding to 50% of the profit for 2021, or Ps 17,524,084,240.96, at Ps 6.077457270353830 per share, paid on May 31, 2022, and a second dividend corresponding to 25% of the profit of 2019 and 25% of 2020, or Ps 16,759,016,371.63, at Ps 5.812127155478170 per share, paid on December 8, 2022.
12. The number of shares outstanding considered for the 2024 period were 2,812,156,594.
13. Outstanding Shares= Outstanding shares in the Mexican Securities' Stock Exchange – shares held in the Treasury related to the share buyback program. On November 20th, 2024, the Ordinary General Shareholders' Meeting approved the cancellation of 70.3 million shares.
14. Non-Interest Expense / (Net Interest Income + Non- Interest Income).
15. Non-Interest Expense / Average Total Assets.
16. Includes bank modules and excludes 1 branch in the Cayman Islands.

b) FINANCIAL INFORMATION PER BUSINESS LINE, GEOGRAPHICAL REGION AND EXPORT SALES

a. Total Deposits

By Business Line

	2024	2023	2022
Commercial	771,099	722,123	620,612
Business	70,433	54,563	47,760
Corporate	43,875	28,069	26,886
Government	146,595	132,069	115,263
Patrimonial	11,210	11,531	10,289
Financial Intermediaries	90,289	108,063	76,381
Total Deposits	**$1,133,500**	**$1,056,418**	**$897,192**

Million pesos.

By Geographical Regions

	2024	2023	2022
Mexico City- South	211,485	214,565	163,210
Mexico City- North	92,907	85,832	79,118
Northern	260,872	217,409	203,581
Central	135,507	128,141	113,290
Northwest	136,470	121,347	112,408
West	94,917	86,057	78,389
South	74,477	72,930	59,427
Peninsular	79,262	73,970	60,616
Central Treasury	44,367	53,522	24,163
Foreign	3,236	2,644	2,989
Total Deposits	**$1,133,500**	**$1,056,418**	**$897,192**

Million pesos.

b. Total Loans

By Business Line

	2024	2023	2022
Mortgages	274,789	255,315	228,797
Car Loans	53,491	42,870	32,371
Credit cards	70,603	60,105	46,234
Payroll	84,647	77,108	69,275
Consumer	483,531	435,399	376,676
Commercial	302,344	256,719	233,304
Corporate	220,976	178,727	148,150
Government (1)	183,931	171,972	171,724
Total Loan Portfolio	**$1,190,782**	**$1,042,817**	**$929,855**

Million pesos.

(1) Government banking includes federal, state, and municipal segments.

By Geographical Regions

	2024	2023	2022
Northern	269,747	233,722	194,542
Mexico City- North	121,962	126,108	100,428
Mexico City- South	286,639	232,461	237,091
West	104,460	93,127	79,425
Central	107,334	100,170	94,551
Northeast	146,310	123,727	102,905
South	61,993	57,768	53,178
Peninsular	86,651	71,145	67,735
Bineo	47	-	-
Tarjetas del Futuro 1)	5,640	4,589	-
Total Loan Portfolio	**$1,190,782**	**$1,042,817**	**$929,855**

Million pesos.

1) Since operations were consolidated as of December 2023, the process of dividing the Company's operations by territory continues to be evaluated.

c) REPORT OF RELEVANT LOANS

Financing obtained from public investors as of December 31, 2024 are:

Arrendadora and Factor Banorte

There is no financing from Arrendadora and Factor Banorte obtained from public investors as of December 31, 2024.

Banorte

Subordinated Note D2 BANOC36 311004
Issuance Date: October 4, 2016.
Call Date: October 4, 2026.
Maturity Date: October 4, 2031.
Amount Issued: USD 500 million.
Current Amount: USD 87.7 million.
Coupon Rate: 5.75%

Subordinated Note D2 BANOE91 999999
Issuance Date: July 6, 2017.
Call Date: January 10, 2028.
Maturity Date: Perpetual.
Amount Issued: USD 550 million.
Coupon Rate: 7.625%

Subordinated Note D2 BANOB48 999999
Issuance Date: June 27, 2019.
Call Date: June 27, 2029.
Maturity Date: Perpetual.
Amount Issued: USD 500 million.
Coupon Rate: 7.50%

Subordinated Note D2 BANOC21 999999
Issuance Date: July 14, 2020.
Call Date: October 14, 2030.
Maturity Date: Perpetual.
Amount Issued: USD 500 million.
Coupon Rate: 8.375%

Subordinated Note D2 BANOA99 999999
Issuance Date: November 24, 2021.
Call Date: January 24, 2027.
Maturity Date: Perpetual.
Amount Issued: USD 500 million.
Coupon Rate: 5.875%

Subordinated Note D2 BANOB72 999999

Issuance Date: November 24, 2021.
Call Date: January 24, 2032.
Maturity Date: Perpetual.
Amount Issued: USD 550 million.
Coupon rate: 6.625%

Subordinated Obligation D2_BANOE88_999999

Issuance Date: November 20, 2024
Call Date: May 20, 2035
Maturity Date: Perpetual
Amount Issued: USD 750 million
Coupon Rate: 8.750%

Subordinated Obligation D2_BANOD06_999999

Issuance Date: November 20, 2024
Call Date: May 20, 2031
Maturity Date: Perpetual
Amount Issued: USD 750 million
Coupon Rate: 8.375%

Stock Certificate 94 BINTER 16U

Issuance Date: October 13, 2016.
Maturity Date: October 1, 2026.
Amount Issued: 365.2 million UDIS.
Coupon Rate: 4.97%

Stock Certificate 94 BANORTE 20U

Issuance Date: September 30, 2020.
Maturity Date: September 18, 2030.
Amount Issued: 106.9 million UDIS.
Coupon Rate: 2.76%

Stock Certificate 94_BANORTE_23-2

Issuance Date: February 23, 2023.
Maturity Date: February 21, 2025.
Amount Issued: Ps 6,582 million.
Coupon Rate: TIIE28 + 0.04%

Stock Certificate 94_BANORTE_23-3

Issuance Date: February 24, 2023.
Maturity Date: February 19, 2027.
Amount Issued: Ps 4,180 millones.
Coupon Rate: TIIE28 + 0.08%

Stock Certificate 94_BANORTE_23-4

Issuance Date: May 25, 2023.
Maturity Date: May 21, 2026.
Amount Issued: Ps 5,277 million.

Coupon Rate: Funding TIIE +0.30%

Stock Certificate 94_BANORTE_23-5

Issuance Date: May 25, 2023.
Maturity Date: May 16, 2030.
Amount Issued: Ps 2,387 million.
Coupon Rate: 9.41%

Stock Certificate 94_BANORTE_23U

Issuance Date: May 25, 2023.
Maturity Date: May 12, 2033.
Amount Issued: 275.8 million UDIs.
Coupon Rate: 4.68%

Stock Certificate 94_BANORTE_24X

Issuance Date: February 19, 2024
Maturity Date: February 14, 2028
Amount Issued: Ps 4,172 million
Coupon Rate: Funding TIIE + 0.33%

Stock Certificate 94_BANORTE_24-2X

Issuance Date: February 19, 2024
Maturity Date: February 10, 2031
Amount Issued: Ps 3,642 million
Coupon Rate: Fixed Rate of 9.74%

Stock Certificate 94_BANORTE_24UX

Issuance Date: February 19, 2024
Maturity Date: February 6, 2034
Amount Issued: 648 million UDIs
Coupon Rate: Fixed Rate of 4.90%

Stock Certificate 94_BANORTE_24

Issuance Date: August 28, 2024
Maturity Date: August 26, 2026
Amount Issued: Ps 5,000 million
Current Amount: Ps 2,000 million
Coupon Rate: Funding TIIE + 0.02%

Structured Debt 99_BANORTE_1-24

Issuance Date: February 19, 2024
Maturity Date: April 4, 2025
Amount Issued: Ps 75 million
Underlying Asset: S&P
Maximum Yield Rate: 17.42%

Structured Debt 83_BANORTE_2-24

Issuance Date: July 5, 2024

Maturity Date: July 4, 2025
Amount Issued: MXN 200 million
Underlying Asset: TIIE
Coupon Rate: TIIE28 + 0.70% or 12.75%

Optional Titles WA_AMX508R_BN001

Issuance Date: August 20, 2024
Maturity Date: August 20, 2025
Amount Issued: Ps 19.2 million
Underlying Asset: AMXB MM
Maximum Yield Rate: 28.50%

Optional Titles WA_GOL506R_BN001

Issuance Date: December 19, 2024
Maturity Date: June 17, 2025
Amount Issued: Ps 44.0 million
Underlying Asset: GOOGL
Maximum Yield Rate: 6.75%

Loan or tax liabilities

The tax credits listed below are currently in litigation:

	As of December 31, 2024
AFORE XXI	
Loan # 4429309391 Payroll Tax of the state of Coahuila	*$2*
PENSIONES BANORTE	
Fiscal Credit year 2014	364
Seguros Banorte, SA de CV	
Fiscal Credit year 2014	1,230
Seguros Banorte, SA de CV	
Fiscal Credit year 2015	1,429
Seguros Banorte, SA de CV	
Fiscal Credit year 2016	2,164
Seguros Banorte, SA de CV	
Fiscal Credit year 2017	2,202

Million pesos

Banorte's liabilities financed in foreign currency

	December 2024	
CONCEPT IN FOREIGN CURRENCY	**Capital (Average)**	**Cost**
Core deposits	5,132,257	1.69%
Non-traditional deposits	4,174,009	7.66%
Total interbank loans	202,629	5.00%
Total Resources in Foreign Currency	**USD 9,508,896**	**4.38%**

Thousand US dollars.

d) MANAGEMENT ANALYSIS AND COMMENTS ON OPERATING RESULTS AND THE COMPANY'S FINANCIAL SITUATION

The following analysis should be read together with the Audited Financial Statements and with the notes that accompany them. Regarding the items in the Financial Statements that were re-expressed using ratios different than the Mexican Consumer Price Index, refer to the corresponding Note of the audited financial statements for the years ending December 31, 2024, and the independent auditors' opinion of February 28, 2025. (Note 5: "Significant Accounting Policies- Recognition of the effects of inflation in the financial information".)

Relevant transactions not registered in the Balance Sheet or Income Statement, do not apply since there are no registered relevant transactions.

i. OPERATING RESULTS

Grupo Financiero Banorte

Consolidated Income Statement of the Group

	2024	2023	2022
Interest income[1)]	$ 405,433	$ 375,497	$ 268,628
Interest expense	(266,073)	(248,015)	(152,469)
NET INTEREST INCOME	**139,360**	**127,482**	**116,159**
Credit Provisions	(19,536)	(15,942)	(11,881)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	**119,824**	**111,540**	**104,278**
Fees Charged [1)]	41,260	35,073	32,348
Fees Paid [2)]	(20,956)	(18,119)	(15,305)
Premium Income Ins. & Annu. (Net)	55,293	48,259	42,855
Technical Reserves Ins. & Annu.	(33,318)	(28,288)	(29,541)
Cost of Acquisition from Insurance Operations	(1,898)	(1,735)	(1,387)
Net Cost of Claims and Other Obligations	(33,498)	(29,222)	(26,566)
Trading Income [3)]	4,983	3,913	3,660
Other Operating Income (Expenses) [3)]	(3,447)	(3,278)	(4,548)
Non-Interest Income	**8,419**	**6,603**	**1,516**
Non-Interest Expense [2)]	(54,625)	(48,582)	(44,772)
OPERATING INCOME	**73,618**	**69,561**	**61,022**
Subsidiaries' Net Income	1,713	1,413	966
PRE-TAX INCOME	**75,331**	**70,974**	**61,988**
Taxes	**(19,127)**	**(17,832)**	**(15,963)**

NET INCOME BEFORE DISCONTINUED OPERATIONS	**56,204**	**53,142**	**46,025**
NET INCOME FROM CONTINUOUS OPERATIONS (100%)	**56,204**	**53,142**	**46,025**
Minority Interest	***(16)***	***(724)***	***(617)***
NET INCOME	***56,188***	***52,418***	***45,408***
Other Comprehensive Income			
Financial Instruments to Collect or Sell Valuation	(1,783)	1,417	(4,376)
Cash Flow Hedges Valuation	(1,047)	1,725	1,118
Defined remeasurements for employee's benefits	(858)	(81)	92
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	239	(7)	315
Cumulative foreign currency translation adjustment	573	(192)	(86)
Comprehensive Income	**$ 53,328**	**$ 56,004**	**$ 43,088**

Million pesos

1. As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.
2. As of 2023, card operating expenses are recorded in "Interchange Fees" and "Other Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses).
3. As of 2023, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income).

The following table shows earnings according to the percentage of GFNorte's participation in each company or business sector:

Net Income by Sectors

Net Income by Segment	2024	2023	2022
Banking Sector	$43,093	$41,217	$33,949
Banco Mercantil del Norte	44,074	41,217	33,949
Bineo Bank	(981)	-	-
Brokerage	$959	$751	$1,649
Casa de Bolsa Banorte	480	369	1,287
Operadora de Fondos Banorte	479	382	361
Long-Term Savings	$9,714	$8,155	$7,509
Afore XXI Banorte	1,303	1,206	788
Seguros Banorte (Insurance) [1)]	5,580	4,429	3,993
Pensiones Banorte (Annuities)	2,827	2,470	2,733
Long-Term Savings Holding	4	50	(5)
SOFOM and Other Finance Companies	$1,023	$779	$663
Almacenadora (Warehouse)	26	51	36
Arrendadora y Factor	997	665	598
Ixe Servicios [2)] (Now Bineo)	-	63	30
Holding	$|,399	$1,517	$1,638
GFNORTE	**$56,188**	**$52,418**	**$45,408**

Million pesos.

3. The result does not consider AFORE XXI Banorte.
4. On November 29, 2022, the shareholders of Ixe Servicios, S.A. de C.V. adopted unanimous resolutions outside the shareholders' meeting by which it was agreed, among others, to modify its corporate name to Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte and the notarization of the respective resolutions were registered in the Public Registry of Commerce on January 3, 2023, prior authorization of the National Banking and Securities Commission.

Earnings' contribution for 2024 by business sector –as per the participation method– was as follows:

GFNorte's profit, given the participation of its subsidiaries, was Ps 56.19 billion at the end of 2024, a 7% increase versus last year. In 2023, GFNorte's net income was Ps 52.42 billion, a 15% increase versus 2022.

The Banking Sector, which includes Banorte and Bineo, reported a net income os Ps 43.09 billion in 2024, increasing Ps 1.88 billion or 5% compared to 2023, contributing with 76.7% of GFNorte's net income. For 2023, the net income amounted to Ps 41.22 billion in 2023, increasing Ps 7.27 billion or 21% compared to 2022, contributing with 78.6% of GFNorte's net income.

The Brokerage Sector, which includes Casa de Bolsa Banorte and Operadora de Fondos Banorte, reported net income of Ps 959 million in 2024, a 28% increase versus 2023. The accumulated profit represented 1.7% of the

group's earnings. In 2023, net income totaled Ps 751 million, a (54%) decline versus 2022. The accumulated profit represented 1.4% of the group's earnings.

Net income of the Long-Term Savings sector, constituted by Seguros Banorte, Afore XXI Banorte (50% subsidiary), and Pensiones Banorte, amounted to Ps 9.71 billion, growing 19% compared to 2023, representing 17.3% of the group's earnings. In 2023, net income amounted to Ps 8.16 billion, growing 9% compared to 2022, representing 15.6% of the group's earnings.

SOFOM and other financial companies, comprised by Arrendadora Banorte and Almacenadora Banorte, reported a net income of Ps 1.02 billion, increasing 31% versus 2023, representing 1.8% of the financial group's earnings. In 2023, net income, including Ixe Servicios, was Ps 779 million, growing 17% versus 2022, and representing 1.5% of the financial group's earnings.

Grupo Financiero Banorte Results for 2024

The following is a breakdown of the most important items of the Consolidated Income Statement and the Balance Sheet.

- **Net Interest Income – NII**

	2024	2023	2022
Interest income [4]	$ 405,433	$375,497	$ 268,628
Interest expense	(266,073)	(248,015)	(152,469)
NET INTEREST INCOME	**139,360**	**127,482**	**116,159**
Credit Provisions	(19,536)	(15,942)	(11,881)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	**119,823**	**$111,540**	**$ 104,278**
Average Earnings Assets	2,227,252	$2,017,095	$ 1,839,143
NIM [1]	**6.26%**	**6.32%**	**6.32%**
NIM adjusted for Credit Risk [2]	**5.38%**	**5.53%**	**5.67%**
NIM from Loan Portfolio [3]	**8.23%**	**8.59%**	**8.37%**

Million pesos

1. NIM (Net Interest Margin) = Net Interest Income / Average Earnings Assets.
2. NIM adjusted for Credit Risk = Net Interest Income adjusted for Credit Risk / Average Earnings Assets.
3. NIM from Loan Portfolio = Net Interest Margin from Loan Portfolio / Average Performing Loans.
4. As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.

In 2024, **net interest income reached Ps 139.36 billion, expanding 9% versus 2023**. The result was driven by a 12% increase in interest income from the loan portfolio, due to the mix and volume of credit activities and the benefit of the FX depreciation over assets. Interest expense was 7% higher vs. 2023, mainly by a larger deposit base. Nevertheless, both the commercial efforts, and the average reference rate TIIE28d reduction contributed to the optimization of the mix and contained the cost of funds. **NIM stood at 6.26% at the end of 2024**. **NIM of the loan portfolio stood at 8.23%**.

In 2023, net interest income reached Ps 127.48 billion, expanding 10% versus 2022. The result was driven by a 17% expansion in the NII of the loan book, given volume and mix, together with the 75bps adjustment in the reference rate in the last 12 months, offsetting the negative effect of inflation in inflation-indexed securities of the annuities business. Interest expenses went up 63%, aligned with the reference rate's adjustments; nevertheless, deposits' mix has remained relatively stable, with 72% demand and 28% time. NIM stood stable at 6.32%, due to the combined effect of an improving mix of the loan portfolio and the benefit of the rate levels, which offset higher average earning

assets and the effect of inflation in the annuities business. NIM of the loan book increased 22bps to 8.59% at the end of 2023.

- **Loan Loss Provisions**

	2024	2023	2022
Commercial, Corporate & Government	($ 1,213)	($ 886)	($ 1,634)
Consumer	(19,319)	(16,793)	(13,029)
Charge offs and discounts	995	1,738	2,782
Credit Provisions	**(19,536)**	**($ 15,942)**	**($ 11,881)**

Million pesos

In 2024, **provisions** were **23% higher** or up Ps 3.59 billion **vs 2023**, associated mainly with: i) the 11% YoY increase in the consumer portfolio; ii) the incorporation of Tarjetas del Futuro into the credit card book; and iii) a base effect given the release of corporate reserves in 4Q23. Consequently, **cost of risk stood at 1.8%** at the end of 2024. Excluding Tarjetas del Futuro, cost of risk stood at 1.6% in 2024.

At the end of 2023, provisions were Ps 4.06 billion, or 34% higher vs. 2022, related with the dynamism and mix of credit origination, especially given the nature of payroll and credit card portfolios. Regarding the additional reserves created in 2020 to face the COVID-19 pandemic, during 2023, Ps 403 million were used and Ps 297 million were canceled. Therefore, the balance at the end of the year was zero. Cost of risk stood at 1.6% in 2023, growing 25bps vs. 2022.

- **Non-Interest Income**

	2024	2023	2022
Net Service Fees[1) 3)]	$ 20,304	$ 16,954	$ 17,043
Premium Income Ins. & Annu. (Net)	55,293	48,259	42,855
Technical Reserves Ins. & Annu.	(33,318)	(28,288)	(29,541)
Cost of Acquisition from Insurance Operations	(1,898)	(1,735)	(1,387)
Net Cost of Claims and Other Obligations	(33,498)	(29,222)	(26,566)
Trading [2)]	4,983	3,913	3,660
Other Operating Income (Expenses) [2)]	(3,447)	(3,278)	(4,548)
Non-Interest Income	**8,419**	**$ 6,603**	**$ 1,516**

Million pesos

1. As of 2023, card operating expenses are recorded in "Interchange Fees" and “Other Fees” within Fees Paid on Services (formerly recorded in Administrative Expenses).
2. As of 2023, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income).
3. As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.

Non-interest income increased 28%, or Ps 1.82 billion, to Ps 8.42 billion compared to last year, due to higher fee income and trading results.

In 2024, premium income from insurance and annuities grew 15% compared to 2023, given the positive evolution in the insurance business, especially in the life and auto portfolios; coupled with an increase in the annuities

business, amid recovering market dynamics. As a result, technical reserves rose 18%, impacted by the evolution of both businesses. In addition, claims grew 15%, in line with the growth and composition of the portfolios.

Non-interest income reached Ps 6.60 billion, increasing Ps 5.09 billion compared to 2022, associated with an improved technical result in insurance and annuities, benefiting from solid business generation and lower inflation in the period, along with better trading income, and higher other operating income (expenses). The technical result of insurance and annuities was (Ps 10.99 billion), growing 25% in the year. Premium income from insurance and annuities increased 13%, driven by insurance business generation, mainly in the life and auto portfolios; consequently, the acquisition cost increased 25%. Technical reserves fell (4%), in line with lower inflation in the period and a contraction in the annuities market. Claims increased 10% given a larger portfolio and the effect - albeit limited - of hurricane Otis in the insurance business.

- **Service Fees**

	2024	2023	2022
Fund Transfers	$ 2,478	$2,028	$ 2,040
Account Management Fees	1,953	1,922	1,910
Electronic Banking Services	20,935	18,114	16,972
Basic Banking Services Fees	**25,367**	**$ 22,063**	**$ 20,921**
For Commercial and Government Loans	2,456	2,089	1,876
Consumer Loan Fees	9,394	7,729	6,144
Fiduciary	561	540	537
Mutual Funds	2,986	2,468	2,109
Trading & Financial Advisory Fees	656	441	572
Other Fees Charged [1) 3)]	(160)	(257)	190
Fees Charged on Services	**41,260**	**$ 35,073**	**$ 32,348**
Interchange Fees [2)]	(14,909)	(12,580)	(10,442)
Other Fees Paid [2)]	(6,047)	(5,539)	(4,863)
Fees Paid on Services	**(20,956)**	**($ 18,119)**	**($ 15,305)**
Net Service Fees	**20,304**	**$ 16,954**	**$ 17,043**

Million pesos

1) Includes fees from funds, warehousing services, and others.
2) As of 2023, card operating expenses are recorded in "Interchange Fees" and “Other Fees” within Fees Paid on Services (formerly recorded in Administrative Expenses).
3) As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.

In 2024, fees charged on services expanded to Ps 41.26 billion, expanding 18% compared to 2023, mainly due to: i) higher operation with affiliated businesses and credit cards, in line with the sound private consumption and the growing adoption of credit cards as payment method; ii) greater fees in investment funds given higher customer acquisition; and iii) an increased operation in UniTeller. **On the other hand, fees paid were up 16% vs 2023, reaching (Ps 20.96 billion)** related to higher interchange fees, given greater consumption dynamics via credit cards, and larger loan origination through the external sales force. As a result, **net service fees were up 20% vs. 2023.**

In 2023, fees charged grew 8%, due to the boost in self-service through electronic banking services, higher advisory and structuring fees in commercial and government portfolios, as well as higher transaction volumes in consumer products, combining the operation of Banorte and Tarjetas del Futuro, and reflecting the strength of private consumption. Fees paid grew 18% YoY, driven by higher loan origination fees through the external sales force, an increase in trading services, and higher interchange fees. Altogether, net service fees fell (1%) versus 2022.

- **Trading**

	2024	2023	2022
Currency and Metals	$ 14,615	($ 7,009)	($ 1,602)
Derivatives	(8,317)	546	1,606
Negotiable Instruments	1,351	1,562	(104)
Valuation	**7,649**	($ 4,901)	($ 100)
Currency and Metals	(4,445)	7,895	4,524
Derivatives	(153)	48	(909)
Negotiable Instruments [1) 2)]	1,932	871	145
Trading	(2,666)	$ 8,814	$ 3,760
Trading Income	**4,983**	**$ 3,913**	**$ 3,660**

Million pesos

1. Includes other financial results.
2. As of 2023, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income).

In 2024, trading income reached was 27% higher vs. 2023, mainly due to an increase in securities' trading in the Insurance and Banking businesses. Movements in the currency and metals line derived from higher USD/MXN exchange rate were offset by the valuation effect of swap derivatives.

In 2023, trading income grew 7% vs. 2022, reaching Ps 3.91 billion. The result was driven by the negative valuation seen in the currency position given the appreciation of Mexican Peso/ USD Dollar exchange rate, as well as the valuation benefit resulting from a larger insurance securities position. On the other hand, the trading operation was driven by currency operations and derivative maturities.

- **Other Operating Income (Expenses)**

	2024	2023	2022
Contributions to IPAB	($ 4,740)	($ 4,292)	($ 3,859)
Expenses Incurred in the Recovery of Credit Portfolio	(1,609)	(1,516)	(1,421)
Result for Foreclosed Assets	614	933	629
Lease Income	394	394	322
From Insurance & Annuities	784	501	263
Others [1)]	1,110	702	(483)
Other Operating Income (Expenses)	**(3,447)**	**($ 3,278)**	**($ 4,548)**

Million pesos

1. As of 2023, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income).

In 2024, other operating income (expenses) decreased (5%) compared to 2023 to (Ps 3.45 billion) mainly due to greater IPAB contribution fees, in line with a larger deposit volume and lower results in foreclosed assets, associated with lower income from loan portfolio sales and higher amortization costs.

In 2023, operating income (expense) increased 28% vs 2022, to (Ps 3.28 billion), due to the recording of extraordinary expenses and fiscal provisions in the BAP sector during 2022, along with a larger write-off of accounts receivable, higher income from operating leases and lower asset impairment expenses.

- **Non-Interest Expense**

	2024	2023	2022
Personnel	($ 24,184)	($ 22,013)	($ 19,580)
Professional Fees	(4,730)	(3,633)	(3,603)
Administrative and Promotional [1)]	(6,890)	(6,591)	(5,858)
Rents, Depreciation & Amortization	(12,956)	(11,398)	(10,623)
Other Taxes	(3,022)	(2,753)	(2,233)
Employee Profit Sharing (PTU)	(1,545)	(893)	(1,507)
Other expenses	(1,299)	(1,300)	(1,368)
Non-Interest Expense	**(54,625)**	**(48,582)**	**(44,772)**

Million pesos.

1. As of 2023, card operating expenses are recorded in "Interchange Fees" and "Other Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses).

In 2024, non-interest expenses grew 12% to (Ps 54.63 billion), driven by: i) organic expansion in commercial areas; ii) inertial business growth; iii) amortization of technology projects; and iv) Bineo's and Tarjetas del Futuro's operating expenses. Excluding the effect of both subsidiaries, expenses rose 7% YoY.

Non-interest expenses in 2023 were (Ps 48.58 billion), expanding 9% vs. 2022, resulting from the IT center investment, to increase redundancy and stability of the systems, as well as higher personnel expenses related to: i) inflationary adjustments on wages; ii) development of organic growth projects; and iii) incentives provisioning, in line with business generation and advanced severance payments.

- **Net Income**

	2024	2023	2022
Operating Income	$ 73,618	$ 69,561	$ 61,022
Subsidiaries' Net Income	1,713	1,413	966
Pre-Tax Income	**75,331**	**$ 70,974**	**$ 61,988**
Taxes	(19,127)	(17,832)	(15,963)
Net Income from Continuous Operations (100%)	**56,204**	**$ 53,142**	**$ 46,025**
Minority Interest	***(16)***	***(724)***	***(617)***
Net Income	**56,188**	***$ 52,418***	***$ 45,408***
Other Comprehensive Income			
Financial Instruments to Collect or Sell Valuation	(1,783)	1,417	(4,376)
Cash Flow Hedges Valuation	(1,047)	1,725	1,118
Defined remeasurements for employee's benefits	(858)	(81)	92
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	239	(7)	315
Cumulative foreign currency translation adjustment	573	(192)	(86)
Comprehensive Income	**53,328**	**$ 56,004**	**$ 43,088**

Million pesos

In 2024, net income reached Ps 56.19 billion, expanding 7% compared to 2023, driven by solid results in core banking services and the Group's non-banking subsidiaries' overall performance, despite the impact of the forgone interest from the repurchase operation.

In 2023, net operating income grew 14% vs 2022, due to good business dynamics in the group's main subsidiaries. Net income reached Ps 52.42 billion at the end of 2023, 15% higher than 2022.

- **Stage 1 and 2 loans**

	2024	2023	2022
Mortgage	$ 272,692	$ 253,138	$ 226,932
Car Loans	53,197	42,604	32,173
Credit Cards	68,445	58,137	45,127
Payroll	82,264	74,522	67,051
Consumer	**476,598**	**$ 428,402**	**$ 371,284**
Commercial	298,359	253,015	229,126
Corporate	220,772	178,549	147,752
Government	183,927	171,961	171,720
Stage 1 and 2 loans	**1,179,656**	**$ 1,031,927**	**$ 919,882**
Stage 3 loans	11,125	10,890	9,973
% NPL Ratio	**0.93%**	**1.04%**	**1.07%**

Million pesos

In 2024, **stage 1 and 2 loans rose 14%,** showing double digit growth in most portfolios. **Consumer loans increased 11%,** driven by an 8% growth in mortgages, increasing around Ps 19.6 billion in the year, in line with the selectivity strategy for this product; auto +25%, supported by the increasing demand and new commercial partnerships, which accounted for about 58% of the book's growth; credit card +18%, and payroll +10%. Furthermore, **corporate loans expanded by 24% and commercial loans 18%,** driven by working capital demand to develop their business's productive capacities; both portfolios benefitted from the depreciation of the Peso against the Dollar in the period. The government book increased 7%.

In 2023, the consumer portfolio expanded 15%, driven by a 12% rise in mortgages, with an average monthly increase of over Ps 2.1 billion in high-value customers. Payroll and credit cards grew 11% and 29%, respectively, and auto loans rose 32%. The commercial portfolio expanded 10%, reflecting dynamism in economic activity and the strategic focus on growing and monetizing relationships with SMEs. On the other hand, the government portfolio remained flat versus the previous year, influenced by credit regulatory restrictions as we approached the electoral period.

Market share position (using CNBV records as of December 2024):

Banorte reached 15.3% of market share on stages 1 and 2 loans, ranking second in the banking system:

- ✓ **Mortgage Loans:** Banorte held a **19.6% market share**, increasing 6bps YoY, keeping the second place in the system.
- ✓ **Credit Card Loans:** Banorte increased 43bps **its market share** in the year, ending at **11.0%.**
- ✓ **Auto Loans:** In the year, Banorte reduced (397bps) its market share to **17.9%**, given the redistribution derived from Inbursa's acquisition of Cetelem's portfolio.
- ✓ **Payroll Loans:** Banorte held a **20.8%** market share, increasing 15bps in the year, ranking second in the market.
- ✓ **Commercial Loans:** Market share totaled **12.8%,** (including corporate and SMEs according to the CNBV classification). Market share increased 50bps in the last 12 months, maintaining the second place in the system.
- ✓ **Government Loans:** Banorte's market share increased 210bps to **28.3%**, ranking second in the banking system.

Within the commercial portfolio, **SMEs stage 1 and 2 loans**, were 15% higher in 2024, reflecting the strategic focus to build stronger relationships with clients in this segment. The NPL ratio increased 32bps in the year, ending at 1.42%, in line with loan portfolio expansion.

In 2023, the SMEs stage 1 and 2 portfolio increased 24%. The NPL ratio remained unchanged in the year, ending at 1.09%.

	2024	2023	2022
Stage 1 and 2 loans	$ 57,869	$ 50,283	$ 40,416
% of Commercial Portfolio, stage 1 and 2 loans	19.4%	19.9%	17.6%
% of Total Portfolio, stage 1 and 2 loans	4.9%	4.9%	4.4%
NPL Ratio	1.42%	1.09%	1.09%

Million pesos

In 2024, GFNorte's corporate book was well diversified by industry and by region, showing low concentration risk. The 20 main private sector corporate borrowers accounted for 12.2% of the Group's stages 1 and 2 loans, with the largest corporate exposure representing 1.6%, whereas number 20 represented 0.3%. The 20 corporates have an A1 credit rating.

In 2023, the 20 main private sector corporate borrowers in GFNorte's corporate book accounted for 10.9% of the group's stages 1 and 2 loans, with the largest corporate exposure representing 1.2%, whereas number 20 represented 0.3%. The 20 corporates have an A1 credit rating

Government book, stages 1 and 2, totaled Ps 183.93 billion in 2024, increasing 7% YoY. GFNorte's government portfolio is well diversified by region, showing an adequate risk profile, given that 35.7% of the portfolio is Federal Government exposure and 80.6% of municipal and state government loans are backed by fiduciary guarantees.

In 2023, the government book, stages 1 and 2, totaled Ps 172.96 billion, mostly stable vs. 2022. GFNorte's government portfolio is well diversified by region, showing an adequate risk profile, given that 31.7% of the portfolio is Federal Government exposure and 83% of municipal and state government loans are backed by fiduciary guarantees.

Stage 3 Loans

During the year, stage 3 loans increased Ps 235 million, mainly due to the commercial and credit card portfolios, considering the consolidation of Tarjetas del Futuro. At an institutional level, Banorte is focused on growing with quality.

In 2023, stage 3 loans increased Ps 917 million, growing mainly in credit card, considering the consolidation of Tarjetas del Futuro.

	2024	2023	2022
Credit Card	$ 2,158	$ 1,968	$ 1,108
Payroll	2,383	2,586	2,223
Car Loans	294	267	198
Mortgage	2,097	2,177	1,865
Commercial	3,985	3,704	4,178
Corporate	204	178	398
Government	4	11	4
Total	**11,125**	**$ 10,890**	**$ 9,973**

Million pesos

NPL ratio stood at 0.93% in 2024, still below the historical average, driven by a strict control in loan origination and strong prevention, mitigation, and collection management. During the year it improved (11bps), remaining as one of the healthiest in the system.

In 2023, NPL ratio stood at 1.04%, improving (3bps) vs. 2022.

	2024	2023	2022
Credit Card	3.06%	3.27%	2.40%
Payroll	2.81%	3.35%	3.21%
Car Loans	0.55%	0.62%	0.61%
Mortgage	0.76%	0.85%	0.82%
Commercial	1.32%	1.44%	1.79%
SME	*1.42%*	*1.09%*	*1.09%*
Commercial	*1.29%*	*1.53%*	*1.94%*
Corporate	0.09%	0.10%	0.27%
Government	0.00%	0.01%	0.00%
Total	**0.93%**	**1.04%**	**1.07%**

- **Deposits**

	2024	2023	2022
Non-Interest-Bearing Demand Deposits	$ 460,202	$ 424,912	$ 412,119
Interest-Bearing Demand Deposits	279,348	260,650	207,440
Global Account of Deposits Without Movements	4,009	3,656	3,253
Total Demand Deposits	**743,559**	**689,217**	**622,812**
Time Deposits – Retail	**315,805**	**273,207**	**216,787**
Money Market	**93,525**	**110,707**	**79,369**
Total Bank Deposits	**1,152,889**	**1,073,131**	**918,969**
GFNorte's Total Deposits	**1,133,500**	**1,056,418**	**897,192**

Third Party Deposits	241,293	222,668	202,459
Total Assets Under Management	**1,394,182**	**$ 1,295,799**	**$ 1,121,427**

Million pesos

In 2024, total bank deposits increased 7%, with demand deposits growing 8% and time deposits 16%, driven by efforts to balance stable funding and loan growth.

In 2023, GFNorte's total deposits reached Ps 1,056.42 billion, growing 18% YoY. Demand deposits stood at Ps 689.22 billion, in line with the low-cost funding strategy; the mix remained stable despite the rate conditions in 2023, as well as the loan book's expansion.

Banking Sector

- **Banorte**

Banorte's Consolidated Net Income increased Ps 44.85 million in **2024**. During 2024, ROA totaled 2.50%, while ROE 29.08%.

Banorte´s Consolidated Financial Ratios

	2024	2023	2022
Profitability			
MIN [1)]	6.52%	6.57%	5.93%
ROA [2)]	2.50%	2.56%	2.24%
ROE [3)]	29.08%	27.38%	24.63%
Operation			
Efficiency Ratio [4)]	38.44%	38.16%	41.13%
Operating Efficiency Ratio [5)]	2.73%	2.72%	2.66%
Average Liquidity Coverage Ratio Banorte and SOFOM – Basel III [6)]	164.15%	160.54%	154.61%
Asset Quality			
PDL Ratio	0.91%	0.98%	1.01%
Coverage Ratio	186.06%	187.37%	185.50%

1. MIN (Net Interest Margin) = Net Interest Income / Average Productive Assets.
2. Net Income as a percentage of average Total Assets (without minority interest).
3. Net Income as a percentage of average Equity (without minority interest).
4. Non-interest Expense / (Financial Margin + Non-interest Income).
5. Non-interest Expense / Average Total Assets.
6. Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and Due from Banks + Trading Securities + Available-for-Sale Securities. Liquid Liabilities = Cash and Due from Banks and Other Institutions + Cash and Due from Banks and Other Institutions + Short-term Bank Loans).

Banorte's Consolidated Income Statement

	2024	2023	2022
Interest income [2]	$ 351,180	$ 327,638	$ 226,642
Interest expense	(241,664)	(226,763)	(141,399)
NET INTEREST INCOME	**109,516**	**100,875**	**85,243**
Credit Provisions	(19,364)	(15,782)	(11,722)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	**90,152**	**85,093**	**73,521**
Fees Charged [2]	40,969	34,985	31,163
Fees Paid [1]	(20,571)	(17,780)	(14,975)
Trading Income	2,082	2,276	2,931
Other Operating Income (Expenses)	(4,271)	(4,002)	(4,831)
Non-Interest Income	**18,209**	**15,479**	**14,288**
Non-Interest Expense [1]	(49,100)	(44,406)	(40,942)
OPERATING INCOME	**59,261**	**56,166**	**46,867**
Subsidiaries' Net Income	374	175	168
Pre-Tax Income	**59,635**	**56,341**	**47,035**
Taxes	**(15,572)**	**(14,425)**	**(12,486)**
NET INCOME BEFORE DISCONTINUED OPERATIONS	**44,063**	**41,916**	**34,549**
Discontinued Operations	**44,063**	-	-
NET INCOME FROM CONTINUOUS OPERATIONS (100%)	***791***	**$ 41,946**	**$ 34,549**
Minority Interest	***44,854***	***(30)***	***0.23***
NET INCOME		***$ 41,916***	***$ 34,549***
Other Comprehensive Income	(1,534)		
Financial Instruments to Collect or Sell Valuation	(1,066)	1,352	(4,045)
Cash Flow Hedges Valuation	(857)	1,755	1,138
Defined remeasurements for employee's benefits	539	(69)	113
Cumulative foreign currency translation adjustment	**41,145**	(154)	(71)
Comprehensive Income		**$ 44,800**	**$ 31,684**

Million pesos

1. As of 2023, card operating expenses are recorded in "Interchange Fees" and "Other Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses).
2. As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.

The following is a breakdown of the most important items of the income statement:

- **Net Interest Income – NII**

	2024	2023	2022
Interest income [3]	$ 351,180	$ 327,638	$ 226,642
Interest expense	(241,664)	(226,763)	(141,399)
Net Interest Income	**109,516**	**$ 100,875**	**$ 85,243**
Credit Provisions	(19,364)	(15,782)	(11,722)
Net Interest Income Adjusted for Credit Risk	**90,152**	**$ 85,093**	**$ 73,521**
Average Earnings Assets	1,665,124	$ 1,536,450	$ 1,437,673
NIM [1]	**6.52%**	**6.57%**	**5.93%**
NIM adjusted for Credit Risk [2]	**5.36%**	**5.54%**	**5.11%**

Million pesos

1. NIM (Net Interest Margin) = Net Interest Income / Average Earnings Assets.
2. NIM adjusted for Credit Risk = Net Interest Income adjusted for Credit Risk / Average Earnings Assets.
3. As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.

Net interest income (NII) increased 9% vs. 2023, driven by a 12% increase in the portfolio's interest, resulting from solid growth and diversification of the loan mix, despite the 125bps reduction in the reference rate during the period. Interest expenses grew 7%, aligned with a larger deposits' base. **NIM stood at 6.5% in 2024,** reflecting the balance sheet's sensitivity management.

In 2023, Net interest income (NII) increased 18% vs. 2022, driven by 16% higher revenues in the loan portfolio, in line with a greater pace in loan origination and portfolio mix, as well as the 75bps adjustment in the reference rate in the last 12 months. Interest expenses grew 60%, driven by the 351bps adjustment in the average reference rate TIIE28d, reaching 11.40%, fostering migration into time deposits; nevertheless, funding mix remains relatively stable considering the accelerated growth of the loan book. NIM reached 6.57% at the end of 2023.

- **Credit Provisions**

	2024	2023	2022
Commercial, Corporate & Government	($ 1,114)	($ 755)	($ 1,516)
Consumer	(19,244)	(16,752)	(12,986)
Charge offs and discounts	994	1,725	2,781
Credit Provisions	**($19,364)**	**($ 15,782)**	**($ 11,722)**

Million pesos

Provisions went up 23% or Ps 3.58 billion compared to 2023, driven by loan portfolio volume and mix, particularly focused on consumer, as well as by the incorporation of Tarjetas del Futuro's portfolio. Consequently**, NIM adjusted for credit risks was 5.4% in 2024,** decreasing (10bps) vs. 2023, despite double-digit growth in the loan book.

In 2023, Provisions increased 35% or Ps 4.06 billion vs. 2022, in line with loan volume and origination mix. NIM adjusted for credit risks improved 42bps in the year, reaching 5.54% at the end of 2023.

- **Non- Interest Income**

	2024	2023	2022
Net Service Fees [1) 2)]	$ 20,398	$ 17,205	$ 16,188
Trading	2,082	2,276	2,931
Other Operating Income (Expenses)	(4,271)	(4,002)	(4,831)
Non-Interest Income	**18,209**	**$ 15,479**	**$ 14,288**

Million pesos

1. As of 2023, card operating expenses are recorded in "Interchange Fees" and “Other Fees” within Fees Paid on Services (formerly recorded in Administrative Expenses).
2. As of 2023, interest charged on collateral for derivatives traded on the Chicago Stock Exchange was reclassified from the fees charged account to the interest income account.

Income from fees charged rose 17% YoY, associated with: i) a higher operation with acquiring businesses and credit cards; ii) greater fees in mutual funds due to higher client acquisition; iii) larger transactional volume in Uniteller; and iv) the increase in the fee scheme paid by Seguros Banorte to the bank for products' placement through bancassurance in the fourth quarter. In tandem, **fees paid expanded 16%,** primarily due to higher interchange fees, given the dynamism of private consumption. As a result, **net income from fees increased 19% vs 2023.**

Trading income decreased (9%) YoY, mostly given a lower valuation in local currency government securities; this effect was partially offset by the profits generated in derivatives and currencies, associated with FX variations.

Other operating income (expenses) decreased **(Ps 269 million)** vs 2023 due to higher IPAB contributions, in line with growth in deposits.

Overall, **non-interest income expanded 18% vs. 2023.**

In 2023, net fees increased 6% compared to 2022. Trading income decreased 22% YoY, primarily due to the negative valuation in the foreign exchange position, driven by exchange rate volatility, mainly in the US dollar. Other operating income (expenses) improved Ps 830 million compared to 2022, mostly explained by the impact of extraordinary expenses recorded in the first quarter of 2022 under "other concepts," and higher income from the sale of loan portfolios. Overall, non-interest income expanded 8% vs. 2022.

- **Non- Interest Expense**

	2024	2023	2022
Personnel	($ 21,137)	($ 19,598)	($ 17,513)
Professional Fees	(3,721)	(3,154)	(3,076)
Administrative and Promotional [1)]	(7,221)	(6,578)	(5,883)
Rents, Depreciation & Amortization	(11,978)	(10,863)	(10,065)
Other Taxes	(2,572)	(2,418)	(1,946)
Employee Profit Sharing (PTU)	(1,423)	(770)	(1,415)
Other expenses	(1,049)	(1,027)	(1,045)
Non-Interest Expense	**(49,100)**	**($ 44,406)**	**($ 40,942)**

Million pesos.

1. As of 2023, card operating expenses are recorded in "Interchange Fees" and “Other Fees” within Fees Paid on Services (formerly recorded in Administrative Expenses).

Non-interest expenses expanded 11% compared to 2023, linked to the organic expansion of commercial areas, higher transaction volumes in credit cards, and the amortization of IT projects. All in, **efficiency ratio stood at 38.44% at the end of 2024.**

In 2023, non-interest expenses grew 8% compared to 2022, given higher personnel expenses linked to organic growth, inflation adjustments on wages, as well as higher investments in IT projects to increase redundancy in the systems. All in, the efficiency ratio stood at 38.2% at the end of 2023.

- **Stage 1 and 2 loans**

	2024	2023	2022
Mortgage	$ 272,693	$ 253,139	$ 226,932
Car Loans	53,196	42,602	32,170
Credit Cards	68,444	58,137	45,127
Payroll	82,229	74,522	67,051
Consumer	**476,563**	**$ 428,400**	**$ 371,281**
Commercial	267,969	229,913	210,158
Corporate	224,784	184,752	149,392
Government	182,182	164,035	165,940
Stage 1 and 2 loans	**1,151,497**	**$ 1,007,100**	**$ 896,771**
Stage 3 loans	10,565	10,006	9,143
Total loan portfolio	**1,162,062**	**$ 1,017,105**	**$ 905,914**
% NPL Ratio	0.91%	0.98%	1.01%

Million Pesos

At the end of 2024, stage 1 and 2 portfolios stood at **Ps 1,151.50 billion**, growing 14% in the year. The consumer portfolio stands out for the good activity in the mortgage and credit card portfolios. Stage 3 portfolio ended the year at Ps 10.57 billion, bringing the NPL ratio to 0.91%, a historically low level.

In 2023, stage 1 and 2 portfolios stood at Ps 1,007.10 billion, growing 12% vs. 2022. Stage 3 portfolio ended the year at Ps 10.01 billion, bringing the NPL to 0.98%.

- **Deposits**

	2024	2023	2022
Non-Interest-Bearing Demand Deposits	$ 460,202	$ 424,912	$ 412,119
Interest-Bearing Demand Deposits	279,330	260,650	207,440
Global Account of Deposits Without Movements	4,009	3,656	3,253
Total Demand Deposits	**743,541**	**689,217**	**622,812**
Time Deposits – Retail	**315,805**	**273,207**	**216,787**
Money Market	**93,525**	**110,707**	**79,369**
Total Bank Deposits	**1,152,871**	**$ 1,073,131**	**$ 918,969**

Million pesos

The bank's total deposits amounted to Ps 1,152.87 billion at the end of 2024, 7% higher than 2023. Time deposits expanded 16% during the year, while demand deposits grew 18%.

Money market operations decreased (16%) in 2024.

In 2023, total bank deposits reached Ps 1,073.13 billion, increasing 17% vs. 2022. In the year, time deposits expanded 26%, while demand deposits grew 11%, with interest-bearing demand deposits increasing 26% YoY. Money market operations increased 39% in 2023.

- **Bineo**

  - **Income Statement**

	2024
Interest income	$ 156
Interest expense	(0)
NET INTEREST INCOME	**156**
Credit Provisions	(16)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	**140**
Fees Charged	1
Fees Paid	(13)
Trading Income	(0)
Other Operating Income (Expenses)	0
Non-Interest Income	**(12)**
Non-Interest Expense	(1,531)
OPERATING INCOME	**(1,403)**
Subsidiaries' Net Income	0
Pre-Tax Income	**(1,403)**
Taxes	**422**
NET INCOME BEFORE DISCONTINUED OPERATIONS	**(981)**
Discontinued Operations	-
NET INCOME FROM CONTINUOUS OPERATIONS (100%)	**$ (981)**
Minority Interest	***0***
NET INCOME	***$ (981)***
Other Comprehensive Income	
Financial Instruments to Collect or Sell Valuation	0
Cash Flow Hedges Valuation	0
Defined remeasurements for employee's benefits	1
Cumulative foreign currency translation adjustment	0
Comprehensive Income	**$ (980)**

Million pesos.

Brokerage

	2024	2023	2022
Net Income	$ 959	$ 751	$ 1,649
Stockholders' Equity	4,743	4,475	5,779
Total Assets	260,857	250,929	217,602
Assets Under Management	1,425,818	1,161,116	1,009,825

Million pesos.

The Brokerage Business (Casa de Bolsa Banorte and Operadora de Fondos) reported a **Net Income** of **Ps 959 million** in 2024, a 28% YoY increase, due to larger financial advisory & mutual funds fees.

In 2024, the earnings of the Brokerage Business represented 1.7% of the Group's total profit.

At the end of 2023, the Brokerage Business net income was Ps 751 million, a (54%) YoY reduction, affected by higher interest expenses. The earnings of the Brokerage Business represented 1.4% of the group's profits in 2023.

- **Assets Under Management**

At the end of 2024, **Assets Under Management** totaled **Ps 1,426 billion**, growing 23% YoY.

Assets under management by mutual funds totaled **Ps 367 billion** at the end of December 2024, representing a **27.5%** annual increase. Assets held in **fixed income funds** amounted to **Ps 324 billion**, 22.6% higher in the year. Assets held in **equity funds** amounted to **Ps 43 billion,** expanding 82.0% in the year, as of December 2024.

As of December 2024, Banorte held an 8.6% share of the mutual fund market, comprised of 10.3% share in fixed income funds and 3.9% in equity funds.

At the end of 2023, Assets Under Management totaled Ps 1,161 billion, growing 15% YoY. Assets Under Management by mutual funds totaled Ps 288 billion, representing a 21.4% annual increase. Assets held in fixed income funds amounted to Ps 264 billion, 22.0% higher in the year. Assets held in equity funds amounted to Ps 24 billion, expanding 15.0% in the year. As of December 2023, Banorte held an 8.5% share of the mutual fund market, comprised of 10.3% share in fixed income funds and 2.9% in equity funds.

Long-Term Savings

The following figures correspond to what was reported in the Financial Statements of each company. The total sector figures are not consolidated figures, as they include eliminations. See note 32 of the Audited Financial Statements.

	2024	2023	2022
Long-Term Savings Sector [1)]			
Net Income	$ 9,714	$ 8,155	$ 7,509
Stockholders' Equity	36,834	36,052	34,535
Total Assets	373,465	336,777	303,746
Seguros Banorte [2)]			
Net Income	$ 6,883	$ 5,635	$ 4,781
Stockholders' Equity	26,596	24,736	23,280
Total Assets	97,766	81,305	66,537
Afore XXI Banorte [3)]			

Net Income	$ 2,653	$ 2,455	$ 1,604
Stockholders' Equity	25,163	24,866	24,030
Total Assets	27,180	26,740	25,989
AUM [4)]	1,303,176	1,168,122	1,056,391
Pensiones Banorte			
Net Income	$ 2,827	$ 2,470	$ 2,733
Stockholders' Equity	9,970	11,054	11,101
Total Assets	275,717	255,805	237,428

Million pesos.
1. Consolidated according to the percentage of participation of each subsidiary in the Group. Includes BAP.
2. Consolidated Seguros: Includes Seguros and Afore XXI (50%)
3. Figures 100%.
4. Source: CONSAR

- **Seguros Banorte**

Net Interest Income increased 15% in 2024, mainly due to the natural growth of the portfolio and greater yields in investment securities.

Compared to 2023, premium income increased 21% and technical reserves went up 39%, related to greater business generation in the life segment.

Damages and Claims grew 18% YoY, in line with the natural growth of the businesses and portfolio composition.

Net Operating Income grew 20% in the year, to Ps 7.54 billion, due to greater premium income generation.

Net Income for Seguros Banorte expanded 22% YoY; excluding its subsidiary Afore XXI Banorte, it totaled **Ps 5.58 billion** in 2024, increasing 26% YoY.

Net Income for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, accounted for 9.9% of GFNorte's net income in the year.

ROE for the **Insurance business**, excluding Afore XXI, stood at **54.9% in 2024.**

Regarding the disclosure requested by the General Provisions applicable to Financial Groups' holding companies, for this reporting period:

i. Risks assumed through the issuance of insurance premiums and bonds, with respect to operations and authorized branches of cancelled operations.

   - *No cancellations were registered 2024 that involved any technical risk.*

ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.

   - *In 2024 damage ratios remained under control and reinsurers complied with their obligations.*

iii. Costs generated from issuance of insurance policies and bonds.

   - *There were no relevant events to disclose in 2024.*

iv. Transfer of risks through reinsurance and bonding contracts

   - *In the Life and Damages book, risks were transferred to reinsurers, for the most part to foreign reinsurers.*

v. Contingencies arising from non-compliance of reinsurers and bonding companies.

- *There were no relevant issues related to non-compliance during 2024.*

In 2023, Net Interest Income increased 65%, mainly due to higher instruments' valuation and interests. Premium income was 34% higher in 2023, related to new client acquisition, especially in the life and auto segments, as well as the commercial focus in the sale of flexible products. As a result, technical reserves went up 228%, mainly due to higher flexible product sales, which are a 100% reserved. Good business performance is maintained, especially in the bancassurance business, expanding at double digits YoY. Damages and Claims grew 8% YoY, given the business growth and claims' mix in the portfolio, with lower claims in life and higher in auto and medical expenses. By the end of 2023, claims registered under damages and auto related to Hurricane Otis amounted to Ps 398 million; nevertheless, the reinsurance programs mitigated the effect of net claims at Ps 94 million. Even if the process continues to adjust claims, such figure is the maximum exposure we will have to the event and was fully recognized at the end of 2023. Net Income for Seguros Banorte expanded 18% YoY; excluding its subsidiary Afore XXI Banorte, it totaled Ps 4.43 billion in 2023, increasing 11% YoY. Net Income for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, accounted for 8.5% of GFNorte's net income in the year.

- **Afore XXI Banorte**

In 2024, **Afore XXI Banorte** reported **net income** of **Ps 2.65 billion,** expanding 8% YoY**,** mainly due to higher income given greater assets under management and lower transfers.

ROE for 2024 reached **11.0%, growing 74bps YoY. Afore XXI Banorte's net income** represented **4.7%** of the Group's earnings in the year.

In 2024, Afore XXI Banorte's **Assets Under Management** totaled **Ps 1,303 billion.**

In 2023, Afore XXI Banorte reported net income of Ps 2.46 billion, expanding 53% YoY, given higher yields from financial products, an increase in assets under management, and the effect of the extraordinary expenses' recognition in 2022. ROE for 2023 reached 10.3%, growing 354bps YoY. Afore XXI Banorte's net income represented 2.3% of the Group's earnings in the year.

- **Pensiones Banorte**

In 2024, **Net Interest Income** amounted to **Ps 22.24** billion, increasing 11% or Ps 2.22 billon YoY, out of which Ps 990 million correspond to the valuation effect of inflation-indexed securities (UDIS) and Ps 1.23 billion to higher interest income.

Compared to 2023, premium income rose 5%, while reserves expanded 7%, reflecting an increase in pensioners.

Net Income for Pensiones Banorte stood at Ps 2.83 billion, increasing 14% YoY, reflecting a reactivation of market dynamics.Net income of the business represented 5.9% of the Financial Group's net income in 2024.

ROE stood at **24.2%** by the end of **2024.**

In 2023, Net Interest Income amounted to Ps 20.02 billion, declining (17%) or (Ps 4.05 billon), out of which (Ps 5.45 billion) were driven by the valuation effect of inflation-indexed securities (UDIS), despite Ps 1.40 billion higher interest income. Technical results rose Ps 3.63 billion given (30%) fewer reserves due to the inflation update and pensioners deposits; in the year, the market contracted (9.4%). The latter offset higher claims vs. 2022, resulting from portfolio growth, annual annuities update, and the effect of an extraordinary reserves' release and mortality in 2022. Net Income for Pensiones Banorte stood at Ps 2.47 billion, decreasing (10%) YoY given the effect of the extraordinary reserves' release in 2022. Net income of the business represented 4.7% of the Financial Group's net income in 2023.

SOFOM and Other Finance Companies

The following figures correspond to what was reported in the Financial Statements of each company. The total sector figures are not consolidated figures. *See note 32 of the Audited Financial Statements.*

	2024	2023	2022
SOFOM and Other Finance Companies [1]			
Net Income	$ 1,023	$ 779	$ 663
Stockholders' Equity	14,424	13,929	12,544
Total Portfolio	48,113	44,546	36,328
Stage 3 Loans	550	885	830
Loan Loss Provisions	(451)	(854)	(726)
Total Assets	60,684	59,086	49,536
Leasing and Factoring [2]			
Net Income	$ 997	$ 665	$ 598
Stockholders' Equity	14,019	11,211	10,540
Total Portfolio [3]	48,113	44,496	36,328
Stage 3 Loans	550	885	830
Loan Loss Provisions	(451)	(854)	(726)
Total Assets	58,856	54,692	46,219
Warehousing			
Net Income	$ 26	$ 51	$ 36
Stockholders' Equity	406	378	327
Inventories	1,219	938	975
Total Assets	1,827	1,793	1,488
Ixe Servicios [4] **(now Bineo)**			
Net Income	$ -	$ 63	$ 30
Stockholders' Equity	-	2,339	1,677
Total Assets	-	2,602	1,828

Million pesos

1. In 2024, Bineo was not considered given that it started consolidating as a banking entity in this year.
2. Includes portfolio of assets under pure lease and assets in own fixed assets recorded in real estate, furniture, and equipment (net).
3. Total portfolio considers only stages 1, 2 and 3.
4. On November 29th, 2022, shareholders of Ixe Servicios, S.A. de C.V. adopted unanimous resolutions outside the shareholders' meeting, through which it was agreed to modify its corporate name to Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte. The protocolization of the respective resolutions were registered in the Public Registry of Commerce on January 3rd, 2023, prior authorization from the National Banking and Securities Commission.

- **Leasing and Factoring**

In 2024**, net income** totaled **Ps 997 million, growing 50% YoY,** driven by an increase in the financial margin and fee income, reducing the effect of 13% higher administrative expenses.

Non-performing loan ratio, reached **1.1%** in 2024. **Capital Ratio** totaled **31.9%,** considering **Total Risk Weighted Assets** of **Ps 39.19 billion. Leverage Ratio** for December 2024 was **19.4%,** considering **Adjusted Assets** of **Ps 64.34 billion.**

In 2024, **Net Income** from **Leasing and Factoring** represented **1.8%** of the Group's total results.

In 2023, net income totaled Ps 665 million, growing 11% YoY, driven by higher charged fees and other operating income, related to a decrease in asset deterioration registration and higher income in operative leasing. Non-performing loan ratio, reached 2.0% in 2023. Capital Ratio totaled 28.5%, considering Total Risk-Weighted Assets of Ps 34.83 billion. Leverage Ratio for December 2023 was 17.0%, considering Adjusted Assets of Ps 58.38 billion. In 2023, Net Income from Leasing and Factoring represented 1.3% of the Group's total results.

- **Warehouse**

In 2024, the Warehousing Business reported a **net income** of **Ps 26 million, decreasing (49%) compared to 2023,** due to higher administrative and promotion expenses and the decrease in other operating income (expenses). **ROE** reached **6.6%** in 2024 and the **Capital Ratio** reached **128.1%,** given an increase in credit and operational risk assets, considering Ps 328 million net capital and negotiable certificates of deposit in active warehouses for Ps 2.64 billion.

In 2023, the Warehousing Business reported a net income of Ps 51 million. The ROE stood at 14.6% and the Capital Ratio at 132.9%.

ii. FINANCIAL SITUATION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The function of liquidity administration is to ensure sufficient resources to fulfill financial obligations. These obligations arise from the withdrawal of deposits, payment of short term notes maturing, loans granted and other forms of financing and working capital needs. A significant element of liquidity administration is to fulfill Bank of Mexico's regulation requirements for reserves and liquidity coefficients.

The Bank of Mexico's regulations require that we maintain certain levels of reserves in connection with liabilities denominated in pesos. On the other hand, reserves for deposits denominated in foreign currency continue to be mandatory. As of December 31, 2024, GFNorte fulfilled all the reserve and liquidity coefficient requirements requested by the authority. Furthermore, GFNorte's management considers that the cash flow generated by operations and other sources of liquidity will be sufficient to fulfill liquidity requirements in the next 12 months.

Liquidity Risk and Balance

In order to provide a global measurement of liquidity risk, as well as follow up in a consistent manner, GFNorte (through its banking subsidiary Banorte) relies on various methodologies, among them, liquidity gaps, survival horizon, and the regulatory calculation of the Liquid Coverage Ratio. Banorte's and SOFOM's Average LCR under CNBV criterion amounted to 164.15%, this ratio at the end of the fourth quarter of 2024 was 145.18%, both ratios above the minimum regulatory and the Profile Risk approved by the Board of the Institution.

The "investment regime for foreign currency transactions and conditions to satisfy within the terms of operations in such currency" designed by the Mexican Central Bank for credit institutions, establishes the mechanism to determine the liquidity ratio of liabilities denominated in foreign currency.

In accordance with the aforementioned regime, during 2024 the Holding Company generated an average monthly liquidity requirement of 973,547 thousand USD and maintained an average investment in liquid assets for 5,325,072 thousand USD; having on average an excess of 4,351,525 thousand USD and having no shortage.

Internal and external sources of liquidity

Internal sources of liquidity in local and foreign currency come from diverse deposit products that the institution offers to clients. That is to say, it receives funds through checkbook accounts and time deposits.

Regarding external sources of liquidity, it has diverse mechanisms to access debt and capital markets. The Institution obtains resources through the issuance of debt securities, loans from other institutions - including the Central Bank and international organisms -, as well as from the issuance of subordinated debt. Also considered is the liquidity that the Institution obtains through its proprietary repos' securities that qualify for this type of transactions. It also has the alternative of obtaining resources through the issuance of shares representing capital.

Currently, the Institution has diverse sources of liquidity. Deposits, including interest bearing and non-interest bearing demand and time deposits, are the bank's main source of liquidity. Negotiable and short term instruments, such as government securities and deposits in the Central Bank and other banks, are liquid assets that generate interest. Liquid assets also include deposits in foreign banks, which are denominated mainly in US dollars.

Detailed information related to liquidity sources is found under the different items of the bank's General Balance Sheet in this Annual Report.

Below is the GFNorte's level of consolidated debt for the last three years:

As of December 31:

	2024	2023	2022
Short-term Debt	$22,196	$25,731	$22,407
Long-term Debt			
Interbank Loans	12,865	7,411	14,798
Other long-term debt (subordinated debt and others)	128,759	89,064	82,983
Total Debt	**$163,820**	**$122,206**	**$120,188**

Million pesos.

Funding

Our main and most economic source of funding comes from client deposits. As of December 31, 2024, GFNorte's client deposits totaled Ps 1,087.66 billion, while Banorte's client deposits amounted to Ps 1,105.02 billion in 2024.

Repos are important securities in the Mexican Money Market, providing bank clients with short term investments, mainly instruments issued by the federal government and to a lesser extent, securities issued by banks and companies. GFNorte has used repos to achieve cost efficiencies and be more competitive. As of December 31, 2024, the balance of repos registered by GFNorte was Ps 459.44 billion. Furthermore, Banorte registered a balance of Ps 267.19 billion at the end of 2024.

Another source of long term funding is long term debt. This is used to fund long term loans and investments and to reduce liquidity risk. As of December 31, 2024, GFNorte's total long term debt maturing in more than one year was Ps 141.62 billion and Banorte's was Ps 138.46 billion.

Our current funding strategy seeks to reduce funding costs by taking advantage of our extensive branch network to attract clients' deposits. Although we are constantly monitoring the needs of long term loans and opportunities for long term funding under favorable conditions, we anticipate that our clientele will continue demanding for short term deposits (especially demand deposits), and therefore we will maintain our focus on the use of clientele deposits to fund loan activity.

Federal government UDI denominated deposits continue to fund the assets we maintain in the UDI off balance sheet trust funds. In return for these deposits, we have acquired Special CETES from the federal government that pay an interest rate indexed to the rate of CETES, with maturities and face values similar to the loans in the UDI trusts. These Special CETES pay cash interest as the trusts' loans expire. Government UDI denominated deposits have a real fixed interest rate that varies depending on the type of loan in the UDI trusts.

Our assets denominated in foreign currency, mainly denominated in US dollars, are funded through different sources, mainly clients' deposits and medium and large exporting companies, inter-bank deposits and fixed-rate instruments. In the case of financing operations for external trade, facilities of the Mexican development banks and other foreign banks focused on financing exports, are used. The interest rate for this type of funding is usually indexed to SOFR.

POLICIES GOVERNING TREASURY ACTIVITIES OF THE BANK

Regulatory Framework

All operations carried out by the Treasury will be executed in strict accordance with regulations established by Banking Institution regulatory authorities, such as Banco de México (BANXICO), Comisión Nacional Bancaria y de Valores (CNBV), Secretaría de Hacienda y Crédito Público (SHCP), as well as those set forth in the Law of Credit Institutions.

Moreover, the Treasury is subject to the policies regarding the management of liquidity, market and counterparty credit risks established by the Risk Policy Committee annually to the following operation parameters:

Market Risk:

- VaR (Value at Risk)
- DV01 (sensitivity by security, term and currency)

Liquidity Risk:

- LCR (Liquidity Coverage Ratio)
- ACLME (Regime of liabilities admission and investment in foreign currency and limit of FX risk position)
- NSFR(Net Stable Financial Ratio)
- Survival Horizon

Credit Risk:

- Lines with Counterparties

Capital Management:

- Tier 1, Core Tier 1 and Net Capital (these are monitoring thresholds, the Treasury will set mechanisms to the extent that the Bank or any of its subsidiaries approaches the limits established by the CPR).

Treasury Management

In order to maintain a prudent strategy for the management of assets and liabilities through stable funding sources, constitute and maintain liquid assets at optimum levels, the Treasury applies the following limits:

1. Diversification of funding sources in national and international markets.
2. Structure liabilities in such a way as to avoid the accumulation of maturities that significantly influence the administration and control of the Treasury's resources.
3. Ensure liquidity by tapping mid and long-term liabilities.
4. Manage and maintain liquid assets to total assets considering its effects on profitability and liquidity needs.
5. Determine and propose to the General Management the Transfer Costs Policy according to the current business plan.

Treasury's Funding sources

Sources of financing for the Treasury must be classified indicating by the following way

1. Public:
    - Deposits
    - Term Deposits

2. Market:
    - Commercial Paper
    - Cross-Currency Swaps
    - Deposit Certificate
    - Issuance Programs
    - Interbank Loans

3. National Banks and Development Funds:
    - National Banks
    - Funds

4. Correspondent Banks:
    - Foreign Banks

5. Available credit lines: (available and not disposed)
    - Commercial paper
    - Call Money
    - Correspondent Banks

Through diverse Long Term Financing Programs, proposals will be studied, analyzed and implemented, in order to consolidate an adequate debt profile.

The Treasury, in coordination with the Head of Risk Management, will monitor the results of its daily calculations of liquidity coefficients established by the CPR and authorities.

Loan or tax liabilities

See this information in section "c) Report of Relevant Loans" of this Annual Report.

GFNorte's Equity

	2024	2023	2022
Paid-in Capital	14,711	14,988	14,955
Share Subscription Premiums	48,161	47,648	48,440
Subscribed Capital	**62,872**	**62,636**	**63,395**
Capital Reserves	22,236	33,885	33,342
Retained Earnings	170,319	155,928	145,218
Comprehensive Income			
Financial instruments to collect or sell valuation	(3,240)	(1,411)	(2,783)
Cash flow hedges valuation	(866)	181	(1,544)
Defined remeasurements for employee's benefits	(2,805)	(1,947)	(1,866)

Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	428	189	196
Cumulative foreign currency translation adjustment	465	(108)	84
Earned Capital	**186,537**	**186,717**	**172,647**
Majority Interest	**249,409**	**249,353**	**236,042**
Minority Interest	**(981)**	**(148)**	**2,989**
Total Shareholders' Equity	**248,428**	**$249,205**	**$239,031**

Million pesos

Shareholders' equity in 2024 was **Ps 248.43 billion**, down (0.3%) versus 2023. The main changes during the year were: net income of Ps 56.19 billion, dividend payments in June and December of (Ps 35.94 billion), repurchase of share-based payment plan liquidable in equity instruments of (Ps 11.47 billion) and interest on subordinated notes of (Ps 3.87 billion).

Shareholders' equity in 2023 was Ps 249.21 billion, up 4% versus 2022. The main changes during the year were: net income of Ps 52.42 billion, dividend payments in June and October of (Ps 37.70 billion), and interest on subordinated notes of (Ps 3.99 billion).

Banco Mercantil del Norte's Capitalization Ratio

	2024	2023	2022
Paid-in Capital	$ 18,795	$ 18,795	$ 18,795
Share Subscription Premiums	5,704	4,500	4,651
Subscribed Capital	**24,499**	**23,295**	**23,446**
Capital Reserves	18,959	18,959	18,959
Retained Earnings	113,916	115,000	108,126
Comprehensive Income			
Financial instruments to collect or sell valuation	(2,508)	(969)	(2,326)
Cash flow hedges valuation	(883)	183	(1,572)
Defined remeasurements for employee's benefits	(2,850)	(1,993)	(1,924)
Cumulative foreign currency translation adjustment	348	(191)	(37)
Earned Capital	**126,982**	**130,989**	**121,226**
Majority Interest	**151,481**	**154,284**	**144,672**
Minority Interest	**(3,914)**	**(3,318)**	**5**
Total Shareholders' Equity	**147,567**	**$150,966**	**$144,677**

Million pesos

Shareholders' equity in 2024 was **Ps 147.57 billion**, a (2%) decrease vs. 2023. The main changes during the year were: net income of Ps 44.85 billion, (Ps 42.00 billion) from dividend payments, and (Ps 3.94 billion) from interest on subordinated notes.

Shareholders' equity in 2023 was Ps 150.97 billion, a 4% increase vs. 2022. The main changes during the year were: net income of Ps 41.95 billion, (Ps 31.00 billion) from dividend payments, and (Ps 4.06 billion) from interest on subordinated notes.

Banco Mercantil del Norte's Capitalization Ratio

See Note 35 of GFNorte's 2024 Audited Financial Statements

Banorte has fully adopted the capital requirements established to date by Mexican authorities and international standards, so-called Basel III, which came into effect in January 2013.

In 2024, Banorte was confirmed as Level II - Systemically Important Financial Institution, which implies that Banorte must maintain a 0.90 pp capital buffer. Therefore, starting on December 2019, **the minimum Capital Adequacy Ratio required for Banorte is 11.40%** (corresponding to the regulatory minimum of 10.5% plus the 0.90 pp capital supplement), which includes a minimum requirement of Core Equity Tier 1 (CET1) of 7.90%.

Banorte, as a Systemically Important Financial Institution, is subject to the net capital supplement TLAC (Total loss-absorbing capacity) incorporated in the regulation during 2021, and effective as of December 2022, with annual increases of 1.625 pp, up to 6.5 pp in December 2025, taking the minimum Capital Adequacy Ratio required for Banorte to 17.90% from 11.40%.

	2024	2023	2022
Tier 1 Capital	$ 221,129	$ 193,443	$ 191,574
Tier 2 Capital	2,193	2,229	3,349
Net Capital	**223,322**	**195,672**	**194,923**
Credit Risk Assets	713,973	670,310	629,486
Market & Operational Risk Assets	311,517	274,127	223,737
Total Risk Assets	**1,025,490**	**944,437**	**853,223**
Net Capital / Credit Risk Assets	**31.28%**	**29.19%**	**30.97%**
Capitalization Ratio			
Tier 1	21.56%	20.48%	22.45%
Tier 2	0.21%	0.24%	0.39%
Total Capitalization Ratio	**21.78%**	**20.72%**	**22.85%**

Million pesos.
(*) CAR for the current reporting year is preliminary, as the approval of the Central Bank is still pending. CAR for previous years can be subject to modifications, as they have already received the approval of the Central Bank.

At the end of 2024 the estimated Capital Adequacy Ratio (CAR) for Banorte was 21.78% considering credit, market, and operational risks, and 31.28% considering only credit risk. The Core Equity Tier 1 reached 13.21%. The above classifies the institution in Level I of capitalization under CNBV classification.

CAR decreased +1.06 pp vs. 2023 due to the following effects:

		2024 vs 2023
		1.06 pp
1.	Net Income in the period	4.42 pp
2.	Capital Notes (1)	2.68 pp
3.	Other Capital Effects (2)	(0.08 pp)
4.	Effects in Risk Assets – Operational	(0.19 pp)
5.	Securities' mark-to-market valuation and Hedging Derivatives (3)	(0.21 pp)
6.	Effects in Risk Assets – Credit (Others) (4)	(0.26 pp)
7.	Effects in Risk Assets – Market	(0.59 pp)
8.	Effects in Risk Assets – Credit	(0.61 pp)
9.	Dividend to the Financial Group (5)	(4.10 pp)

(1) Includes the effect of Capital Notes issuance for USD 1.5 billion.
(2) Includes actuarial changes from employee liability and variation of permanent and intangible investments.
(3) Includes hedging derivatives on positions that are not marked to market.
(4) Includes issuer's risk, committed credit lines, and other assets.
(5) Ps 20 billion on June 20th, 2024; Ps 11 billion on July 31st, 2024; and Ps 11 billion on December 27th, 2024.

Bineo´s Capitalization Ratio

Bineo has fully adopted the capital requirements established to date by Mexican authorities and international standards, so-called Basel III, which came into effect in January 2013.

The minimum Capital Adequacy Ratio required for Bineo amounted to 10.50%, which includes a minimum requirement of Core Equity Tier 1 (CET1) of 7.00%.

	2024
Tier 1 Capital	$ 1,035
Tier 2 Capital	0
Net Capital	**1,035**
Credit Risk Assets	406
Market & Operational Risk Assets	71
Total Risk Assets	**477**
Net Capital / Credit Risk Assets	**254.62%**
Capitalization Ratio	
Tier 1	216.75%
Tier 2	0.00%
Total Capitalization Ratio	**216.75%**

Million pesos
(*) CAR for the current reporting year is preliminary, as the approval of the Central Bank is still pending.

At the end of 2024 the estimated Capital Adequacy Ratio (CAR) for Bineo was 216.75% considering credit, market, and operational risks, and 254.62% considering only credit risk. The Core Equity Tier 1 reached 216.75%. The above classifies the institution in Level I of capitalization under CNBV classification.

CASH FLOW STATEMENT

The cash flow statement reveals cash available to the institution at a certain point in time in order to meet its obligations with creditors. The structure of the cash flow statement provides details of the cash generated by the operation, and uses of resources for net financing and the investment program. As of December 2024, available cash amounted to Ps 98.70 billion, (1.5%) lower than the Ps 100.23 billion registered in December 2023.

GFNorte's Cash Flow Statement

	2024	2023	2022
Operation activities			
Net income before taxes	**$ 75,331**	**$70,974**	**$61,988**
Adjustments for items associated with investing activities			
Depreciation in property, furniture, and equipment	4,198	3,685	3,564
Amortization of intangible assets	1,053	800	804
Participation in the net income of other entities	(1,713)	(1,413)	(966)
Adjustments for items associated with financing activities:			
Interest associated with interbank loans and loans from other organizations	3,483	3,214	2,296
Interest associated with financial instruments that qualify as a liability	3,814	2,530	1,100
	10,835	**8,816**	**6,798**
Changes in operating items:			
Change in margin accounts (derivative financial instruments)	920	560	2,522
Changes in investments in securities (net)	(81,891)	(82,540)	(66,690)
Changes in debtor balances under repurchase and resale agreements (net)	37,603	(18,779)	32,767
Change in derivative financial instruments (asset)	7,831	6,744	(8,720)
Change in loan portfolio (net)	(148,443)	(111,664)	(99,739)
Change in acquired collection rights (net)	218	(440)	382
Changes in debtors of insurance and surety companies	(959)	(700)	324
Changes in reinsurance and surety agencies (net)	112	(372)	2,050
Changes in merchandise inventory	(281)	37	51
Change in other accounts receivable (net)	(11,559)	(1,834)	(9,985)
Change in foreclosed assets	281	(1,920)	(1,088)
Cambio in deposits	77,083	159,226	98,166
Change in technical reserves	32,835	29,731	28,736
Change in interbank and other loans	(1,563)	(7,277)	(4,579)
Change in creditor balances under repurchase and sale agreements	78,429	11,773	202,562
Collateral sold or pledged	(35,440)	15,583	(188,968)
Change in liability position of derivative financial instruments	596	(7,586)	6,678
Changes in reinsurance and surety agencies (net) (liability)	640	650	(785)
Change in hedging instruments related to operations	3,929	(2,560)	(2,297)
Change in assets/liabilities for employee benefits	1,247	1,848	1,512
Change in other accounts payable	1,508	3,497	25,444
Income tax payments	(21,179)	(21,855)	(10,524)
Net cash flows from operating activities	**28,083**	**51,912**	**76,605**
Investment activities:			
Payments for acquisition of property, furniture, and equipment	(8,272)	(9,064)	(11,791)
Proceeds on disposal of property, furniture, and equipment	2,905	3,940	962
Payment on acquisitions of subsidiaries, joint ventures, and associated companies	(3)	(94)	(914)
Charges for cash dividends	1,400	954	1,817
Net cash flows from investing activities	**(3,970)**	**(4,264)**	**(9,926)**

Financial activities:			
Lease liability payments	(767)	(362)	(1,018)
Payments associated with financial instruments that qualify as capital	(3,867)	(3,988)	(4,768)
Dividends paid in cash	(35,938)	(37,704)	(34,283)
Payments associated with the repurchase of own shares	(12,674)	-	(1,042)
Payments associated with financial instruments that qualify as a liability	27,693	(13,090)	(15,693)
Interest payments for lease liability	(387)	(379)	(408)
Net cash flows from financing activities	**(25,940)**	**(55,523)**	**(57,212)**
Net increase or decrease in cash and cash equivalents	(1,827)	(7,875)	9,467
Effects of changes in the value of cash and cash equivalent	301	(149)	(55)
Cash and cash equivalents at the beginning of the period	100.230	108,254	98,842
Cash and cash equivalents at the end of the period	**$98,704**	**$100,230**	**$108,254**

Million pesos

iii. INTERNAL CONTROL

For GFNorte, internal control is a shared responsibility among all of its constituents; therefore, the Board of Directors, other Corporate Governance entities, the senior management team, and each one of its executives and employees are part of the Internal Control System (ICS).

ICS is the general framework set forth by the Board of Directors with the objective of reaching institutional objectives through policies and monitoring activities and procedures, which have a positive impact on risk management, on the trustworthiness of financial information being generated, and on regulatory compliance.

ICS establishes the objectives and general guidelines which provide a framework to activities and responsibilities applicable to all personnel in charge of origination, operational processing, and execution. Such activities are monitored by teams specialized in risk monitoring and in mitigating controls.

ICS is structured around three defense lines:

A. **First.** The owners of support and business processes, who are ultimately responsible for the primary internal control function in their activities.
B. **Second**. Risk, Credit, Legal and Comptroller departments, which provide permanent control and monitoring support, and
C. **Third**. Internal Audit, which with the independence granted by its direct line of report to the Internal Audit and Corporate Practices Committee, supervises all activities and the adequate development of all functions across all areas.

At GNorte, we are convinced that having an adequate control environment is yet another competitive advantage that drives our growth and solid presence in the domestic financial market. Therefore, all executives and employees perform their daily activities with discipline as well as with strict adherence to the norm; following a philosophy of getting things done right the first time without having to rely on reviews that might be carried out by other areas.

During 2024, there was a continuous development of activities related to strengthening control, risk evaluation and management, establishment and monitoring of controls, and quality of information assurance, highlighting the following:

A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.

B. Corporate Governance documents related to Internal Control were reviewed, updated, and submitted through the CAPS for the Board of Directors' approval.

C. Frameworks containing policies and procedures remained updated for changes in external regulations, new products and services, and changes in the Institution's processes or improvements to internal controls.

D. Requests from different internal areas regarding internal control matters were addressed, both in support of the development of new institutional projects, as well as with those that derive from regulatory changes.

E. GFNorte's business and operating support processes were constantly monitored through the Business Process and Management Comptrollers. They issued periodic compliance reports and identified areas of opportunity for their appropriate remediation.

F. Various activities regarding internal accounting control were carried out in line with the work plan established at the beginning of the year.

G. Effectiveness tests related to the Business Continuity Plan (the Plan) were conducted in accordance with the calendar dates and scope, approved by the corresponding Corporate Governance Committee in this area. In

addition, the Plan was activated with satisfactory results in response to the events that occurred, primarily natural ones such as Hurricane Beryl, John, Helene and Milton.

H. We continued to monitor the improvement initiatives derived from the observations made by the different Authority members regarding the operation of payment methods SPID, SPEI, and CoDi.

I. Transaction monitoring of client's accounts continued for the detection of possible operations that, due to its characteristics, might be related to money laundering and financing of terrorism.

J. Different actions were carried out to ensure the proper use of personal data. Banorte is the only bank in Mexico with Certification of Compliance with the Personal Data Protection Act, recognized by INAI (Instituto Nacional de Transparencia). Banorte also has PCI-DSS Certifications in its Acquiring, Electronic Banking and Contact Center channels.

K. The Information Security Officer (CISO) submitted to GFNorte's CEO for authorization the Master Plan, carrying out its functions on the basis of the Plan, reporting the findings and details of the activities carried out to the CEO and the corresponding Corporate Governance Committees, while maintaining a matrix coordination with the Comptroller as part of the SCI.

L. The Fraud Prevention Management Plan 2025, as required by amendments to the regulation of the the National Banking and Securities Commission, was submitted to this Authority following the approval of the General Director and presentation to the Board of directors.

M. Continued follow-up of the improvement actions regarding the observations made by the different members of the SCI.

N. Requirements of the Supervisory Authorities were answered, and the information requirements required by the external regulation were fulfilled. In addition, ordinary inspector visits from the Authorities were attended and follow-ups in remediation from the resulting recommendations have been fulfilled.

e) CRITICAL ACCOUNTING ESTIMATES, PROVISIONS OR RESERVES

GFNorte's key accounting policies are in accordance with the accounting criteria required by the CNBV through the issuance of accounting provisions and other applicable laws, which require Management to make certain estimates and use certain assumptions to determine the valuation of some of the items included in the consolidated financial statements and to make the disclosure required. Even though they can differ from their final effect, Management believes that the estimates and assumptions used were appropriate under current circumstances.

According to the CNBV's Accounting Criteria A-1 "Basic framework of the set of accounting standards applicable to credit institutions", accounts of institutions shall be subject to financial reporting standards (NIF), defined by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. (formerly, Mexican Board for Research and Development of Financial Reporting Standards), except when in the opinion of the CNBV, it is necessary to implement a regulatory framework or a specific accounting criteria taking into account the specialized operations Credit Institutions need to perform.

For more information regarding our policies and critical accounting estimates, see Note 5 of the Audited Consolidated Financial Statements to December 31, 2024. (Section 8 c - "Annexes-Financial Statements" of this Annual Report).

GFNorte has identified the main critical accounting estimates described in this section as follows:

Investment in Financial Instruments

Investments in debt or capital financial instruments are classified based on the business model at the time of acquisition and fair value is determined according to the type of financial instrument concerned, in accordance with the following:

Negotiable Financial Instruments

Negotiable Financial Instruments are instruments owned by GFNorte, acquired with the intention of selling them for a profit derived from the price differences in short-term purchase and sale operations made by GFNorte as a market participant.

At the time of the acquisition they are initially recorded at fair value, which may include either a discount or a premium. These securities are stated at fair value, which is determined by the price vendor. The valuation includes both capital and accrued interest. The negotiable financial instruments valuation result is recorded in the results of the period.

Financial Instruments to Collect or Sell

Financial Instruments to Collect or Sell are debt or equity securities; acquired with no intention of obtaining earnings from short term trading operations and, in the case of debt securities, neither with the intention nor capacity of holding them to maturity. Therefore, they represent a residual category, in other words, they are acquired with an intention different than that of negotiable financial instruments or financial instruments to collect principal and interest.

They are valued in the same way as negotiable financial instruments, recognizing the result from valuation in other headings of net income within stockholders' equity.

If, in a later period, the fair value of a debt security classified as available for sale increased and that effect of reversal of the impairment may be objectively related to an event that occurs after the impairment was recognized in the income statement, the impairment loss must be reversed in the current results of the year.

The impairment loss recognized in the results for the year of an equity instrument classified as available for sale should not be reversed.

Financial instruments to Collect Principal and Interest

Securities that consist of debt instruments whose payments are fixed or can be determined with a set maturity, which are acquired by GFNorte with the intent and capability to hold them to maturity.

They are initially recorded at fair value and valued at amortized cost, which means that the amortization of the premium or discount (included in the fair value at which they were initially recorded), is part of the earned interest.

General Valuation Standards

The result of the valuation regarding the disposal of negotiable financial instruments, previously recorded in the year's results, is reclassified as part of the gain or loss on the date of the sale. Similarly, upon the sale of the financial instruments to collect or sell, the cumulative valuation result recorded in the comprehensive result in stockholders' equity is reclassified as part of the gain or loss on the date of sale.

Accrued interest on debt instruments is determined using the effective interest method and is recorded in the corresponding category of investments in financial instruments and in the year's results.

Dividends on equity instruments are recorded in the corresponding category of investments in financial instruments and in the year's results when the right to receive the payment of such dividends is established.

The foreign exchange gain or loss on investments in financial instruments denominated in foreign currency is recorded in the year's results.

In case of reclassifications under the accounting standard NIF C-2, section 44 among the different categories of investments in financial instruments, changes in the business model will be allowed to be effectuated, which should be writtenly informed to the Committee in the first 10 business days following the authorization. The aforementioned, so the Risk Committee can profoundly present and justify the change in the business model.

If financial instruments to collect principal and interest are reclassified as financial instruments to collect or sell, the corresponding valuation result on the reclassification date is recorded in the comprehensive result within stockholders' equity.

When the reclassification of the debt financial instrument is effectuated from the category of financial instruments to collect or sell to financial instruments to collect principal and interest, the valuation result on the transfer date continues to be reported in the Group's stockholders' equity, and it is amortized based on such instrument's remaining life.

Regarding authorized reclassifications from negotiable financial instruments to any other category, the valuation result on the reclassification date is already acknowledged in the year's results.

An impairment loss on a security is recorded against the year's results if there is objective evidence of such impairment as a result of one or more events, occurring after the initial recording of the security, that have had an impact on the estimated future cash flows that can be reliably determined. The effect of recording the impairment of securities is shown in Note 7 of the GFNorte's audited consolidated financial statements as of December 31, 2024.

A previously recorded impairment loss is reversed against the year's results if, in a later period, the amount of the loss decreases and such decrease is objectively associated with an event occurring after the impairment was recorded.

The Holding company periodically verifies whether its financial instruments to collect or sell and its financial instruments to collect principal and interest show any impairment losses, under the Expected Credit Loss method (PCE); according to the NIF C-16 accounting standard and considering the credit risk they withhold. The expected credit losses (PCEs) are estimated based on all the possible default events that could be presented throughout the life of the the financial instrument to collect.

The expected credit losses (PCEs) are accrued losses in the financial instrument to collect that can be proved after analyzing its probability of default and severity loss. Therefore, its recognition begins once the instrument to collect is generated, as the risk of a bad debt already exists, despite how minimal it is at that moment.

The Holding company evaluates the expected credit losses over the financial instruments to collect or sell and the financial instruments to collect principal interest, taking the following into consideration:

a. The expected credit losses are not the losses as of the date of publication of the financial statements, but the accrued losses in the financial instruments to collect that could be proved afterwards regarding its probability of default and severity loss. Therefore, its recognition begins once the financial instrument to collect is generated. The aforementioned, given that the risk of a bad debt is already there, despite how minimal it is at that moment.
b. Time Value of Money; and
c. The availability of reasonable and backed-up information without effort or undue cost in the date of the analysis, regarding past events, actual conditions, and future economic forecasts.

Under the NIF C-16 accounting standard, the Holding company determines the stage of default in which the financial instruments to collect or sell and the financial instruments to collect principal interest are currently in, taking into consideration the following:

Stage 1: Risk of default has not increased significantly from the date of its initial recognition to the reporting date of the financial statements. The probability of default (PI) is determined at 12 months.

Stage 2: Financial instruments that have shown a significant increase in the credit risk since the date of its inital recognition to the reporting date of the financial statements. The probability fo default (PI) is determined at its total term.

Stage 3: Financial instruments that have gone through one or more damaging events within the future cash flows of the financial instrumnets to collect principal interest. The probability of default (PI) is 100%.

Based on the 3 stages previously mentioned, the estimated amount for each expected credit loss is determined, under the following steps:

1) Based on the three stages previously mentioned, the defaulted investments are determined considering the applicable probability of default (PI) for each stage;

2) Based on the severity loss (LS), the recoverable amount of the defaulted investments is determined, by valuating the estimated recoverable cashflows to present value, with the original effective interest rate; and

3) The recoverable amount is compared vs the defaulted portfolio determined in step 1.

The Estimated Credit Losses (PCE) is recognized in the P&L in the moment in which they are determined.

Repo Operations

It is an operation by means of which the buyer acquires the ownership of credit titles for a sum of money and is obliged to transfer the ownership of as many titles of the same kind to the seller, within the agreed term and against reimbursement of the same price plus a prize. The award remains for the benefit of the reporter, unless otherwise agreed.

Repo transactions are recorded according to their economic substance, which is that of a financing with collateral, where GFNorte, acting as a buyer, delivers cash as financing, in exchange for obtaining financial assets that serve as protection in the event of default.

On the repurchase agreement transaction contract date, GFNorte acting as the seller, records the cash inflow, or else a settlement debtor account as well as a payable account at its fair value, initially at the agreed price, which represents the obligation to reimburse the cash to the purchaser. The account payable is subsequently valued over

the term of the repurchase agreement at amortized cost by recognizing the interest from the repurchase agreement in the year's results using the effective interest method.

As to the collateral granted, GFNorte classifies the financial asset in the Consolidated Balance Sheets as restricted, valuing it according to the criteria described in Note 4 of the audited financial statements of GFNorte to December 31, 2024 until the repurchase agreement's maturity.

Operations with Derivatives

Since the derivatives products operated by GFNorte are considered as conventional (*Plain Vanilla*), the institution uses the standard valuation models contained in derivatives operations and GFNorte risk management systems.

All of the valuation methods that GFNorte uses result in fair value of the transactions and are periodically adjusted. Furthermore, they are audited by independent third parties.

Valuation of the positions is done on a daily basis and a price provider generates the input used by the transaction and risk management systems. The price provider generates these valuations based on daily market conditions.

Forward and Futures Contracts

Forward and Futures Contracts available for sale, are those through which a buy or sell of a financial asset or commodity obligation is set at a future date, with previously set amount, quality and price in the contract. Futures contracts are recorded initially by GFNorte in the balance sheet as an asset and a liability at fair value, which represents the price agreed in the contract in order to acknowledge the right and obligation of receiving and/or delivering the underlying, as well as the right and obligation of receiving and/or delivering the cash equivalent to the underlying, object of the contract.

Derivatives are presented in a specific item of assets or liabilities, depending on whether their fair value (as a consequence of established rights and/or obligations) corresponds to a debtor or creditor balance, respectively. Debtor or creditor balances in the Consolidated Balance Sheets are offset if GFNorte has the contractual right to offset the stated amount, the intention of liquidating the net amount or to realize the assets and cancel the liability, simultaneously.

In the case of transactions for trading purposes, their balance represents the difference between the fair value of the contract and the established "forward" price.

Options Contracts

Options are contracts that, through the payment of a premium, grant the right, but not the obligation, to buy or sell a financial or underlying asset at a specific price called the exercise price, on an established date or period.

Due to the rights they grant, the options are divided into: call options and put options. Both can be used as trading or hedging instruments.

Options can be exercised on a defined date or within a specified period of time; the exercise price is the one agreed upon in the option, and which will be exercised if it is convenient for the option buyer. The instrument on which this price is set is the reference or underlying security. The premium is the price paid by the holder to the issuer for the rights conferred by the option.

The holder of a call option has the right, but not the obligation, to buy from the issuer a certain financial or underlying asset, at a fixed price (exercise price), within a specified period.

The holder of a put option has the right, but not the obligation, to sell a certain underlying or financial asset, at a fixed price (exercise price), within a specified period.

GFNorte records the option premium as an asset or liability at the transaction date. The fluctuations resulting from market valuation of the option's premium are recorded by affecting the Consolidated Income Statement in the account "Trading results" and the corresponding Consolidated Balance Sheet account.

Swaps

They are contracts between two parties, through which the bilateral obligation is established to exchange a series of cash flows, for a specified period of time and on pre-established dates, over a nominal or reference value.

Are recorded at fair value which corresponds to the net amount between the asset and liability portion for the rights and obligations agreed upon; they are subsequently valued at fair value using the present value of the future flows to receive or grant according to the projections for future implicit applicable rates, discounting the market rate on the valuation date with yield curves given by the price provider. The result of such valuation is recorded in the year's results.

Allowance for loan losses

Internal policy credit portfolio consumer credit rating and other revolving credits

On November 15, 2017, the regulator (CNBV) authorized in Official Letter 111-3 / 706/2017 the methodology for the qualification of the consumer credit card portfolio and other revolving credits.

This internal model improves the comprehensive management of credit risk, estimating the risk parameters through the experience of the GFNorte, and they have been applied as of February 2018 (with figures from January).

The internal methodology describes that the determination of the rating and estimation of the reserve of the consumer credit card portfolio and other revolving credits are considered as following credit risk parameters:

Ri = PIi * SP * EIi

Where:
Ri = Amount of reserves to be constituted for the i - th credit
PIi = Probability of default for the i - th credit
SPi = Severity of loss for the i - th credit
EIi = Exposure at default for the i - th credit

To determine the reserve, it is necessary to use the probability of default, the severity of the loss and the exposure to default, according to the following:

1. Probability of Default of the Internal Model

The Probability of Default (PI) measures how likely it is that a borrower will fail to fulfill their contractual obligations and is assigned with the information in the following table according to their level of risk previously determined by the internal model of Credit Card.

Risk Level	PI

A-01	0.00646233
A-02	0.00668129
A-03	0.00770357
A-04	0.00899237
B-01	0.01008105
B-02	0.01538093
B-03	0.01962636
B-04	0.02590753
C-01	0.03379690
C-02	0.04619679
C-03	0.06073381
C-04	0.08180872
D-01	0.11804428
D-02	0.17143767
D-03	0.30358352
D-04	0.71565748
E	1

2. Acquired Loan Portfolios

Loss Severity (SP) is defined as the percentage of exposure at risk that is not expected to be recovered in the event of default. The values used to calculate reserves according to the level of default of the account is:

Classification	Past Due Payments	SP
Complied	0 - 3	87.16%
Defaulted	4	87.16%
	5	90.30%
	6 and above	100%

3. Exposure to Breach of the Internal Model

The Exposure at Default (EI) is defined as the amount to which the bank is exposed at the time of default on a credit and an account in default in the Credit Card portfolio is one in which 90 or more days past due have elapsed. regarding your due payments.

The allocation of the Credit Conversion Factor (FCC) to estimate the EI is made according to the following table:

Mora_Rama	Factor
01	1.8475
02	2.0624
03	1.2974
04	1.1693
05	1.2167
06	1.0985
11	1.2583
12	1.1074
13	1.0398
14	1.0790
15	1.0247
21	1.1145
22	1.0907
23	1.0385
24	1.0161
25	1.0241
31	1.0129
32	1.0086
33	1.0053
5	0.6549

The Mora_Rama segment is defined by the internal model.

With the value of the Factor assigned to each segment, the Exposure to default is classified.

When the accounting balance is greater than zero: EI = Factor_Arbol * Saldo_Contable

When the accounting balance is less than or equal to zero and the credit limit is different from empty: EI = 0.6549 * Limit_Credit

Enforcement of portfolio rating provisions

The loan portfolio is rated according to the rules issued by the SHCP and the methodology established by the Commission.

The Provisions also establish general methodologies for the classification and constitution of preventive estimates for each type of credit.

The commercial credit portfolio qualification procedure establishes that the Credit Institutions apply the established methodology with information regarding the quarters that conclude in the months of March, June, September, and December of each year and record in their financial statements the preventive estimates at closing of each month. Likewise, for the months after the end of each quarter, the rating corresponding to the credit in question, which was used at the end of the immediately previous quarter, may be applied to the balance of the debt, registered on the last day of the mentioned months. Preventive estimates for credit risks that exceed the amount required by the portfolio rating are canceled on the date the next quarterly rating is made against the results for the year, also, recoveries of previously written-off loan portfolio are applied against the results of the exercise.

General Description of the Regulatory Methodologies established by the Commission

The regulatory methodologies to qualify the consumer loan portfolio, home mortgage loan and the commercial loan portfolio (excluding credits destined to investment projects with their own source of payment), establish that the reserve of said portfolios is determined based on the loss estimate. expected regulatory credit for the following twelve months.

Said methodologies stipulate that in the estimation of said expected loss the probability of default, the severity of the loss and the exposure to default are evaluated, and that the result of the multiplication of these three factors is the estimate of the expected loss that is equal the amount of reserves that need to be constituted to face credit risk.

Depending on the type of portfolio, the probability of default, the severity of the loss and the exposure to default in regulatory methodologies are determined considering the following:

Probability of Default

• Non-revolving consumption. - It takes into account the current delinquency, the payments made with respect to the balance of the last receivables, the times the original value of the property is paid, the type of credit, the remaining term, among others.
• Revolving consumption. - considering the current situation and historical behavior regarding the number of defaulted payments, the age of the accounts, the payments made with respect to the balance, as well as the percentage of use of the authorized line of credit.
• Home mortgage .- takes into account the current delinquency, maximum number of arrears in the last four periods, willingness to pay and the value of the home with respect to the credit balance.
• Commercial. - considering according to the type of borrower, the factors of payment experience, INFONAVIT payment experience, evaluation of rating agencies, financial risk, socioeconomic risk, financial strength, country and industry risk, market positioning, transparency and standards and corporate governance.

Loss Severity

• Non-revolving consumption. - according to the number of missed payments.
• Revolving consumption. - according to the number of missed payments.
• Home mortgage. - considers the amount of the housing subaccount, unemployment insurance and the federal entity where the credit was granted.
• Commercial. - considering financial and non-financial real guarantees and personal guarantees.

Exposure to Default

• Non-revolving consumption. - considers the credit balance at the rating date.
• Revolving consumption. - takes into account the current level of use of the line to estimate how much the use of said line would increase in the event of non-compliance.
• Home mortgage. - considers the credit balance at the rating date.
• Commercial. - for revocable credits, the balance of the credit at the rating date is considered. For irrevocable credits, the current level of use of the line is taken into account to estimate how much the use of said line would increase in the event of default.

The regulatory methodology established by the CNBV to qualify debtors for commercial loan portfolios destined for investment projects with their own payment source, establishes that the qualification must be carried out by analyzing the risk of the projects in the construction and operation stage, evaluating the extra cost of the work and the project's cash flows.

General description of the internal methodologies

Internal qualification models for constitution of reserves and capital

Applicable Portfolios

GFNorte has an Internal Rating Model for the Revolving Consumption portfolio, for the constitution of reserves and capital under an Advanced Approach estimating the three parameters required for its calculation: Probability of Default (PI), Severity of Loss (SP) and Exposure to Default (EI). Additionally, it has an Internal Qualification Model for the Companies portfolio, for the constitution of reserves and capital under a Basic Approach, estimating only the Probability of Default (PI) parameter.

The positions considered in the Companies portfolio are those of legal entities clients (other than Federal Entities, Municipalities and Financial Institutions) and individuals with business activity, both with annual sales greater than or equal to 14 million UDIs.

The methodology used by GFNorte in the estimation of the parameters and the calculation of reserves and capital has the guidelines established by the Commission, regarding the general provisions applicable to credit institutions stipulated in the Single Bank Circular.

On November 30, 2018, the CNBV obtained approval for the use of the Internal Business Model for the constitution of reserves and regulatory capital requirements for credit risk with a basic focus (Official Letter 111-3 / 1472 / 2018) at Banco Mercantil del Norte, and on March 1, 2019 for Arrendadora and Factor Banorte, and Solid Portfolio Manager (Official Letters 111-1 / 160/2019 and 111-1 / 161/2019, respectively).

The Internal Models used by GFNorte, like the Standard Models, have an expected loss approach for the following twelve months.

The Internal Models allow for comprehensive credit risk management, considering the portfolio's own risk so that the resulting models show greater predictability, derived from the use of specific attributes for each of the segments.

One of the uses of internal estimates is to calculate the Reserves and Capital of the Credit Card and Business Portfolios, which must be classified according to the provisions of the General Provisions Applicable to Credit Institutions.

Internal Qualification Process

Business Portfolio

For the Companies portfolio, the Probability of Default (PI) is calculated using the Internal Model with Basic Approach, based on internal and external variables.

Once the PI is determined, the Severity of Loss (SP) and Exposure to Default (EI) parameters are considered under the Standard Method and once the above factors are obtained, the Expected Loss (PE) is calculated from the following way:

PE = PI * SP * EI

Credit Card Portfolio

In the Credit Card portfolio, the scale of the Rating System allows GFNorte to have better credit risk management by considering the portfolio's own risk, in order to continuously monitor borrowers and prevent or lessen adverse events.

Its main purpose is to divide the population into homogeneous subsets (buckets), so that the resulting models show greater predictability, derived from the use of specific attributes for each of the segments.

Individual Auto Loans

Since January 2020, the Institution has been authorized to use an internal methodology under an advanced approach for the Physical Person Auto portfolio. This methodology is used to estimate reserves and capital requirements for credit risk, in accordance with what is established in the regulation.

The probability of default, the severity of the loss and the exposure to default of this methodology are determined considering the following:

Probability of Default

It takes into account overdue payments, seniority in the institution and the age of the loan, as well as variables of external behavior: maximum delinquency and use in other financial institutions observed in different time periods.

Loss Severity

There are different models for each segment based on the ratio of the Book balance/Amount of the guarantee, that through different time windows, brings the costs associated with recovery (recoveries, deductions and discounts) to present value, and is expressed as a percentage of exposure at default.

Exposure to Default

As it is a non-revolving credit, the amount of the accounting balance is taken at the time of qualification.

Estimation of Variables of the Internal Models

Probability of Default

The Probability of Default (PI) is the measure that indicates how likely it is that a borrower will fail to fulfill its contractual obligations considering a horizon of 12 months after the reference month. Default is defined when 90 or more days past due have elapsed in the due payments of a credit.

For its estimation, information from internal and external variables is used with which a score is obtained, which is mapped to a rating scale that measures the level of risk.

Loss Severity

Loss Severity (SP) measures the intensity of the loss in case of default expressed as a percentage of the Exposure to Default (EI), once the value of the guarantees and the costs associated with the implementation processes are taken into account (judicial, administrative collection and deed, among others).

The estimation of the Severity of Loss (SP) involves calculating the present value of the flows at the date of default, allowing to have a comparable measure for credits that have different recovery periods.

Exposure to Default

The Exposure to Default (EI) is defined as the amount to which the Institution is exposed at the time of default of a loan.

Its estimate is based on the conversion factor, which considers the relationship between the balance and the undrawn amount of the credit lines.

In the particular case of the Companies portfolio, the Severity of Loss (SP) and Exposure to Default (EI) parameters are used according to what is established in the CUB for Standard Models.

Probability of Default

There are differentiated models according to the current default, which take into account aspects such as utilization, internal transactionality, client attachment with the institution, age of the account and external behavior variables such as maximum delinquency and utilization in other observed financial institutions. in different time windows.

Acquired Collection Rights

This item is represented by the acquisition cost of the various credit asset packages acquired by GFNorte, valued at amortized cost via the effective interest method with the effective interest rate.

The effective interest rate of the acquired collection rights could be periodically adjusted in order to recognize the cash flow variations expected to receive.

The Holding company periodically evaluates the expected estimated cash flows by the acquired collection rights; the acquired collection rights that, acquired by the Holding company, are considered financial instruments to collect with a high credit risk (stage 3), and cannot be transferred to another stage in case of any aftereffect.

Impairment of Credit Assets

GFNorte performs a periodic evaluation of the expected cash flows during the term of the collection rights and discounts them based on the effective interest rate of each portfolio under the NIF C-16 accounting standard. In case that, based on information and events, the said expected discounted cash flows will decrease; an estimate of irrecoverability or doubtful receivables vs the year´s results is carried out, by the amount in which those discounted cashflows are lower than the book value of the account receivable.

Premium Receivable

This balance represents premium receivables at the balance sheet date. In accordance with the provisions of the Insurance Companies Law (Ley General de Instituciones y Sociedades Mutualistas de Seguros) and those of the CNSF, premiums more than 45 days old must be canceled against the results of the fiscal year, including, if the case, technical reserves, acquisition cost and the relative ceded reinsurance, and should not be considered in the computation of the coverage of technical reserves.

Based on the internal policy approved by the CEO, certain issued policies older than 45 days and whose premiums have not been fully or partially collected are excluded from the cancellation process; this is due to the fact that various negotiations are currently being carried out with insured parties, with whom our experience has indicated that these accounts are collectible. As of December 31, 2024, the premiums older than 45 days that were not paid amount to approximately Ps 112, excluding debts borne by agencies and entities of the federal public administration, amount to which should reduce the unearned net premium, commissions and corresponding reinsurance to determine its net effect on results. Said amount was not computed to cover technical reserves.

Reserve for Uncollectable Accounts

GFNorte performs a study to quantify the different future events that could affect the amount in accounts receivable over 90 days and thus determine the percentage of non-recoverability in order to calculate its allowance for doubtful accounts. The remaining balance of accounts receivable is reserved at 90 calendar days from the initial recognition.

The investment projects' balances represent financing to investment projects' trusts (especially in the development of social housing). GFNorte acknowledges a yield from the trust financing disposal, which is related to the construction project's progress compliance and/or sale as stated in each trust's agreement. Failure to meet the construction project's progress and/or sale as stipulated in the agreement, GFNorte stops recording the funding yield.

To assess investment projects, each project's expected value is determined according to the expected flow of the sale of investment project's potential inventory or that of a portfolio of investment projects of GFNorte based on the current business plan.

The impairment of investment projects is determined based on the projection of cash flows to be recovered discounted at present value using an appropriate interest rate, in accordance with the policy mentioned in Note 3.

Foreclosed Assets, Net.

Foreclosed property or property received as payments in kind are recorded at the lower of their cost or fair value minus the strictly necessary costs and expenses disbursed in the foreclosure. Cost is determined as the forced sale value established by the judge upon foreclosure or, in the case of payments in kind, the price agreed between the parties involved.

When the gross value of the asset or the accrued or past due amortizations leading to the foreclosure, is higher than the foreclosed property, the difference is recorded in the period's results under "Other Operating Income (expenses)."

When the value of the asset or the accrued or past due amortizations leading to the foreclosure, is lower than the foreclosed property, its value is adjusted to the asset's value.

The carrying value is only modified when there is evidence that the fair value is lower than the recorded carrying value. Reductions in the carrying value of the loan are recorded in the current earnings as they occur.

The provisions applicable to the new valuation methodology for the allowance for loan losses mentioned above define the valuation methodology for reserves related to either foreclosed property or those assets received as payment in kind, establishing that additional quarterly provisions must be created to recognize the potential decrease in value over time of property awarded under legal proceedings, out-of-court or received as payment in kind and the investments in financial instruments received as foreclosed goods or payment in kind.

When problems are identified regarding the realization of the value of the foreclosed property, GFNorte records additional reserves based on management's best estimates. As of December 31, 2024, Management has not identified signs of deterioration or problems to realize foreclosed assets, consequently, has not created reserves in addition to those created by the percentage applied based on the accounting criteria.

Property, furniture and equipment, Goodwill and Other Intangible Assets

Property, furniture and equipment

Property, furniture and equipment are recorded at acquisition cost. The balances of acquisitions made until December 31, 2007 are restated using factors derived from the value of the UDI of that date. Depreciation is calculated using the straight-line method based on the useful lives of the assets as estimated by independent appraisers.

Goodwill and Other Intangible Assets

As goodwill is considered an intangible asset with an indefinite life, it is subject to impairment tests at least annually according to NIF C-15 "Impairment in the value of long-lasting assets and their disposal."

Intangible assets are recognized in the consolidated balance sheets provided they are identifiable and generate future economic benefits that are controlled by GFNorte. The amortizable amount of the intangible asset is assigned on a systematic basis during its estimated useful life. Intangible assets with indefinite lives are not amortized and both, with defined and indefinite lives, their value are subject to annual impairment tests.

GFNorte maintains criteria for identifying and, where appropriate, recording intangible losses for deterioration or decline in value for those financial and other long-term assets, including goodwill. No indicators of impairment of goodwill have been identified as of December 31, 2024.

Income Taxes (ISR)

The provisions for ISR and PTU are recorded in the results of the year in which they are incurred. Deferred taxes are recognized based on financial projections. Deferred taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carry-forwards and certain tax credits. The deferred tax assets are recorded only when there is a high probability of recovery. The net effect of the aforementioned items is presented in the Consolidated Balance Sheet under the "Deferred taxes, net" line.

Technical Reserves

By provision of the CNSF, all technical reserves must be ruled annually by independent actuaries. On February 6 (Insurer) and February 7 (Pensions) 2025, the actuaries have confirmed that in their opinion the amounts of the reserves recorded by GFNorte as of December 31, 2024, are reasonably acceptable based on their obligations, within the parameters that the actuarial practice indicates and in accordance with the criteria that the authorities in this matter consider.

Technical reserves are constituted pursuant to the terms set forth by the Law, as well as to the provisions issued by the CNSF. To value the technical reserves, the Financial Group used the valuation methods found in the provisions set forth in Chapter 5 “Technical Reserves” in the Insurance Circular published in the DOF on December 19, 2014.

Provisions

Provisions are recognized when a current obligation that results from a past event and are likely to result in the use of economic resources and can be reasonably estimated.

Labor Obligations

Defined Benefit Plans

Seniority bonuses, pensions, and medical expenses after retirement are recognized as they are accrued, and are based on third party actuarial calculations that use the projected unitary credit, using nominal interest rates. Therefore this liability consists of the present value of a future obligation that will be paid at the estimated retirement date of all GFNorte’s employees, together with liabilities derived from currently retired personnel.

Defined Contribution Plan

GFNorte has a defined contribution pension plan. Employees that are eligible for this plan are those who joined the company after January 2001, as well as all others who joined before that date, but voluntarily signed up for this plan. This pension plan is invested in a fund which is included under “Other Assets”.

Labor obligations derived from the definite contribution plan do not require an actuarial valuation as per NIF D-3 regulation, as the cost of this plan is equivalent to the individual periodic contributions made under this plan for each participating employee.

These estimations are further described in note 25 to the Consolidated Financial statements as of December 31, 2024. This note includes the expected revenue of retirement plans, the discount rate and the growth rate used for future labor expenses. These estimates depend on economic circumstances in Mexico.

Employee Profit Sharing provisions (PTU) are recognized in the results of the year in which they are accrued as non-interest expense. GFNorte calculates PTU according to the guidelines established in the Mexican Constitution.

4. ADMINISTRATION

a) EXTERNAL AUDITORS

During the past three years Galaz, Yamazaki, Ruiz Urquiza, S.C. (member of Deloitte Touche Tohmatsu) has been the External Audit Firm who has audited Grupo Financiero Banorte's Financial Statements, who has stated that sush information has been prepared, in all important matters, in compliance with the accounting criteria established by the CNBV (Comisión Nacional Bancaria y de Valores) through the General Provisions applicable to Holding Companies of Financial Groups which regulate the matters corresponding jointly to the National Supervisory Commissions and in the reports has not identified significative shortcomings in the Internal Control evaluation, procedure execution and other matters evaluation.

The Board of Directors is responsible for the designation of the Firm and Independent External Auditor on the proposal of the Audit and Corporate Practices Committee. To this end, the latter must evaluate and validate the compliance with the personal and professional independence requirements of the Quality Control Standard, and review the work plan, as well as the team to determine, in accordance with their opinion, whether the resources to carry out their execution are reasonable.

For 2024, the Board of Directors authorized services other than external audit of Basic Financial Statements for the following purposes:

	Thousand Pesos
▪ Local Tax Review.	3,755
▪ Recovery of VAT balances in favor of 2020 for Uniteller	360
Financial Information Review for:	
▪ Identification of potential impacts on Sustainability and support in the alignment of disclosures in accordance with International Financial Reporting Standards S1 and S2.	1,600
▪ Issuance of Tier 1 Capital Notes with information from December 2023 to September 2024 included in the offering document and signing of documents that make up the placement prospectus.	3,500
▪ Validation of the use of resources from bank securities issued in February 2024 to determine the financing of green, social or sustainable projects or, where appropriate, refinance existing ones in accordance with the principles of the Sustainable Financing Framework adopted by GFNorte.	3,500
Total	9,575

b) OPERATIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST

At Banco Mercantil del Norte, GFNorte's main subsidiary, the portion of the loan portfolio operated with related individuals and companies does not exceed the established limit of 35% of the Tier 1 Capital for December December 2024, 2023, and 2022.

	Banorte		
	Dic-24	Dic-23	Dic-22
Portfolio Art. 73 Banorte	32,469	Ps 22,105	Ps 17,251
Portfolio Art. 73 / Tier 1 Capital	17.1%	11.2%	9.3%
Portfolio Art. 73 / Limit established of Tier 1 Capital	48.9%	31.9%	26.6%

Million Pesos

The loans granted are under the limit set forth by the LIC.

Banorte

As of December 31st, 2024, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 32.47 billion (including Ps 3.12 billion in Letters of Credit “CC”, which are registered in memorandum accounts), representing 2.8% of Banorte’ s total loan portfolio (excluding the balance of CC). Out of the total related loans balance, Ps 20.73 billion loans were granted to clients linked to members of the Board of Directors, and Ps 11.74 billion were linked to companies related to GFNorte. At the end of December 2024, there were no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNorte’ s related party loan portfolio for individuals and corporations at the end of December 2024 was 17.1% of Core Equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures, and rating systems applicable to the rest of GFNorte’ s loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 100% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans

As of December 31st, 2023, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 22.11 billion (including Ps 2.58 billion in Letters of Credit “CC”, which are registered in memorandum accounts), representing 2.2% of Banorte’ s total loan portfolio (excluding the balance of CC). Out of the total related loans balance, Ps 11.95 billion were loans granted to clients linked to Members of the Board of Directors, and Ps 10.16 billion were linked to companies related to GFNorte. At the end of December 2023, there were no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNorte’ s related party loan portfolio for individuals and corporations at the end of September 2023 was 11.2% of Core Equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNorte’ s loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 93% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

Business Relations

GFNorte maintains the practice of identifying balances and operations that it carries out with its subsidiaries. All balances and transactions with consolidated subsidiaries that are shown below have been eliminated in the consolidation process. These transactions are also set up using studies of transfer pricing.

As of December 31st, 2024, 2023, and 2022, GFNorte’s participation in the equity of its consolidated subsidiaries is as follows:

	2024	2023	2022
Banco Mercantil del Norte, S.A. y Subsidiarias	98.26%	98.26%	98.26%

Arrendadora y Factor Banorte, S.A. de C.V. SOFOM, ER y Subsidiaria	99.92%	99.90%	99.90%
Almacenadora Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%	99.99%
Banorte Ahorro y Previsión, S.A. de C.V. y Subsidiarias	99.99%	99.99%	99.99%
Casa de Bolsa Banorte Ixe, S.A. de C.V. y Subsidiaria	99.99%	99.99%	99.99%
Operadora de Fondos Banorte Ixe S.A. de C.V.	99.99%	99.99%	99.99%
Banco Bineo	99.99%	99.99%	99.99%

As of April 29, 2016, the Sub holding Company Banorte Ahorro y Previsión, S.A. de C.V. was constituted in terms of the Law Regulating Financial Groups. On September 1, 2016, GFNorte transferred in kind its holding of representative shares of Pensiones Banorte and Seguros Banorte equity towards BAP, given the increase in the variable portion of its equity.

	2024	2023	2022
Seguros Banorte, S.A. de C.V.	99.99%	99.99%	99.99%
Pensiones Banorte, S.A. de C.V.	99.99%	99.99%	99.99%

Moreover, on October 17, 2016, Banorte's spin-off became effective, creating Banorte Futuro, S.A. de C.V. ("Banorte Futuro"), a new company, to which Banorte transferred shares representing Afore XXI Banorte's equity as assets. That day, GFNorte transferred in kind its holding of Banorte Futuro's shares to Banorte Ahorro y Previsión, given the increase in the variable portion of its equity. Immediately afterwards, Banorte Ahorro y Previsión transferred in kind its holding of Banorte Futuro's shares to Seguros Banorte, given the increase in the fixed portion of its equity.

c) MANAGERS AND SHAREHOLDERS

Board of Directors

The Board of Directors of Grupo Financiero Banorte, S.A.B. de C.V. ("GFNorte") is made up of 13 Regular Directors, and if the case, by their respective Alternates; out of which 8 are independent. Alternate Directors can only replace their respective Regular Director in the event of a temporary vacancy, in the understanding that Alternates of Independent Regular Directors have the same capacity.

Frequency of sessions: The Board meets every quarter and, under extraordinary circumstances, at the request of the Board's Chairman, 25% of Regular Directors, or the respective Chairmans of the Audit and Corporate Practices Committees, respectively.

Quorum: 51% of the Board Members which should include at least one Alternate Director.

- All Regular Directors of the Board have voice and vote in the meetings.
- In the absence of a Regular Director, the alternate is entitled to vote, and his/her presence is considered part of the required quorum.
- When a Regular Director is present, the alternate is not entitled to vote, and his/her presence is not considered part of the required quorum.
- Decisions are made by the majority of votes of those present.

Policy that promotes gender equality: GFNorte has a policy to promote equality between men and women in its social bodies. This is within the rules of operation and operation of the Nominating Committee and incorporates provisions that promote dignity, equity, inclusion and diversity (gender, race, nationality, culture, beliefs, language,

marital status, ideology, political opinions or any other personal, physical or social condition, etc.), in order to foster an inclusive work environment, respect and freedom from discrimination, within the Board of Directors.

Grupo Financiero Banorte, S.A.B. is the majority shareholder of Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte and holds a 98.26% interest in the capital stock. No member of the Board of Directors or Senior Management has an ownership interest of more than 1% or less than 10% in the capital stock of Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.

The Board of Directors was designated by the Annual General Shareholders' Meeting held on April 21, 2023. The Board of Directors is comprised by the following Members:

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
Carlos Hank González	Chairman of the Board of Directors Regular Director	October 2014	Male	• He is Vice Chairman of the Board of Directors at Gruma (Non-Executive Member). • He is an Independent Member of the Board of Directors of Televisa, • He is Chairman of the Board of Directors of Cerrey. • He is CEO of Grupo Hermes. • He was a Member of the Board of Directors of the Mexican Stock Exchange until March 20th, 2025. • He was CEO of Grupo Financiero Interacciones, and Interactions Casa de Bolsa. • He was Deputy Managing Director of Grupo Financiero Banorte. • He has a degree in Business Administration, from Universidad Iberoamericana.
Juan Antonio González Moreno	Regular Director	April 2004	Male	• He is Chairman of the Board and CEO of Gruma and Gimsa. • He has been Managing Director of Gruma Asia and Oceania, Senior Vice Chairman of Special Projects of Gruma Corporation, Chairman of the Board and CEO of CarAmigo USA, Vice Chairman of Central and East Regions of MissionFoods, as well as Chairman and Vice Chairman of sales of Azteca Milling. • He graduated in Business Management from Universidad Regiomontana and holds an MBA from San Diego University.
David Juan Villarreal Montemayor	Regular Director	October 1993	Male	• CEO and major Shareholder of Artefactos Laminados, S. A. de C.V. • He is Chairman of the Board of Directors and Deputy Managing Director of

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Inmobiliaria Montevi, S.A. de C.V. and Inmobiliaria Monyor S.A. de C.V. • He is a Regional Advisor of Banco Nacional de México, S.A. (Banamex) and Financial Advisor and Business Developer for SISMEX, Sistemas Mexicanos S.A. de C.V. • He is a Mechanical and Electrical Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), holds a Master's Degree in Science in Automatic Control from the same institution, and participated in the Advanced Management program from Instituto Panamericano de Alta Dirección (IPADE).
José Marcos Ramírez Miguel	Regular Director	April 2015	Male	• CEO of Grupo Financiero Banorte and Banco Mercantil del Norte. • He held positions as Managing Director of Wholesale Banking and Chief Corporate Officer at Grupo Financiero Banorte. • He was Chairman of Asociacion Mexicana de Intermediarios Bursatiles. He also worked at Nacional Financiera, S.N.C., Banque Nationale de Paris and Banque Indosuez Mexico. Founded Finventia and served as interdisciplinary consultant at Peat Marwick Mexico. • He was CFO, Managing Director of Wholesale Banking, Managing Director of Santander Brokerage, and Executive Vice Chairman of Grupo Financiero Santander. • He holds a Bachelor's Degree in Actuarial Science from Universidad Anahuac, a Post-graduate Degree in Finance from Instituto Tecnológico Autónomo de México (ITAM) and an MBA from E.S.A.D.E. in Barcelona, Spain.
Carlos de la Isla Corry	Regular Director	April 2020	Male	• He is Director of the Chairman´s Office in Grupo Hermes. • He was Managing Director of Risk and Credit Administration of Grupo Financiero Banorte. • He was Director of Administration and Finance of Hermes Group from 2003 to 2014, responsible for the industrial corporate, including tourism, transportation, construction and

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				concessions' operations. He was Member of the Board of Directors of the Industrial Group. • He was Member of the Board of Directors of Grupo Financiero Interacciones. • He also served as Chairman of the Credit Committee of Banco Interacciones and in the Financial Group as Chairman of the Risk Committee and Member of the Audit, Compensations, and Corporate Practices Committees. • He is an Engineer in Electronics and Digital Systems from Universidad Nacional Autónoma de México (UNAM) and holds an MBA from Texas University in Austin.
Alicia Alejandra Lebrija Hirschfeld	Independent Regular Director	April 2022	Female	• She is currently Executive Chairman of Fundación Televisa, a position she was appointed to in 2011. • She founded programs such as Bécalos - which has benefited more than 500 thousand students and teachers, and through technological programs that have benefited more than 2.5 million children, and through programs such as Tecnolochicas and Cuantrix she seeks to close gender gaps. • She was an Economics Proffesor at ITAM in 1994 and was appointed Director of International Relations at the same institution in 1996. She left ITAM in 2006 to become Director of Education at Fundación Televisa. • She was founder and Director of the Institute for European Integration Studies, a joint program developed between the European Commission and ITAM (January 1999-December 2000); School Director (August 1995-August 1996) and Professor of the Economics Department, (January 1994-January 2003). At the Economics Research Center (CIDE), she was Visiting Professor in the International Studies Department (January-June 2000). At the Matías Romero Institute, at the Ministry of Foreign Affairs, she was Visiting Professor (April 1995-June 1997). And, at the Center for Economic Analysis and Research (CAIE), she was Research Assistant (January-December 1989).

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
Clemente Ismael Reyes Retana Valdés	Independent Regular Director	April 2021	Male	• He is a Managing Partner of the firm Reyes Retana Consultores, S.C. as of February 2008. • He was a consultant for Grupo Bal, Indeval, Envases y Laminados, GNP Seguros and other companies engaged in real estate development, vehicle financing, pharma, manufacturing, and information technology. • He has acted as an Independent Professional Member and Chairman of several Auditing and Corporate Practices Committees in various companies, like Bolsa Mexicana de Valores and Grupo Comercial Chedraui. • He was Director of Administration and Finance (1992 to 1994) and Deputy Managing Director (1994 to 2008) at Invex Grupo Financiero, S.A.B. de C.V. • He has a degree in Actuarial Sciences from the Universidad Nacional Autónoma de México.
Mariana Baños Reynaud	Independent Regular Director	April 2023	Female	• She is the founder and CEO of Fundación Origen, a comprehensive platform for women in vulnerable situations, offering human and economic development programs which help to break the violence cycle and decrease poverty in México. • She holds a Bachelor's Degree in Art History by Universidad Iberoamericana.
Federico Carlos Fernández Senderos	Independent Regular Director	April 2023	Male	• He is Founder and Executive Chairman of Grupo SIM, a Company dedicated to provide comprehensive solutions in medical equipment, specialized services, qualified personnel, and information technologies to improve medical attention; including Grupo SIM's subsidiaries, such as AVANT SOFOM (created in 2004); SEAC Back Office Operator (created in 2005); and SIM-A Investment Fund for Seed Capital (created in 2010). • He is an Independent Proprietary Member of Grupo Comercial Chedraui, Related Regular Director of Grupo Kuo, and RelatedRegular Director of Grupo Dine, by virtue of his family relationship with the Chairman of the Board of Directors of Grupo KUO and Group Dine, Fernando Senderos Mestre.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				• He holds a Bahelor's Degree in Business Administration from Universidad Anáhuac and a Master's Degree from IPADE.
David Peñaloza Alanís	Independent Regular Director	April 2019	Male	• He is CEO and Chairman of the Board of Directors of Promotora y Operadora de Infraestructura, S.A.B. de C.V. (PINFRA). • Formerly, worked at Société Générale, GBM and Serfín. • He holds a Bachelor's Degree in Public Accounting from Universidad Anáhuac and Graduate Degree in Business Administration from Harvard University.
José Antonio Chedraui Eguía	Independent Regular Director	April 2015	Male	• He is CEO of Grupo Comercial Chedraui. • He has held positions as Commercial Director and then as CEO of Comercial Las Galas. • He participates in the organizations Fundacion Chedraui, Young Presidents' Organization and México Nuevo. • He holds a Bachelor's Degree in Accounting and Finance from Universidad Anáhuac.
Alfonso de Angoitia Noriega	Independent Regular Director	April 2015	Male	• He is Executive Co-Chairman and Chairman of the Finance Committee at Grupo Televisa, S.A.B. de C.V. He has served on the Board and Executive Committee and has held the position of Executive Vice Chairman of Administration and Finance at Grupo Televisa. • He was Member of the Board of Directors of Cablevision, S.A. de C.V., Innova, S. de R.L. de C.V. (Sky), Cablemás Telecomunicaciones, S.A. de C.V., Operbes, S.A. de C.V. (Bestel), Televisión Internacional, S.A. de C.V., Grupo Axo, S.A.P.I. de C.V. and The Americas Society. • He is Chairman of the Board of Kardias Foundation and Member of the UNAM Foundation and the Mexican Health Foundation. • Co-Founder of the Law firm Mijares, Angoitia, Cortés y Fuentes, S.C. • He was a Member of the Board of Grupo Modelo, S.A.B. de C.V. and The American School Foundation.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				• He holds a Bachelor's Degree in Law from the Universidad Autónoma de México (UNAM).
Thomas Stanley Heather Rodríguez	Independent Regular Director	April 2016	Male	• Partner at Creel, García-Cuellar, Auza y Enriquez, S.C., specialized in external funding, restructurings and securities offerings. • He is Legal Advisor of the Consejo Coordinador Empresarial (CCE) and is permanent Member of the drafting Committee of the CCE's Code of Best Corporate Practices. • He is Independent Member and Chairman of the CAPS at Gruma, S.A.B. de C.V. • He was a Member of the Board of Directors and of the Audit and Corporate Practices Committee (CAPS) of Grupo Bimbo, S.A.B. de C.V. • He holds a Bachelor´s Degree in Law from Escuela Libre de Derecho with a Masters Degree from Texas (Austin) University - “Master o Comarative Jurispriudence- Financial Law”. Moreover, he holds several specialties from Universidad Panamericana, Universidad Nacional Autónoma de México and New York University.
Graciela González Moreno	Alternate Director	April 2013	Female	• She is private Accountant, graduated from Universidad Labastida in Monterrey, N.L. • She was Accountant at the air conditioning factory Trane-Realven in Monterrey from 1967 to 1970. • From 1988 to 2010, she participated as Founding Partner and Member of the Board of Directors of Asociacion Gilberto, A.C., being Vice Chair from 2007 to 2010.
Juan Antonio González Marcos	Alternate Director	April 2014	Male	• He was a Director of Marketing Projects at Mission Foods. • He holds a Bachelor's Degrees in Audio Production from SAE Institute of Melbourne and in Fine Arts from the University of North Texas. Furthermore, he holds a Master’s in Fine Arts from University of Texas in Dallas.
Alberto Halabe Hamui	Independent Alternate Director	April 2014	Male	• He is Deputy Managing Director of Inmobiliaria IHM, S.A. de C.V., and Director of Comercializadora de Viviendas Albatros, S.A. de C.V. and

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Nueva Imagen Construcciones, S.A. de C.V. • He is, Member of the Administration and Operations Committee of St. Regis México. Formerly, Member of the Board of Directors of Micro Financiera Finsol. • He holds a Bachelor's Degree in Economics from Instituto Tecnológico Autónomo de México (ITAM) and has graduate studies in the Building and Real Estate Companies Management Program from the same Institution.
Gerardo Salazar Viezca	Alternate Director	April 2019	Male	• He is the Managing Director of Risk and Credit Management of GFNorte. • CEO of Banco Interacciones from 2004 to 2018 and Risk Management Corporate Director of Grupo Financiero Interacciones from 2002 to 2004. • Previously, he performed as Corporate Banking Director, at Bancomer and BBVA-Bancomer. • He holds a Bachelor's Degree in Economics from Universidad Iberoamericana. • He has also stood out in academics as teacher and by virtue of his graduate studies, including PhD, Master's Degrees and specializations in Economics, Business Administration, Finance, and Social Science in institutions such as Tec de Monterrey, UIA (of which he was the Economics Department Director), ITAM, Harvard University, and New York Institute of Finance. • He has been the recipient of grants from different Boards and Foundations such as Conacyt and Fulbright. In terms of Corporate Governance, he is certified by the National Association of Corporate Directors (NACD) and the Director Consortium of the Universities of Stanford, Chicago and Darmouth.
Roberto Kelleher Vales	Alternate Independent Director	April 2014	Male	• He is Chairman and Partner in Volkswagen, Seat, and Audi dealerships and a tire company in Merida. • He is shareholder and Vice Chairman of Inmobilia Desarrollos. • He was Chairman and Member of the Volkswagen National Dealers

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Association and Member of the Mexican Association of Car Dealers. • He is Industrial and Systems Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and has several financial and management specializations from the same institution. He also participated in the Advanced Management Program from Instituto Panamericano de Alta Dirección (IPADE).
Cecilia Goya de Riviello Meade	Independent Alternate Director	April 2021	Female	• She is the Founding Partner and CEO of Balanceship Consultores, S.C., a firm focused on the development and coaching of high-performance Teams and Leaders. • She is CEO of Grupo Acritus (Zapaterias Capa de Ozono and Dorothy Gaynor). • She has been a Member of the Board of public and private companies such as: Sicrea Autofinanciamiento, Grupo Ruz, Grupo Acritus, Ipeth, and Aguas Zoe; and current, Member of the Board of Grupo Chedraui, Novelty, Bizarro Joyerias, Iluméxico, and Provive. • She has 30 years of experience in managing international and national business in areas such as General Management, Strategic Planning, Marketing and Sales. She is also an expert in the management of financial statements and efficiency in business profitability. • She is a Member of the IWF (International Women Forum), WCD (Women Corporate Directors), Vital Voices and an independent advisor to NGOs (Casa Hogar Alegria, Mitz and Wish-México, where she is also the Chair of the Board). She has been an active Mentor at Endeavor since 2004.
José María Garza Treviño	Independent Alternate Director	April 2014	Male	• Chairman of Grupo Garza Ponce. • He was Member of the Board of Directors in Grupo Financiero BITAL, Finanzas Monterrey, Banca Afirme, and Banca Confia - Abaco Grupo Financiero. • He served as Vice Chairman of the Mexican Camera of the Construction Industry and of the Mexican Association

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				of Industrial Parks (A.M.P.I. P), as an adviser in COPARMEX and in the Chamber of Real-Estate Owners. He was also Chairman of the Ex-Alumni Society of Civil Engineers at Instituto Tecnológico y de Estudios Superiores Monterrey (ITESM). • He is Civil Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and holds an MBA from the same institution.
Manuel Francisco Ruiz Camero	Independent Alternate Director	April 2023	Male	• He is the CEO of Grupo SIM since 2001. • He was Regulatory and Compliance Officer and CFO of Grupo Eulen. • He was CEO of Universum Investment. • He holds a Degree in Economics and Business Administration from the University of Málaga.
Carlos Césarman Kolteniuk	Independent Alternate Director	April 2019	Male	• He is, Member of the Board of Directors, CFO and Investor Relations Director of Promotora y Operadora de Infraestructura, S.A.B. de C.V. (PINFRA). • He worked at Industrias Campos Hermanos. • He founded Inovamed, a company dedicated to the health industry. • He holds a Bachelor's Degree in Economics from Universidad Anáhuac and is a professor of Business Administration and Economics in Universidad Iberoamericana.
Humberto Tafolla Núñez	Independent Alternate Director	April 2018	Male	• He is the Director of Administration and Finance of Grupo Comercial Chedraui, S.A.B. of C.V. • He has more than 20 years of experience in financial areas. • He was CFO of Industrias Mabe for 8 years. • He holds a Degree in Business Administration from Instituto Tecnológico Autónomo de México (ITAM), a Corporate Finance Diploma from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), and a Postgraduate in Business Administration and Management from Instituto de Empresas (IE) of Madrid.
Carlos Phillips Margain	Independent Alternate Director	April 2023	Male	• He is Corporate Vice Chairman of Finance at Grupo televise.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				• He was Senior Chairman of ITAU BBA USA Securities. • He was Executive Director of BBVA Securities. • He was Vice Chairman of Goldman Sachs & Co. • He was an associate at J.P. Morgan. • He holds a Bachelor's Degree in Economics from Instituto Tecnológico Autónomo de México.
Ricardo Maldonado Yáñez	Independent Alternate Director	April 2016	Male	• He is a partner of the Law firm Mijares, Angoitia, Cortés y Fuentes, S.C. since 1999. • Member of the Board of Directors of several companies, such as: Biossman Group, Endeavor México, and Seadrill Couragious and Secretary of the Board of Directors of companies such as: Grupo Televisa, Consorcio Ara, Controladora Vuela Compañia de Aviación (Volaris) and Cablevisión Enterprises. • He was an Associate of the Law firm, White & Case, New York Office from 1993 to 1995. • He holds a Bachelor's Degree in Law from Universidad Nacional Autónoma de México (UNAM) and a Master's degree in Law from the Law School of Chicago University
Diego Martínez Rueda Chapital	Independent Alternate Director	April 2019	Male	• He is a Partner of the DLA Piper México, S.C. Law Firm, where he practices in Corporate Law with an emphasis on Banking and Capital Markets. • He has extensive experience in mergers and acquisitions and in real estate, especially in the Tourism, Industrial, and Housing branches. • He was a Partner in the Cervantes Sainz office. • He was Director of Stock Market Projects at the National Banking and Securities Commission. • He has a Law Degree from Universidad Panamericana and a Masters' in Laws from Georgetown University, with a specialization in banking, securities, and regulation of financial entities.

Note: Alberto Pérez-Jácome Friscione resigned as an Alternate Director in June 25th, 2024.

It is informed through this Annual Report that the Annual Ordinary General Shareholders' Meeting was held on April 23rd, 2025, in which was approved - among other resolutions - the Board of Directors for the fiscal year 2025 which will be comprised by 14 Proprietary and their respective Alternate members, out of which 9 are Independent, accordingly:

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
Carlos Hank González	Chairman of the Board of Directors Regular Director	October 2014	Male	• He is Vice Chairman of the Board of Directors at Gruma (Non Executive Member). • He is an Independent Member of the Board of Directors of Televisa, • He is Chairman of the Board of Directors of Cerrey. • He is CEO of Grupo Hermes. • He was a Member of the Board of Directors of the Mexican Stock Exchange until Marxh 20th, 2025. • He was CEO of Grupo Financiero Interacciones, and Interactions Casa de Bolsa. • He was Deputy Managing Director of Grupo Financiero Banorte. • He has a degree in Business Administration, from Universidad Iberoamericana.
Juan Antonio González Moreno	Regular Director	April 2004	Male	• He is Chairman of the Board and CEO of Gruma and Gimsa. • He has been Managing Director of Gruma Asia and Oceania, Senior Vice Chairman of Special Projects of Gruma Corporation, Chairman of the Board and CEO of CarAmigo USA, Vice Chairman of Central and East Regions of MissionFoods, as well as Chairman and Vice Chairman of sales of Azteca Milling. • He graduated in Business Management from Universidad Regiomontana and holds an MBA from San Diego University.
David Juan Villarreal Montemayor	Regular Director	October 1993	Male	• CEO and major Shareholder of Artefactos Laminados, S. A. de C.V. • He is Chairman of the Board of Directors and Deputy Managing Director of Inmobiliaria Montevi, S.A. de C.V. and Inmobiliaria Monyor S.A. de C.V. • He is a Regional Advisor of Banco Nacional de México, S.A. (Banamex) and Financial Advisor and Business Developer for SISMEX, Sistemas Mexicanos S.A. de C.V.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				• He is a Mechanical and Electrical Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), holds a Master's Degree in Science in Automatic Control from the same institution, and participated in the Advanced Management program from Instituto Panamericano de Alta Dirección (IPADE).
José Marcos Ramírez Miguel	Regular Director	April 2015	Male	• CEO of Grupo Financiero Banorte and Banco Mercantil del Norte. • He held positions as Managing Director of Wholesale Banking and Chief Corporate Officer at Grupo Financiero Banorte. • He was Chairman of Asociacion Mexicana de Intermediarios Bursatiles. He also worked at Nacional Financiera, S.N.C., Banque Nationale de Paris and Banque Indosuez Mexico. Founded Finventia and served as interdisciplinary consultant at Peat Marwick Mexico. • He was CFO, Managing Director of Wholesale Banking, Managing Director of Santander Brokerage, and Executive Vice Chairman of Grupo Financiero Santander. • He holds a Bachelor's Degree in Actuarial Science from Universidad Anahuac, a Post-graduate Degree in Finance from Instituto Tecnológico Autónomo de México (ITAM) and an MBA from E.S.A.D.E. in Barcelona, Spain.
Carlos de la Isla Corry	Regular Director	April 2020	Male	• He is Director of the Chairman´s Office in Grupo Hermes. • He was Managing Director of Risk and Credit Administration of Grupo Financiero Banorte. • He was Director of Administration and Finance of Hermes Group from 2003 to 2014, responsible for the industrial corporate, including tourism, transportation, construction and concessions' operations. He was Member of the Board of Directors of the Industrial Group. • He was Member of the Board of Directors of Grupo Financiero Interacciones.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				• He also served as Chairman of the Credit Committee of Banco Interacciones and in the Financial Group as Chairman of the Risk Committee and Member of the Audit, Compensations, and Corporate Practices Committees. • He is an Engineer in Electronics and Digital Systems from Universidad Nacional Autónoma de México (UNAM) and holds an MBA from Texas University in Austin.
Alicia Alejandra Lebrija Hirschfeld	Independent Regular Director	April 2022	Female	• She is currently Executive Chairman of Fundación Televisa, a position she was appointed to in 2011. • She founded programs such as Bécalos - which have benefited more than 500 thousand students and teachers, and through technological programs that has benefited more than 2.5 million children, and through programs such as Tecnolochicas and Cuantrix she seeks to close gender gaps. • She was an Economics Proffesor at ITAM in 1994 and was appointed Director of International Relations at the same institution in 1996. She left ITAM in 2006 to become Director of Education at Fundación Televisa. • She was founder and Director of the Institute for European Integration Studies, a joint program developed between the European Commission and ITAM (January 1999-December 2000); School Director (August 1995-August 1996) and Professor of the Economics Department, (January 1994-January 2003). At the Economics Research Center (CIDE), she was Visiting Professor in the International Studies Department (January-June 2000). At the Matías Romero Institute, at the Ministry of Foreign Affairs, she was visiting Professor (April 1995-June 1997). And, at the Center for Economic Analysis and Research (CAIE), she was Research Assistant (January-December 1989).
Clemente Ismael Reyes Retana Valdés	Independent Regular Director	April 2021	Male	• He is a Managing Partner of the firm Reyes Retana Consultores, S.C. as of February 2008. • He was a consultant for Grupo Bal, Indeval, Envases y Laminados, GNP

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Seguros and other companies engaged in real estate development, vehicle financing, pharma, manufacturing, and information technology. • He has acted as an Independent Professional Member and Chairman of several Auditing and Corporate Practices Committees in various companies, like Bolsa Mexicana de Valores and Grupo Comercial Chedraui. • He was Director of Administration and Finance (1992 to 1994) and Deputy Managing Director (1994 to 2008) at Invex Grupo Financiero, S.A.B. de C.V. • He has a degree in Actuarial Sciences from the Universidad Nacional Autónoma de México.
Mariana Baños Reynaud	Independent Regular Director	April 2023	Female	• She is the founder and CEO of Fundación Origen, a comprehensive platform for women in vulnerable situations, offering human and economic development programs which help to break the violence cycle and decrease poverty in México. • She holds a Bachelor's Degree in Art History by Universidad Iberoamericana.
Federico Carlos Fernández Senderos	Independent Regular Director	April 2023	Male	• He is Founder and Executive Chairman of Grupo SIM, a Company dedicated to provide comprehensive solutions in medical equipment, specialized services, qualified personnel, and information technologies to improve medical attention; including Grupo SIM's subsidiaries, such as AVANT SOFOM (created in 2004); SEAC Back Office Operator (created in 2005); and SIM-A Investment Fund for Seed Capital (created in 2010). • He is an Independent Proprietary Member of Grupo Comercial Chedraui, Related Regular Director of Grupo Kuo, and Related Regular Director of Grupo Dine, by virtue of his family relationship with the Chairman of the Board of Directors of Grupo KUO and Group Dine, Fernando Senderos Mestre. • He holds a Bahelor's Degree in Business Administration from Universidad Anáhuac and a Master's Degree from IPADE.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
David Peñaloza Alanís	Independent Regular Director	April 2019	Male	• He is CEO and Chairman of the Board of Directors of Promotora y Operadora de Infraestructura, S.A.B. de C.V. (PINFRA). • Formerly, worked at Société Générale, GBM and Serfín. • He holds a Bachelor's Degree in Public Accounting from Universidad Anáhuac and Graduate Degree in Business Administration from Harvard University.
José Antonio Chedraui Eguía	Independent Regular Director	April 2015	Male	• He is CEO of Grupo Comercial Chedraui. • He has held positions as Commercial Director and then as CEO of Comercial Las Galas. • He participates in the organizations Fundacion Chedraui, Young Presidents' Organization and México Nuevo. • He holds a Bachelor's Degree in Accounting and Finance from Universidad Anáhuac.
Alfonso de Angoitia Noriega	Independent Regular Director	April 2015	Male	• He is Executive Co-Chairman and Chairman of the Finance Committee at Grupo Televisa, S.A.B. de C.V. He has served on the Board and Executive Committee and has held the position of Executive Vice Chairman of Administration and Finance at Grupo Televisa. • He was Member of the Board of Directors of Innova, S. de R.L. de C.V. (Sky), Cablemás Telecomunicaciones, S.A. de C.V., Operbes, S.A. de C.V. (Bestel), Televisión Internacional, S.A. de C.V., Grupo Axo, S.A.P.I. de C.V. and The Americas Society. • He is Chairman of the Board of Kardias Foundation and Member of the UNAM Foundation and the Mexican Health Foundation. • Co-Founder of the Law firm Mijares, Angoitia, Cortés y Fuentes, S.C. • He was a Member of the Board of Grupo Modelo, S.A.B. de C.V. and The American School Foundation. • He holds a Bachelor's Degree in Law from the Universidad Autónoma de México (UNAM).
Thomas Stanley Heather Rodríguez	Independent Regular Director	April 2016	Male	• Partner at Creel, García-Cuellar, Auza y Enriquez, S.C., specialized in external

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				funding, restructurings and securities offerings. • He is Legal Advisor of the Consejo Coordinador Empresarial (CCE) and is permanent Member of the drafting Committee of the CCE's Code of Best Corporate Practices. • He is Independent Member and Chairman of the CAPS at Gruma, S.A.B. de C.V. • He was a Member of the Board of Directors and of the Audit and Corporate Practices Committee (CAPS) of Grupo Bimbo, S.A.B. de C.V. • He holds a Bachelor´s Degree in Law from Escuela Libre de Derecho with a Masters Degree from Texas (Austin) University - “Master o Comarative Jurispriudence- Financial Law”. Moreover, he holds several specialties from Universidad Panamericana, Universidad Nacional Autónoma de México and New York University.
Diana Muñozcano Félix	Independent	April 2025	Female	• She is Managing director of Grupo INDI. • She held the position of Director of New Business, Vice President of Infraestructure and Deputy Manager of Grupo INDI. • She is Founder and Managing Partner of Ennova América – a private equity fund in the clean energy and infrastructure sector. • Graduated from Universidad Panamericana. She holds a Master’s Degree in Financial Management from EAE Business School (Barcelona) and is a graduate of the Senior Management Programme at IPADE.
Graciela González Moreno	Alternate Director	April 2013	Female	• She is private Accountant, graduated from Universidad Labastida in Monterrey, N.L. • She was Accountant at the air conditioning factory Trane-Realven in Monterrey from 1967 to 1970. • From 1988 to 2010, she participated as Founding Partner and Member of the Board of Directors of Asociacion Gilberto, A.C., being Vice Chair from 2007 to 2010.

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Juan Antonio González Marcos	Alternate Director	April 2014	Male	• He was a Director of Marketing Projects at Mission Foods. • He holds a Bachelor's Degrees in Audio Production from SAE Institute of Melbourne and in Fine Arts from the University of North Texas. Furthermore, he holds a Master's in Fine Arts from University of Texas in Dallas.
Alberto Halabe Hamui	Independent Alternate Director	April 2014	Male	• He is Deputy Managing Director of Inmobiliaria IHM, S.A. de C.V., and Director of Comercializadora de Viviendas Albatros, S.A. de C.V. and Nueva Imagen Construcciones, S.A. de C.V. • He is, Member of the Administration and Operations Committee of St. Regis México. Formerly, Member of the Board of Directors of Micro Financiera Finsol. • He holds a Bachelor's Degree in Economics from Instituto Tecnológico Autónomo de México (ITAM) and has graduate studies in the Building and Real Estate Companies Management Program from the same Institution.
Gerardo Salazar Viezca	Alternate Director	April 2019	Male	• He is the Managing Director of Risk and Credit Management of GFNorte. • CEO of Banco Interacciones from 2004 to 2018 and Risk Management Corporate Director of Grupo Financiero Interacciones from 2002 to 2004. • Previously, he performed as Corporate Banking Director, at Bancomer and BBVA-Bancomer. • He holds a Bachelor's Degree in Economics from Universidad Iberoamericana. • He has also stood out in academics as teacher and by virtue of his graduate studies, including PhD, Master's Degrees and specializations in Economics, Business Administration, Finance, and Social Science in institutions such as Tec de Monterrey, UIA (of which he was the Economics Department Director), ITAM, Harvard University, and New York Institute of Finance. • He has been the recipient of grants from different Boards and Foundations such as Conacyt and Fulbright. In terms of Corporate Governance, he is certified by

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				the National Association of Corporate Directors (NACD) and the Director Consortium of the Universities of Stanford, Chicago and Darmouth.
Rafael Victorio Arana de la Garza	Alternate Director	April 2025	Male	• He is the Chief Financial and Operational Officer of Grupo Financiero Banorte. • He was General Director of Personal Banking for Latin America and the Caribbean at HSBC, as well as served as Advisor to the Presidency of Latin America and the Caribbean. • Served as a Business Management Consultant in companies such as Grupo ADO, BAYER, CYDSA, HYLSA and Multibanco COMERMEX. • He holds a Mechanical and Electrical Engineering degree from Universidad Iberoamericana and a Master's Degree in Science in Operations Research and Industrial Engineering from the Universitiy of Michigan.
Roberto Kelleher Vales	Alternate Independent Director	April 2014	Male	• He is Chairman and Partner in Volkswagen, Seat, and Audi dealerships and a tire company in Merida. • He is shareholder and Vice Chairman of Inmobilia Desarrollos. • He was Chairman and Member of the Volkswagen National Dealers Association and Member of the Mexican Association of Car Dealers. • He is Industrial and Systems Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and has several financial and management specializations from the same institution. He also participated in the Advanced Management Program from Instituto Panamericano de Alta Dirección (IPADE).
Cecilia Goya de Riviello Meade	Independent Alternate Director	April 2021	Female	• She is the Founding Partner and CEO of Balanceship Consultores, S.C., a firm focused on the development and coaching of high-performance Teams and Leaders. • She is CEO of Grupo Acritus (Zapaterias Capa de Ozono and Dorothy Gaynor). • She has been a Member of the Board of public and private companies such as:

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				Sicrea Autofinanciamiento, Grupo Ruz, Grupo Acritus, Ipeth, and Aguas Zoe; and current, Member of the Board of Grupo Chedraui, Novelty, Bizarro Joyerias, Iluméxico, and Provive. • She has 30 years of experience in managing international and national business in areas such as General Management, Strategic Planning, Marketing and Sales. She is also an expert in the management of financial statements and efficiency in business profitability. • She is a Member of the IWF (International Women Forum), WCD (Women Corporate Directors), Vital Voices and an independent advisor to NGOs (Casa Hogar Alegria, Mitz and Wish-México, where she is also the Chair of the Board). She has been an active Mentor at Endeavor since 2004.
José María Garza Treviño	Independent Alternate Director	April 2014	Male	• Chairman of Grupo Garza Ponce. • He was Member of the Board of Directors in Grupo Financiero BITAL, Finanzas Monterrey, Banca Afirme, and Banca Confia - Abaco Grupo Financiero. • He served as Vice Chairman of the Mexican Camera of the Construction Industry and of the Mexican Association of Industrial Parks (A.M.P.I. P), as an adviser in COPARMEX and in the Chamber of Real-Estate Owners. He was also Chairman of the Ex-Alumni Society of Civil Engineers at Instituto Tecnológico y de Estudios Superiores Monterrey (ITESM). • He is Civil Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and holds an MBA from the same institution.
Manuel Francisco Ruiz Camero	Independent Alternate Director	April 2023	Male	• He is the CEO of Grupo SIM since 2001. • He was Regulatory and Compliance Officer and CFO of Grupo Eulen. • He was CEO of Universum Investment. • He holds a Degree in Economics and Business Administration from the University of Málaga.
Carlos Césarman Kolteniuk	Independent Alternate Director	April 2019	Male	• He is, Member of the Board of Directors, CFO and Investor Relations Director of Promotora y Operadora de

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				Infraestructura, S.A.B. de C.V. (PINFRA). • He worked at Industrias Campos Hermanos. • He founded Inovamed, a company dedicated to the health industry. • He holds a Bachelor's Degree in Economics from Universidad Anáhuac and is a professor of Business Administration and Economics in Universidad Iberoamericana.
Humberto Tafolla Núñez	Independent Alternate Director	April 2018	Male	• He is the Director of Administration and Finance of Grupo Comercial Chedraui, S.A.B. of C.V. • He has more than 20 years of experience in financial areas. • He was CFO of Industrias Mabe for 8 years. • He holds a Degree in Business Administration from Instituto Tecnológico Autónomo de México (ITAM), a Corporate Finance Diploma from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), and a Postgraduate in Business Administration and Management from Instituto de Empresas (IE) of Madrid.
Carlos Phillips Margain	Independent Alternate Director	April 2023	Male	• He is Corporate Vice Chairman of Finance at Grupo televise. • He was Senior Chairman of ITAU BBA USA Securities. • He was Executive Director of BBVA Securities. • He was Vice Chairman of Goldman Sachs & Co. • He was an associate at J.P. Morgan. • He holds a Bachelor's Degree in Economics from Instituto Tecnológico Autónomo de México.
Diego Martínez Rueda Chapital	Independent Alternate Director	April 2019	Male	• He is a Partner of the DLA Piper México, S.C. Law Firm, where he practices in Corporate Law with an emphasis on Banking and Capital Markets. • He has extensive experience in mergers and acquisitions and in real estate, especially in the Tourism, Industrial, and Housing branches. • He was a Partner in the Cervantes Sainz office.

NAME	POSITION	WITH THE COMPANY SINCE	GENDER	PROFESSIONAL BACKGROUND
				• He was Director of Stock Market Projects at the National Banking and Securities Commission. • He has a Law Degree from Universidad Panamericana and a Masters' in Laws from Georgetown University, with a specialization in banking, securities, and regulation of financial entities.
Manuel Guillermo Muñozcano Castro	Independent Alternate Director	April 2025	Male	• He is Executive Chariman of Grupo INDI where he leads the Groups's ong-term strategy, strengthening its institutionalization, expansion into new business lines and consolidation in the infrastructure, investment and international development sectors. • He has experience in managerial responsibilities of operation, planning and corporate governance. In addition, he also has extensive experience in the execution of infrastructure projects, public works and development of technical talent. • He is an Engineer and Architect and has certificates in Construction Business from the University of California, USA. • He completed the Senior Management Program at IPADE, as well as the Owner/President Management at Harvard Business School.

According to Article Thirty-three of the Corporate By-laws, the functions and faculties of the Board of Directors are:

I. Establish the general strategies of the Financial Group and the general strategies for the management, direction and execution of the business of the Company, Financial Entities and, as the case may be, Subholding Companies.

II. Oversee, through the Corporate Practices Committee, the management and direction of the Company, the Financial Entities and, as the case may be, Subholding Companies of which the Company has control, considering for that purpose the importance of the latter in the financial, administrative and legal standing of the Financial Group as a whole, as well as the performance of the Relevant Senior Officers, upon the terms of Articles 56 to 58 of the Law to Regulate Financial Groups.

III. Approve, upon prior opinion of the relevant Committee:

a) The policies and guidelines for the use by related parties of the assets that comprise the wealth of the Company and Financial Entities and of all the other people controlled by it.

b) The acts, individually, with related parties intended to be executed by the Company.

The acts stated below shall not require approval of the Board of Directors as long as they meet the policies and guidelines approved to such an effect by the Board of Directors:

1. Those which, by virtue of their amount, are not important for the Financial Group as a whole, in terms of the rules of a general nature that regulate the terms and conditions for the incorporation of holding companies and the operation of financial groups.

2. The acts executed between the Company and Financial Entities members of the Financial Group and, as the case may be, Subholding Companies, as long as: i) They are of the ordinary or customary line of business, and ii) they are deemed to be made at market prices or supported by appraisals made by external specialist agents.

3. Those executed with employees of the Company, Financial Entities members of the Financial Group or, as the case may be, Subholding Companies, provided that they are executed upon the same conditions as with any client or as a result of labor benefits of a general nature.

c) The acts executed either simultaneously or successively, which by virtue of their characteristics may be considered as a single operation and that are intended to be executed by the Company or Financial Entities members of the Financial Group or, as the case may be, by the Subholding Companies, within one fiscal year, whenever they are unusual or non-recurring or their amount represents, based on figures corresponding to the closing of the next preceding quarter, in any of the following events:

1. The acquisition or disposal of assets with a value equal to or higher than five percent of the consolidated assets of the Financial Group.

2. The granting of guarantees or the assumption of liabilities by an aggregate amount equal to or higher than five percent of the consolidated assets of the Financial Group.

Investments in debt securities or in banking instruments are accepted from the foregoing, as long as they are made pursuant to the policies approved by the board of directors itself to such effect.

d) The appointment and, as the case may be, removal of the CEO of the Company and his integral compensation, as well as the designation and integral compensation policies of the other Relevant Senior Officers.

e) The policies for the granting of loans or any type of credits or guarantees to Related Parties.

f) The releases for a director, Relevant Senior Officer or person with a Power of Command to take advantage of business opportunities for himself or in favor of third parties corresponding to the Company, Financial Entities or, as the case may be, Subholding Companies. The releases for transactions which amount is less than that mentioned in subparagraph c) of this section may be delegated to any of the committees of the Company in charge of audit or corporate practices functions referred to in the Law to Regulate Financial Groups.

g) The guidelines concerning internal control and internal audit of the Company and of Financial Entities or, as the case may be, Subholding Companies.

h) The accounting policies of the Company in compliance with the provisions of the Law to Regulate Financial Groups.

i) The financial statements of the Company.

j) The contracting of the legal entity that provides external audit services and, as the case may be, services additional or supplementary to external audit services.

Whenever the determinations of the board of directors are not in line with the opinions provided by the relevant committee, such committee must instruct the CEO to disclose such circumstance to public investors through the securities exchange where the shares of the Company or credit instruments representing them are listed, in compliance with the terms and conditions established by such exchange in its internal regulations, to the general shareholders meeting held after such act, as well as the CNBV, within 10 business days following the corresponding determination.

These authorizations do not release from the compliance with the obligations vis-à-vis related parties established in special laws of each of the financial entities members of the Financial Group.

IV. Submit to the General Shareholders' Meeting held by virtue of the closing of the fiscal year:

a) The reports referred to in Article 58 of the Law to Regulate Financial Groups.

b) The report prepared by the CEO pursuant to Article 59, section X, of the Law to Regulate Financial Groups, accompanied by the opinion of the external auditor.

c) The opinion of the Board of Directors on the contents of the report of the CEO referred to in subparagraph b) above.

d) The report referred to in Article 172, subparagraph B) of the General Law of Business Corporations contains the main accounting and information policies and criteria followed in the preparation of financial information.

e) The report on the operations and activities in which it shall have participated pursuant to the provisions of the Securities Market Law and the Law to Regulate Financial Groups.

V. Monitor the main risks to which the Company and Financial Entities members of the Financial Group and, as the case may be, Subholding Companies, are exposed, identified based on the information provided by the committees, the CEO and the legal entity that provides external audit services, as well as accounting, internal control and internal audit, registration, file or information systems, of the former and the latter, which may be done through the audit committee.

VI. Approve information and communication policies with the shareholders and the market, and with the Board Members and Relevant Senior Officers, in order to comply with the provisions of the Law to Regulate Financial Groups.

VII. Determine the corresponding actions in order to remedy the known irregularities and implement the corresponding corrective measures.

VIII. Establish the terms and conditions to which the CEO shall be subject in the exercise of his authorities for acts of ownership.

IX. Direct the CEO to publicly disclose the relevant events known to him. The foregoing, without prejudice of the obligation of the CEO referred to in Article 44, section V, of the Securities Market Law.

X. Represent the Company before all kinds of individuals and legal entities and before administrative, judicial or other authorities, whether municipal, state or federal, and before local or federal labor authorities, before the different Ministries of the State, the Tax Court of the Federation, the Mexican Social Security Institute, regional offices and other agencies of such Institute and before arbiters or arbitrators, with a general power-of-attorney for lawsuits and collections; therefore, the fullest general authorities referred to in Article 2554 of the Civil Code for the Federal District are deemed to be granted, and with the special authorities that require an express reference according to sections I, II, III, IV, V, VI, VII and VIII of Article 2587 of such civil code; therefore, without limitation, it may:

a) Settle and submit to arbitrators;
b) File and withdraw from all kinds of lawsuits and remedies;
c) File “amparo” proceedings and withdraw therefrom;
d) File and ratify criminal claims and complaints and meet the requirements of the latter and withdraw therefrom;
e) Become an assistant to the Federal or Local Public Prosecutor;
f) Grant pardon in criminal proceedings;
g) File or answer interrogatories in all kinds of lawsuits, including labor lawsuits, provided, however, that the authority to answer them may only be exercised through the individuals designated to such effect by the Board of Directors, upon the terms of section X of this Article; therefore, any other officers or attorneys-in-fact of the Company are absolutely excluded from the enjoyment thereof; and
h) Obtain allocations of assets, assign assets, file auction positions, challenge, and receive payments.

XI. Appear before all kinds of labor authorities, whether administrative or jurisdictional, local or federal; act within the corresponding procedural or non-procedural proceedings from the stage of conciliation to the stage of labor execution; and execute all kinds of agreements, upon the terms of Articles 11, 787 and 876 of the Federal Labor Law;

XII. Manage the business and corporate assets with the fullest general power-of-attorney of administration, upon the terms of Article 2554 of the Federal Civil Code;

XIII. Issue, subscribe, grant, accept or endorse credit instruments upon the terms of Article 9 of the General Law of Credit Instruments and Operations;

XIV. Open and cancel banking accounts in the name of the Company, and to make deposits and draw against them and designate persons to draw against them;

XV. Exercise acts of disposal and ownership with respect to the assets of the Company or their real or personal rights, upon the terms of paragraph three of Article 2554 of such Civil Code, with the special authorities provided by sections I, II and V of Article 2554 thereof;

XVI. Grant general or special powers-of-attorney, reserving at all times the exercise thereof, and to revoke

the powers-of-attorney it may grant;

XVII. Establish rules on the structure, organization, makeup, functions and authorities of the Executive Commission of the Board of Directors, the Regional Boards, the Internal Committees and labor commissions that may be deemed necessary; designate their members and establish their compensations;

XVIII. Prepare its internal labor regulations;

XIX. Grant the powers-of-attorney it may deem appropriate to the officers of the Company or any other individuals, and revoke those which are granted and, pursuant to the provisions of the applicable laws, delegate their authorities to the CEO or any of them to one or several of the Board Members or the Attorneys-in-Fact designated to such effect, to be exercised in the business and upon the terms and conditions stated by the Board of Directors;

XX. Delegate, in favor of the individuals it may deem appropriate, the legal representation of the Company, grant them the use of the corporate signature and grant them a general power-of-attorney for lawsuits and collections, with the fullest general authorities referred to in the first paragraph of Article 2554 of the Federal Civil Code and the special authorities that require an express reference pursuant to sections III, IV, VI, VII and VIII of Article 2587 thereof, so that, without limitation, they may:

a) Appear as legal representatives of the Company in any administrative, labor, judicial or other proceedings or processes and, in such capacity, take all kinds of actions and, specifically, file or answer interrogatories in the name of the Company, appear, in the conciliatory term, before boards of conciliation and arbitration; participate in the respective formalities; and execute all kinds of agreements with employees;

b) Carry out all the legal acts referred to in section I of this Article;

c) Substitute the powers and authorities in question, without affecting their own, and grant and revoke powers-of-attorney;

XXI. Resolve on the acquisition, lien or transfer of shares owned by the Company, issued by other companies.

XXII. In general, it shall have all the authorities necessary to perform the management entrusted to it and, consequently, may perform all operations and legal and material acts which are directly or indirectly related to the corporate purpose defined in Article Three of these Corporate Bylaws and the supplementary activities listed in Article Four thereof, without limitation. The references made in this Article to the Articles of the Federal Civil Code are deemed to be made to the correlative Articles of the Civil Codes for the states and the Civil Code for the Federal District, according to the territory where the power-of-attorney is exercised, and all the others set forth in the Securities Market Law and the Law to Regulate Financial Groups.

The Board of Directors shall oversee the performance of the resolutions of Shareholders Meetings, which must be done through the committee that exercises the auditing authorities referred to in the Securities Market Law.

Shareholders 2024

There is no direct individual shareholding of the Board Members and principal officers in the Company, with a position of more than 1%, according to the lists of shareholders prepared by virtue of the Ordinary General Shareholders' Meeting held on December 9th, 2024.

The names of the 10 main shareholders of GFNorte, according to the list of shareholders prepared by virtue of the aforementioned Meetings are:

BANCO INVEX S A FIDEICOMISO 1204
SSB OM01 CLIENT OMNIBUS A
BNYM AS AGT/CLTS
CBNY-GIC PTE LTD
STATE STREET BANK CLIENT OMNIB OU80
JPMCBNA RE CLIENT ASSETS OMNI LD
JPMCB NA CLIENT ASSETS NON TREATY
THE BANK OF NEW YORK MELLON DR
ISHARES NAFTRAC ACTIVOS
JPM VANGUARD BBH LENDING ACCOUNT

The following Support Committees for the Board of Directors and the CEO are updated as of December 31st, 2024:

Support committees for GFNorte's Board of Directors

The established support Committees for the Board of Directors of GFNorte are the:

1. Risk Policies Committee (CPR)
2. Audit and Corporate Practices Committee (CAPS)
3. Human Resources Committee
4. Designation Committee

The Board of Directors have the faculty to designate the members of the referred Committees.

Committees are made up of GFNorte's Board Members (mainly Independent) and, among some of them, officers of the institution. The Board is responsible for authorizing Committees' bylaws and evaluating management.

The Chairman of the Audit and Corporate Practices Committee is designated by GFNorte's General Shareholders' Meeting.

RISK POLICIES COMMITTEE (CPR)

Objective:

To manage the risks that the Institution is exposed to and oversee that its operations are adjusted to meet (the Desired Risk Profile, to the Framework) objectives, policies and procedures for Comprehensive Risk Management, as well as to the global limitations of risk exposure approved by the Board.

Functions:

1. To propose for approval by the Board of Directors:
    A. Objectives, guidelines and policies for comprehensive risk management, as well as the amendments made to them.
    B. The overall limits of risk exposure and, if the case, specific risk exposure limits considering Consolidated Risk, broken down by business unit or risk factor, cause or origin of them, taking into account, as appropriate, the provisions of Articles 79 to 86 Bis 2 of the General Provisions applicable to credit institutions as well as, where appropriate, risk tolerance levels.
    C. Mechanisms for the implementation of corrective measures.
    D. Special cases or circumstances in which specific or global limitations could be exceeded.
    E. At least once a year, the assessment of Sufficiency of Capital includes the estimation of capital and, where appropriate, the capitalization plan.
    F. A contingency Plan and its amendments.

2. To approve:
    A. Specific risk exposure limits and levels of risk tolerance when the Board delegates any powers for this purpose, as well as the liquidity risk indicators referred to in Article 81, Section VIII of the General provisions applicable to credit institutions.
    B. Methodology and procedures to identify, measure, monitor, limit, control, inform and disclose the different types of risk which the institution is exposed to, as well as their modifications.
    C. Models, parameters, scenarios, assumptions, including those relating to stress tests referred to in Annex 12-B of the General Provisions applicable to credit institutions, which are used to perform the assessment of Capital Sufficiency and that will be used to carry out the valuation, measurement and control of risks proposed by the unit for the comprehensive risk management which must be commensurate with the technology of the institution.
    D. Methodologies for the identification, valuation, measurement and control of the risks of new operations, products and services that the institution intends to offer to the market.
    E. Corrective plans proposed by the CEO under the terms established in Article 69 of the of the General Provisions applicable to credit institutions.
    F. The evaluation of aspects of comprehensive risk management referred to in Article 77 of the General Provisions Applicable to Credit Institutions, for submission to the Board and to the CNBV.
    G. The manuals for Comprehensive Risk Management, in accordance with the objectives, guidelines and policies established by the Board, as referred to in the last paragraph of Article 78 of the General Provisions Applicable to Credit Institutions.
    H. The report referred to in Article 77 of the General Provisions Applicable to Credit Institutions.
    I. The effectiveness level of the mechanisms for validating security features of the identifications presented by possible clients, as well as the technology referred to in Articles 51 Bis 6 and 51 Bis 8 of the General Provisions applicable to Credit Institutions to carry out biometric recognition referred to in said articles.

3. The Designation or Removal of the Head of the Unit for Comprehensive Risk Management. The respective Designation or Removal must be ratified by the Board of the Institution.

4. Inform at least quarterly to the Board of Directors about the Risk Profile and compliance with the capital estimate contained in the Institution's Capital Adequacy Assessment, as well as the negative effects that could occur on the operation of the Institution. Also, inform the Board in the next meeting, or in an extraordinary meeting, if necessary, about the non-compliance with the Desired Risk Profile, the Risk Exposure Limits and the Risk Tolerance Levels established, as well as, where appropriate, the

capitalization plan referred to in Article 2 Bis 117c of the General Provisions applicable to Credit Institutions.

5. Inform the Board about implemented corrective actions, including those on the Capital Projections Plan and, where applicable, in accordance with the provisions of Article 69 of the General Provisions applicable to Credit Institutions.

6. Ensure at all times that the personnel involved in risk-taking is aware of the Desired Risk Profile, the Risk Exposure Limits, Risk Tolerance Levels, as well as the Capital Projections Plan amd, where applicable, the capitalization plan.

7. Inform the Board, at least once a year, the results of the effective tests of the Business Continuity Plan.

8. Approve the methodologies for estimating the quantitative and qualitative impacts of Operational Contingencies referred to in section XI of Article 74 of the General Provisiones applicable to Credit Institutions.

9. The Risk Policy Committee, with prior approval from the Board of Directors, may, in accordance with the objectives, guidelines and policies for comprehensive risk management, adjust or authorize in an exceptional manner, exceeding specific risk exposure limits when the conditions and environment of the institution require so much. In the same terms, the Committee may request the governing body to establish or authorize, as an exception, exceeding the overall limits of risk exposure.

10. The approval of new Committees or change in the faculties, integration and functions of the existing ones relies on the CPR, except in case of a member change with the same functions and level, which may be authorized by the same Committee. Prior to the submission of proposals to the Risk Policy committee, they must be sent to the Executive Directorate of Regulatory Comptrollership and the Executive Directorate of Risk Information and Analysis, specifically to the Risk Policy directorate to begin their formalization.

11. To present to the Board of Directors the follow-up reports on issues related to Cyber Security Information that the Information Security Area has presented to the Risk Policy Committee.

Review at least once a year:

A. Mechanisms for the implementation of corrective measures.
B. Specific risk exposure limits and tolerance levels when the Board delegates powers for this purpose, as well as the liquidity risk indicators referred to in Article 81, Section VIII of the General Provisions Applicable to Credit Institutions.
C. Methodologies and procedures to identify, measure, monitor, limit, control, inform and reveal the various types of risk to which the institution is exposed, as well as their possible modifications.
D. Models, parameters, scenarios, assumptions, including those relating to stress tests referred to in Annex 12-B of the General Provisions applicable to credit institutions, used to assess capital adequacy and to carry out the valuation, measurement and control of risks proposed by the unit for comprehensive risk management which must be commensurate with the technology of the institution.

Frequency of the sessions: sessions must convene each month. All sessions and agreements must be recorded in the minutes and signed by each and every one of the attendees.

Structure: According to Article 70 of the General Provisions Applicable to Credit Institutions, the CPR should be comprised of at least two proprietary members of the Board of Directors (one of whom will preside); the CEO and the Responsible for the Comprehensive Risk Management Unit. Additionally, the Internal Auditor and invited people may participate with voice but without voting.

In addition to what's required by the applicable regulation, the Board Members comprising the CPR should be independent members. Each member has the right for vote, and resolutions must be approved by a majority vote of the attending members.

MEMBERS	
Carlos de la Isla Corry	Proprietary Member (Chairman)
Thomas Stanley Heather Rodríguez	Proprietary Independent Member
Clemente Ismael Reyes Retana Valdés	Proprietary Independent Member
Diego Martínez Rueda-Chapital	Proprietary Independent Member
José Marcos Ramírez Miguel	CEO - GFNorte
Gerardo Salazar Viezca	MD Risk and Credit Management/ UAIR/ Secretary

Quorum: Two Proprietary Board Members, CEO of the corresponding entity and the Committee's Secretary.

Decisions will be adopted by the unanimous vote of those present.

AUDIT AND CORPORATE PRACTICES COMMITTEE (CAPS)

Objective: The purpose of the Committee is to support the Board of Directors in monitoring the management, performance and execution of GFNorte's businesses and of the financial entities comprising the Financial Group, considering the relevance that these have in the financial, administrative, operational, and legal situation of GFNorte.

The scope of the committee's competence includes Grupo Financiero Banorte, S.A.B. de C.V., and its relevant entities: Banco Mercantil del Norte, S.A., Casa de Bolsa Banorte, S.A. de C.V., Sociedades Financieras de Objeto Múltiple (Arrendadora y Factor Banorte, S.A. de C.V.) and Organizacipnes Auxiliares del Crédito (Almacenadora Banorte, S.A de C.V.), Seguros Banorte, S.A. de C.V., Pensiones Banorte, S.A. de C.V. and Banorte Ahorro y Previsión, S.A. de C.V.

Faculties:

The Committee, as the support government body to the Board of Directors, will have the faculty to comply with duties and perform the functions defined in the following operating rules:

1. Request the opinion of independent experts in such cases where it is judged to be convenient for the appropriate performance of their functions.
2. Have full availability of book, registers, facilities and the support of the employees' entities under its responsibility.
3. Require relevant officers and other employees of GFNorte and the financial entities comprising it, regarding

the elaboration of financial and of any other type of information that it considers necessary for the execution of their duties.

4. Do research on the possible non-fulfillment of those with knowledge regarding operational policies and guidelines, the Internal Control System, internal audit and accounting registration system, either of GFNorte or the financial entities, through an examination of documentation, registrations and other proof or evidence, to the extent necessary to fulfill this supervision.
5. Receive observations expressed by shareholders, Board Members, relevant officers, employees and, by any third party in general, regarding matters referred to in the previous paragraph, as well as carrying out actions that are reasonable in their opinion in connection with such observations.
6. Request periodic meetings with the relevant officers, as well as the delivery of any type of information related to the internal control and internal audit of the Group or the financial entities that comprise it.
7. Meet with the Board of Director, relevant GFNorte's officers, internal comptroller, Internal and external auditor, authorities and investors.
8. Convene Shareholder's' Meetings and ensure that the topics the deem pertinent are included in the agenda of such meetings.

The Committee, in the development of its activities, shall establish the necessary procedures for the general performance of its duties. In any case, Committee members shall take as a basis for their activities, information prepared by the External Auditors, the Internal Comptroller, Internal Auditors, the person responsible for monitoring compliance with Sales and External Practices, the Information Security Officer, as well as the Management.

Structure: Comprised exclusively by independent Board Members, with at least three and no more than five board members, all designated by GFNorte's Board of Directors, and proposed by its Chairman.

Each member of the Committee has the right for one vote and resolutions must be approved by a majority vote of the attending members; in the event of a tie, the Chairman of this Committee shall have the deciding vote. In the event that a member or the secretary of this committee has a conflict of interest with any specific matter, should abstain from participating in the voting process, not affecting the required quorum for the Committee.

MEMBERS		
Thomas Stanley Heather Rodríguez	Proprietary Independent Member	Chairman*
Alicia Alejandra Lebrija Hirschfeld	Proprietary Independent Member	Member
Clemente Ismael Reyes Retana Valdés	Proprietary Independent Member	Member
Diego Martínez-Rueda Chapital	Alternate Independent Member	Member
Anwar Loera Mendoza	Secretary	Not Member

Quorum: Sessions of the CAPS are valid with a majority participation of its members, provided that the Chairman is present or whoever has been designated as his alternate.

Internal Control System

A. Monitor the establishment of mechanisms and internal controls that enable verification of the acts by GFNorte and its financial entities adhere to applicable regulations, as well as implement methodologies that make it possible to check compliance with the foregoing.

B. Report the situation of the Internal Control System to the Board of Directors of GFNorte and the financial institutions it is accountable for or legal entities in which it exercises control, including irregularities detected, if the case.

Accounting and Financial Information

A. Discuss and revise GFNorte's financial statements with the people responsible for its preparation, and based on that, to recommend or not the Board's approval.
B. Review significant accounting and reporting issues, including complex or unusual transactions as well as professional declarations and recent regulations, and understand their impact on the financial statements.
C. Review the verdict of the annual financial statements with Management and with the Internal and External Auditors, prior to submission to regulatory authorities.
D. Select and approve the hiring of an independent expert who will perform impairment testing of goodwill.
E. Review the results of the goodwill impairment test.

Internal Comptrollership

A. Follow-up on the Internal Comptroller's activities, keeping the Board informed of its performance.
B. Review the management report prepared by the Internal Comptroller must deliver quarterly to the Board, the Internal Auditor and the General Manager, and where appropriate, the person responsible for Sales Practices.
C. Review the reports presented by the Internal Comptroller on the results of the inspection visits which were carried out by supervising agencies.
D. Determine corrective and preventive measures when it becomes aware that the Internal Comptroller does not have access to all the information necessary for the performance of its duties.
E. Receive reports of those cases in which the Internal Comptroller detects any deficiency or deviation that in the exercise of its functions considers significant and relevant, including the activities in which it detects a potential conflict of interest.

Internal Audit

A. Follow up on the Internal Auditor's activities, keeping the Board informed of its performance.
B. Monitor the independence of the Internal Audit area about the other business and administrative units. Any lack of independence must be reported to the Board.
C. Inform the Board of Internal Audit's situation in GFNorte, its financial or legal entities or corporations in which it exercises control, including any detected irregularities, if the case.
D. Approve the Internal Audit's Bylaws and Manual, and the methodologies used for the development of its activities, as well as their updates.
E. With the prior opinion of the CEO, to approve the annual work program of the Internal Audit area.
Where appropriate, modifications to the annual program must be submitted for approval by the Committee at the next session when required.
F. Review, based on reports from the Internal Audit area and the External Auditor, at least once a year or when required by the CNBV, that the Internal Audit program is carried out in accordance with appropriate quality standards in accounting matters and internal controls, and that the activities of the Internal Audit area are carried out effectively.
G. Review the report prepared by the head of Internal Audit functions on the results of its management, at least every six months or as frequently as the Committee requires. The foregoing, notwithstanding that the head of Internal audit functions learns of, immediately, the detection of any deficiency or deviation identified in the

exercise of their functions and that according to the Internal Control System is considered significant or relevant.

H. Approve the hiring of service providers for the external evaluation of the quality of Internal Audit's performance.

I. Review the results of internal and external quality assessments carried out for Internal Audit's functions and where appropriate, to follow up on the implementation of certain recommendations.

J. Review, at least annually, the organization's structure, capabilities and the adequacy of resources allocated to the Internal Audit area for the performance of its functions and, where appropriate, approve actions required in order to ensure the greatest effectiveness in the fulfillment of its objectives and goals.

K. Meet regularly with the Internal Auditor, without the presence of management for comments and observations on the progress of its work.

L. Determine corrective and preventive measures when it becomes aware that the Internal Auditor does not have access to all the information necessary for the performance of its duties.

External Audit

Designation or annual ratification of the External Auditor

A. Monitor and document that, prior to the designation or annual ratification of the contracting of the Firm that will provide said services, they adhere to the provisions of the provisions.

B. Validate the knowledge and professional experience of the Independent External Auditor, the Manager and Audit Officer who will participate in the external audit, as well as compliance with the requirements established in the provisions by the Firm, Independent External Auditor and participating personnel in the external audit, and must have a documented, transparent and impartial process that allows it to assess compliance with these requirements. In cases in which it is intended to propose the appointment of another Office, you must previously evaluate at least two options and duly justify the preference for one of them, so that there is a possibility of choosing considering compliance with the aforementioned requirements.

Contracting with the Firm

A. Validate, prior to the appointment of the Firm, that both it and the Independent External Auditor comply with the personal, professional and independence requirements established in the provisions for the provision of the external audit service and, where appropriate, the services other than the external audit of Basic Financial Statements.

B. Obtain from the Office, the statement on compliance with the quality control norm corresponding to the audited exercise, presented before the professional association recognized by the Ministry of Public Education to which said Office belongs or, when the college in question such manifestation does not require, the one issued by the Firm itself regarding the fulfillment of the obligation referred to in the provisions.

C. Opinions, prior to the appointment of the Firm, regarding whether the resources proposed to execute the external audit program are reasonable considering the scope of the audit, the nature and complexity of the Entity's operations and its structure.

D. Review the terms of the audit engagement prior to signing the service provision contract.

External Auditing activities follow up

A. Contribute to the internal audit area or the internal auditor facilitating the development of external audit activities.

B. Encourage GFNorte to have policies that allow it to have personnel in charge of preparing, reviewing and authorizing accounting, as well as the Basic Financial Statements and their notes, subject to external audit, and with the knowledge of accounting regulations that are applicable to the aforementioned entity.

In relation to the external audit:

1. Know, at the beginning of the external audit work, the focus of the review, taking into account the level of materiality, the scope of the scheduled audit, the hours assigned to each work, its corresponding cost and the significant issues identified.
2. Ensure that, during the development of the external audit, the Independent External Auditor has all the necessary documentation and in a timely manner to carry out its functions and must have access to the documentation related to the work of third parties hired by GFNorte, if such documentation is necessary for carrying out the external audit.
3. Maintain effective communication with the Independent External Auditor that allows the latter to be informed of any matter that, where appropriate, has an impact on regulatory capital, as well as matters relevant to the conduct of the external audit.The Firm and the Independent External Auditor when in the course of the audit they find irregularities or any other situation that, based on their professional judgment, could jeopardize the stability, liquidity or solvency of the Entity, or have been committed to the detriment Regardless of whether or not it has effects on financial information, they must submit a detailed report on the situation observed to the Committee. During the course of the external audit, you should be aware of the point of view of the Independent External Auditor regarding the important matters identified by the latter and how they impact the approach of the external audit.

   Inform the Commission, when it becomes aware, of the breaches or risks that affect the independence of the Firm and the Independent External Auditor, through a detailed report.
4. As soon as it becomes aware of these events, the Independent External Auditor shall report to the Committee on threats to independence that arise in the development of the external audit of Basic Financial Statements, as well as the safeguards applied. Convene the Independent External Auditor, as a guest with the right to speak but without vote, to the Committee sessions, when it is deemed appropriate due to the topics to be discussed.
5. Review with the Independent External Auditor, prior to the issuance of the External Audit Report, the statement letter issued by the Director General prepared in accordance with International Standard on Auditing 580 "Written manifestations", with special emphasis on matters in which the Independent External Auditor required specific statements on some item of the Basic Financial Statements.
6. Evaluate, prior to the conclusion of the external audit work, the adherence of the Independent External Auditor to the initial audit program, and in case there are changes, evaluate its reasonableness.

C. Monitor that the necessary corrective measures are implemented to timely address the findings and recommendations of the Independent External Auditor.

D. Follow up on the issuance of the communications and opinions indicated in the provisions, keeping the Board informed regarding the performance of said activities, and the Independent External Auditor must report at the request of the Committee on its activities and the development of the audit. The Independent External Auditor will be obliged to provide the Committee with a statement, prior to the issuance of the External Audit Report, which must include the minimum aspects established in the provisions.

E. Monitor that the Office, in the external audits of Basic Financial Statements, as well as in the issuance of its communications and opinions, maintains a quality control system, which must be available to the Committee during the execution of the audit.

F. Periodically meet with the External Auditor, without the presence of the Administration, to hear their comments and observations on the progress of their work.

Performance Evaluation of the Independent External Audit Firm and Auditor.

A. It will be responsible for establishing operating policies within GFNorte for the periodic evaluation of the Independent External Auditor that provides External audit services regarding the Basic Financial Statements, and the issuance of statements and opinions mentioned in the guidelines.
B. Evaluate, at the end of its auditing responsibility, the performance of the Independent External Audit firm, as well as the quality of the External Audit Report, and if applicable, the quality of statements and reports mentioned in the guidelines derived from its external audit service.
C. Review, together with the Independent External Auditor, the results of any statements and opinions mentioned in the previous bullet point, in order to understand the rationale behind its conclusions.
D. The Committee may request the Independent External Auditor firm and/or the auditor, any documents that evidence compliance with the obligations and requirements set form in the guidelines regarding the audit service hired, without affecting the fact that the Committee shall meet with the Auditor at least once per year.
E. The Audit Committee must evaluate the potential substitution of the Audit Firm or the Independent External Auditor when they stop complying with the requirements for the fulfillment of their responsibilities.
F. The Committee, in order to meet the proper development of its obligations pursuant to the guidelines, may seek support from people belonging to areas that are independent from the Management Team or its equivalent. The activities performed by the Committee pursuant to the guidelines, and the results obtained from them must be properly documented.

Conflict of Interest Prevention System

A. Implement the Conflict-of-Interest prevention system, and will at all times ensure that its operation is in accordance with the strategies an purposes of GFNorte's financial institutions, taking the necessary preventive and corrective measures to correct any deficiency detected within a reasonable time, taking into account the characteristics of the aforementioned measures.

Agreements between the Shareholders' Assembly and the Board of Directors

A. Monitor that the CEO fulfills the agreements made between the Shareholders' Meetings and the Board of Directors of GFNorte, according to the instructions which, if the case, are dictated by the Meeting or the Board.

Authorizations from the Board of Directors and Shareholder Rights

A. Monitor that the Board approve the topics that correspond to it and respect the shareholders' rights in accordance that established in the LRAF, as well as policies derived from them too.

The other regulations established by the LRAF or in GFNorte's Bylaws, in accordance with the functions assigned by the LRAF.

Cybersecurity

A. Review quarterly with the Information Security Officer the information security indicators established in the Provisions.
B. Review the Information Security Management Report with the Information Security Officer every six months.
C. Review the reports of incidents in the Electronic Banking services that must be submitted to the Audit and Risk Committees in the session immediately following the verification of the event in question, to adopt measures to prevent or prevent them from occurring again.
D. Review the reports that must be submitted to the Audit and Risk Committees each time they meet with the result of correlating the information from customer complaints with fraud events.
E. To review the Executive Report to be presented to the Board of Directors on Information Security Indicators.

F. Review the report on Information Security incidents that meet the requirements established in the Provisions, in the session immediately following the verification of the event in question.
G. Review of the Executive Report to be presented to the Council on Cybersecurity.

COMMUNICATION

Provide opinions for approval by the Board of Directors

Give the Board an opinion to approve of the following issues:

Corporate Practices:

A. Policies and guidelines for the use of assets that make up GFNorte's patrimony, as well as financial institutions and other legal entities that exercise control, through related people.
B. Acts, each individually, with Related People, proposed to celebrate with GFNorte.
C. Policies for the granting of joint loans, loans or any type of credit or guarantee to Related People.
D. Acts that are executed, either simultaneously or successively, which by their nature may be considered as one and that are intended to be carried out by GFNorte or financial institutions comprising it, in the span of one fiscal year, when they are unusual or non-recurring, or when their amount fits into any of the cases referred to by the LRAF.
E. The appointment and, if the case, dismissal of GFNorte's CEO and this comprehensive remuneration, as well as policies for the designation and comprehensive remuneration of other relevant managers.
F. Any waivers so that a Board member, relevant officer or person with authority may take advantage of business opportunities for, or on behalf of third parties, corresponding to GFNorte or the financial entities that comprise it.

Audit:

A. Guidelines in the areas of Internal Control and Internal Audit for GFNorte and the financial institutions under their responsibility.
B. GFNorte's accounting policies, adjusted to the LRAF.
C. GFNorte's financial statements.
D. Regarding external audit:

1. Designation or, as the case may be, annual ratification of the Firm in charge of the external audit.
2. Substitution of the Firm or Independent External Auditor, in charge of the audit.
3. Contracting services other than external audit for Basic Financial Statements.
4. Remuneration amount for both the external audit service and the different services of the external audit of the Basic Financial Statements.
   When the Board's determinations are not in accordance with the opinions of the Committee, the Chief Executive Officer shall be instructed to disclose such circumstance to the Shareholders' Meeting held after such act, as well as to de CNBV, within ten business days following the corresponding determination.

Report to the Board of Directors:

A. The Chairman of the Committee should draw up an annual report on the activities that correspond to such organs and submit it to the Board of Directors. Such report, at least, will contemplate the following aspects:

Corporate practices' matters:

a. Observations regarding the performance of relevant managers.
b. Acts with Related People, during the period reported, detailing the more significant characteristics.
c. Emolument or comprehensive remuneration packages for the CEO and relevant executives.
d. Any exemptions granted by the Board so that a Board Member, relevant Director or person with authority, can take advantage of business opportunities for himself or on behalf of third parties, that correspond to GFNorte or to financial institutions under its responsibility.
e. Observations made by commissioned supervisors of the financial institutions of the financial group, or the CNBV for GFNorte, as a result of supervision of the same.

Audit matters:

a. The state of the Internal Control and Internal Audit systems of GFNorte, of financial institutions or companies in which it exercises control and, where appropriate, the description of its deficiencies and deviations, as well as aspects requiring improvement, taking into account the opinions, reports, press releases and the opinion of the External Auditor as well as reports issued by independent experts who rendered services during the period the report covers.
b. The mention and follow-up of implemented preventive and corrective measures based on the results of investigations related to non-compliance with guidelines and operational policies and accounting records, of either GFNorte or financial entities that it is responsible for.

c. Regarding External Audit:
    1. The evaluation of services other than external auditing of Basic or Complementary Financial Statements that, if applicable, is provided by the Office in charge of performing the external audit.
    2. The result of the evaluation regarding compliance, by the Office and the Independent External Auditor, with the independence requirements established in the provisions.
    3. The results of the review of the External Audit Report and the Basic Financial Statements that accompany it, as well as the communications and opinions of the Independent External Auditor indicated in the provisions.
    4. The mention and follow-up of the implementation of preventive and corrective measures derived from the observations of the external audit, in accordance with the plan of action to which the provisions refer.
    5. The results of the evaluation of the performance of the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, of other communications and opinions, prepared in compliance with the provisions of the provisions. Likewise, the measures taken to guarantee the independence of the Office and the Independent External Auditor, as well as the personnel who participated in the audit, should be considered. The measures adopted on the occasion of complaints made by

shareholders, directors, relevant managers, employees and, in general, of any third party on matters related to external audit.

6. Report on the progress in the External Auditor's review of the financial statements, as well as the result of the review of the opinion of the annual financial statements.

d. The main results of revisions to financial statements of GFNorte and the financial institutions under their responsibility.
e. The description and effects of modifications to approved accounting policies during the period that the report covers.
f. Measures adopted for relevant observations made by shareholders, Board Members, relevant managers, employees and, in general, any third party, with respect to accounting, internal controls and issues related to internal or external auditors, issues arising from allegations based on facts considered to be irregular in the administration.
g. The follow-up on agreements of the Shareholders' Meeting and the Board of Directors' meetings.

B. Prepare an opinion of the CEO's report on the business' progress and submit it for consideration to the Board of Directors for subsequent submission to the Shareholders' Meeting, relying on, among other things, the External Auditor's opinion.
C. Support the Board of Directors in the preparation of the report on major accounting policies and criteria and information following the preparation of financial information.
D. Support the Board of Directors in the preparation of the report on intervened operations and activities in accordance with the LRAF. To prepare the report, as well as opinions, the Committee should hear from relevant officers; in the case of any difference of opinion with the latter, such differences should be incorporated into the aforementioned reports and opinions.
E. Inform the Board of important irregularities detected in the exercise of functions and, where appropriate, the corrective actions taken or proposals for action to be implemented.

OTHER AUDIT COMMITTEES

Audit Committee for Banco Mercantil del Norte, S.A. (Banorte)

Objective:

This committee is a government body constituted by Board of Directors to support it in the definition and update of the Internal Control System's (ICS) objectives and the guidelines for their implementation, as well as in its evaluation.

The Committee will also supervise that financial information and accounting are prepared in accordance with the guidelines, dispositions and applicable accounting principles, and will follow on the external and internal audit activities and internal comptrollership, informing the Board regarding the development of the aforementioned.

The scope of the Committee's competence includes the Bank, the Multiple Purpose Financial Companies (Arrendadora y Factor Banorte, S.A. de C.V. SOFOM, E.R.) and Auxiliary Credit Organizations (Almacenadora Banorte, S.A. de C.V. Organización Auxiliar del Crédito).

Faculties:

The Committee, as the support government body to the Board of Directors, will have the faculty to comply with duties and perform the functions defined in the following operating rules:

A. Request the opinion of independent experts in such cases where it is judged to be convenient for the appropriate performance of their functions.
B. Have full availability of book, registers, facilities and the support of the employees' Entities under its responsibility.
C. Require involved officers of the financial Entities under its responsibility, regarding the elaboration of financial and of any other type of information that it considers necessary for the execution of their duties.
D. Meet with the Board of Director, relevant GFNorte's officers, internal comptroller, Internal and external auditor, authorities and investors.
E. Convene shareholders' meetings and ensure that the items they deem pertinent are included in the agenda of such meetings.

The Committee, in the development of its activities, shall establish the necessary procedures for the general performance of its duties. In any case, Committee members shall take as a basis for their activities, information prepared by the Internal Comptroller, Internal Auditor, the person responsible for monitoring compliance Sales Practices and the Information Security Officer, as well as the Chief Executive Officer.

Integration:

A. The Committee is comprised of at least three and not more than five members of the Board of Directors, that may be proprietary or alternate, of which at least one should be independent.

MEMBERS		
Thomas Stanley Heather Rodríguez	Independent Regular Director	Chairman*
Alicia Alejandra Lebrija Hirschfeld	Independent Regular Director	Member
Clemente Ismael Reyes Retana Valdés	Independent Regular Director	Member
Diego Martínez Rueda-Chapital	Alternate Independent Director	Member
Anwar Loera Mendoza	Secretary	Not member

Frequency of sessions: The Audit Committee shall meet as many times as necessary, in accordance with the annual work plan and approved schedule for sessions in stablished date, place and time in the understanding that these sessions may be held electronically, through videoconference or telephone.

Quorum: Sessions of the Audit Committee are valid with the participation of a majority of their members, only if the Chairman or his Alternates intervene.

1. Internal Control System

A. Hold a permanent and updated register of the ICS objectives, guidelines for implementation as well as manuals considered relevant for the operation, which shall be elaborated by the responsible for the Internal Control functions.
B. Review and oversee with the support of the responsible for the Internal Control functions, that such relevant manuals comply with the ICS.

C. Review together with the Management the relevant manuals previously referred to, as well as the Code of Conduct, at least once a year or when significant changes in the operation occur.
D. Review along internal and external audit the implementation of the ICS, assessing its efficiency and effectiveness.
E. Review the report the CEO shall present at least annually to the Board of Directors and the Committee regarding the performance of his activities for the duly implementations of the ICS, as well as its operation.
F. Review the report that Internal Audit shall prepare regarding the follow-up on detected deficiencies or relevant deviation, so they can be timely restored.

2. Accounting and Financial Information

A. Assist the Board of Directors in the revision of the annual and intermediate financial information and in the release process, relying on the Internal and External Auditors' work.
B. Oversee that the financial and accounting information is formulated in accordance with the applicable guidelines and dispositions, as well as with applicable accounting principles.
C. Review significant accounting and reporting issues, including complex or unusual transactions, as well as professional opinions and recent regulations, and to understand their impact in the financial statements.
D. Review with Management and the Internal and External Auditors, the opinion of the annual financial statements, before their presentation to regulatory authorities.
E. Review with Management and the Internal and External Auditors, the opinion of internal accounting control, which shall be released every two years, before their presentation to regulatory authorities.
F. Select and approve the hiring of an independent expert who will perform impairment testing of goodwill.
G. Review the results of the goodwill impairment test.
H. Prepare the internal policies aiming to establish guidelines and procedures related to the management and, if the case, destruction of the books, registers documents and other information related to accounting, that have been or will be object of microfilm or recording.

3. Internal Comptroller

A. Follow-up on the Internal Comptroller's activities, keeping the Board informed of its performance.
B. Review the management report that the Internal Controller must deliver quarterly to the Board, the Internal Auditor and the General Manager, and where appropriate, the person responsible for Sales Practices.
C. Review the reports presented by the Internal Comptroller on the results of the inspection visits carried out by supervising agencies.
D. Determine corrective and preventive measures when it becomes aware that the Internal Comptroller does not have access to all the information necessary for the performance of his or her duties.
E. Receive reports of those cases in which the Internal Comptroller detects any deficiency or deviation that in the exercise of its functions is considered significant and relevant, including the activities in which it detects a potential conflict of interest.

4. Sales Practices

A. Approve the appointment of the person responsible for overseeing the compliance of applicable Provisions on advised investment services, who shall comply with the requirements and functions established in the general provisions on investment services issued by SHCP.
B. Follow up on the activities of the person to monitor compliance with Sales Practices, keeping the Board informed of the performance of such activities.

C. Determine the corrective and preventive measures when it becomes aware that the person responsible for compliance with Sales Practices does not have access to all the information necessary to perform his duties.

5. Internal Audit

A. Follow up on the Internal Auditor's activities, keeping the Board informed of its performance.
B. Monitor the independence of the Internal Audit area with regards to the other business and administrative units. Any lack of independence must be reported to the Board.
C. Approve the Bylaws and Manual of Internal Audit's function as well as the applicable methodology and policies to review the quality of internal control of main operations called Models of Risk Evaluation (MER).
D. With the prior opinion of the CEO, to approve the annual work program of the Internal Audit area.

   If the case, amendments to the refer annual program should be presented for the approval of the Committee, in the next session.

E. Review, based on reports from the Internal Audit area and the External Auditor, at least once a year or when required by the CNBV, that the Internal Audit program is carried out in accordance with appropriate quality standards in accounting matters and internal controls, and that the activities of the Internal Audit area are carried out effectively.
F. Review the report prepared by the head of Internal Audit functions on the results of its management, at least every six months or as frequently as the Committee requires. The foregoing, notwithstanding that the head of Internal audit functions learns of, immediately, the detection of any deficiency or deviation identified in the exercise of their functions and that according to the Internal Control System is considered significant or relevant.
G. Approve the hiring of service providers for the external evaluation of the quality of Internal Audit's performance.
H. Review the results of internal and external quality assessments carried out for Internal Audit's functions and where appropriate, to follow up on the implementation of certain recommendations.
I. Review, at least annually, the organization's structure, capabilities and the adequacy of resources allocated to the Internal Audit area for the performance of its functions and, where appropriate, approve actions required in order to ensure the greatest effectiveness in the fulfillment of its objectives and goals.
J. Meet regularly with the Internal Auditor, without the presence of management for comments and observations on the progress of its work.
K. Determine corrective and preventive measures when it becomes aware that the Internal Auditor does not have access to all the information necessary for the performance of its duties.

6. External Audit

Designation or annual ratification of the External Independent Auditor Firm

A. Monitor and document that, before the designation or annual ratification of the Independent Auditor firm that will provide such services, these comply with the content set forth in the corresponding guidelines.
B. Validate the knowledge and professional experience of the External Independent Auditor, as well as those of the manager in charge of the audit activity who will participate in the external audit. Moreover, monitor the proper compliance of the requirements set forth by the External Independent Auditor, and personnel who participate in the external audit. There must be a documented, transparent and unbiased process which allows for a proper evaluation of compliance with such requirements.

Hiring process for External Independent Auditor Firm

A. Validate, prior to the appointment of the Firm, that both it and the Independent External Auditor comply with the personal, professional and independence requirements established in the provisions for the provision of the external audit service and, where appropriate, the services other than the external audit of Basic Financial Statements.
B. Obtain from the Office, the statement on compliance with the quality control norm corresponding to the audited exercise, presented before the professional association recognized by the Ministry of Public Education to which said Office belongs or, when the college in question such manifestation does not require, the one issued by the Firm itself regarding the fulfillment of the obligation referred to in the provisions.
C. Opinions, prior to the appointment of the Firm, regarding whether the resources proposed to execute the external audit program are reasonable considering the scope of the audit, the nature and complexity of the Entity's operations and its structure.
D. Review the terms of the audit engagement prior to signing the service provision contract.

External Auditing activities follow up

A. Provide assistance so that either the Internal Audit Department or the Internal Auditor facilitate the development of External Auditing activities.
B. Foster that the Entitite have policies which enable it to have personnel in charge of preparation, review, and authorization of accounting and Basic Financial Statements and its notes, which are the subject of analysis by the external auditors. Such personnel must also be knowledgeable on the accounting regulation applicable tothe beforementioned Entitie.

Regarding external auditing:

1. Know, at the beginning of the external audit work, the focus of the review, taking into account the level of materiality, the scope of the scheduled audit, the hours assigned to each job, its corresponding cost and the significant issues identified.
2. Monitor that, during the development of the external audit, the Independent External Auditor has all the necessary documentation and in a timely manner to carry out its functions, and must have access to the documentation related to the work of third parties hired by GFNorte, if such documentation is necessary for the performance of the external audit.
3. Maintain effective communication with the Independent External Auditor that allows the latter to be informed of any matter that, where appropriate, has an impact on regulatory capital, as well as matters relevant to the development of the external audit.The Firm and the Independent External Auditor when in the course of the audit they find irregularities or any other situation that, based on their professional judgment, could jeopardize the stability, liquidity or solvency of the Entity, or have been committed to the detriment Regardless of whether or not it has effects on financial information, they must submit a detailed report on the situation observed to the Committee.During the course of the external audit, you should be aware of the point of view of the Independent External Auditor regarding the important issues identified by the latter and how they impact the approach of the external audit.
4. Inform the Commission, when it becomes aware, of the breaches or risks that affect the independence of the Firm and the Independent External Auditor, through a detailed report. As soon as it becomes aware of these events, the Independent External Auditor shall report to the Committee on threats to independence that arise in the development of the external audit of Basic Financial Statements, as well as the safeguards applied. Convene the Independent External Auditor, as a guest with the right to speak but not to vote, to the Committee sessions, when it is deemed appropriate due to the topics to be discussed.

5. Review with the Independent External Auditor, prior to the issuance of the External Audit Report, the statement letter issued by the Director General prepared in accordance with the International Standard on Auditing 580 "Written Manifestations" with special emphasis on matters in the that the Independent External Auditor required specific statements on some item of the Basic Financial Statements.
6. Evaluate, prior to the conclusion of the external audit work, the adherence of the Independent External Auditor to the initial audit program, and in case there are changes, evaluate its reasonableness.

C. Oversee that the necessary corrective measures are implemented to attend to the findings and recommendations of the Independent External Auditor in a timely manner.
D. D. Follow up on the issuance of the statements and opinions indicated in the provisions, keeping the Board informed regarding the performance of said activities, and the Independent External Auditor must report at the request of the Committee on its activities and development of the audit. The Independent External Auditor will be obliged to provide the Committee with communication, prior to the External Audit Report being issued, which must include the minimum aspects established in the provisions.
E. Ensure that the Firm maintains a quality control system implemented in the external audits of Basic Financial Statements, as well as in the issuance of its statements and opinions, which must be available to the Committee during the execution of the audit.
F. Meet periodically with the External Auditor, without the presence of the Administration, to hear his comments and observations on the progress of his work.

Evaluation of the Firm and the External Independent Auditor

A. He will be responsible for establishing operating policies within GFNorte for the periodic evaluation of the Firm and the Independent External Auditor who provide the external audit services of the Basic Financial Statements and for the issuance of the statements and opinions indicated in the provisions.
B. Evaluate, at the end of the external audit assignment, the performance of the Firm and the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, of the communications and opinions indicated in the provisions derived from the service external audit.
C. Review with the Independent External Auditor, the results of the statements and opinions indicated in the previous point, in order to understand their reasoning to reach their conclusions.
D. The Committee may request from the Firm and the Independent External Auditor the documentation that evidences compliance with the obligations and requirements established in accordance with the provisions, in relation to the contracted audit service, without prejudice to the fact that the Committee must meet with it. last at least once a year.
E. The Audit Committee must evaluate the possible replacement of the Firm or, where appropriate, of the Independent External Auditor when they no longer comply with the necessary requirements for the development of their work.
F. The Committee, for the development of the obligations contemplated in the provisions, may rely on people from independent areas of the General Directorate or its equivalent. The activities carried out by the Committee in accordance with the provisions and the results obtained from them must be documented.

7. Credit

A. Review the CEO's report which shall be prepared at least quarterly for the Board, the Risk Committee and the Audit committee regarding the detected deviations of the objectives guidelines, policies, procedures, strategies and current provisions on credit.
B. Review the internal audit report of credit prepare shall prepare at least once a year and which will be presented to the Board, the Risk Committee and the Audit Committee, regarding its findings.

C. Approve the annual loan review and the number of clients to be included in each entity's review.
D. Check the results report on the loan review.

8. Comprehensive Risk Management

A. Review the Internal Audit report with the results of the audit on Comprehensive Risk Management, which be carried out at least once a year or at the end of the fiscal year. This report shall be presented to the Board, the Risk Committee and the CEO and be submitted to the CNBV.
B. Select and approve the hiring of suppliers of technical assessment on Comprehensive Risk Management matters, according to internal policies for suppliers hiring.
C. Review the report of the technical assessment on Comprehensive Risk Management matters, which will be carried out at least every two fiscal years and shall be presented for approval to the Risk Committee and the Board and be submitted to the CNBV.

9. Derivatives

A. Release a document in which the Committee expresses that it complies with the requirements set forth in the rules to carry out derivative transactions issued by Banco de Mexico, as a necessary element to manage the authorization to hold proprietary derivative transactions.
B. Select and approve the hiring of an independent expert to valid valuation and risk measurement models according to internal policies for suppliers hiring.
C. Review the results of the valuation and risk measurement models approval, which shall be made at least once a year by independent experts.

10. Comission agents

A. Approve the hiring of commission agents to carry out an operative process or database management that may be executed partially or totally abroad or by foreign residents.
B. Review the performance report of commission agents to be delivered to the Board, the Audit Committee or CEO, as well as the compliance of provisions related to such service.
C. Review the results of the audits carried out every two years to verify the compliance with Chapter XI of the hiring of commission agents if the CUB, as well as what is set forth in Annexes 52 and 58 accordingly.

11. Money Laundering and Financing of Terrorism

A. Approve, by proposal of the Communication and Control Committee, the policies and procedures Manual to prevent money laundering and financing of terrorism, as well as any amendment to this document.
B. Review the results of the work of Internal Audit or independent external auditors of assessing and ruling annually the compliance of Provisions set forth in articles 115 of the LIC and 87-D and 95-Bis of the LGOAAC. This revision shall be presented to the CEO and Communication and Control Committee and be submitted to the CNBV.

12. Cybersecurity

A. Quarterly review with the Information Security Officer the indicators regarding information security established in the provisions.
B. Review every six months with the Information Security Officer the management report regarding information security.
C. Review the reports of incidents of Online Banking, which shall be presented to the Audit and Risks Committees in the immediately following session of the event involved, in order to adopt measures to prevent and avoid these incidents again.
D. Review the reports to be presented to the Audit and Risks Committee each time these meets; therefore correlating information from clients' claims with fraud events.
E. To review the Executive Report to be submitted to the Board of Directors on Information Security Indicators.
F. Review the Report on Information Security incidents that meet the requirements established in the Provisions in the session immediately following the verification of the event in question.
G. Review of the Executive Report to be presented to the Council on Cybersecurity.

13. Autocorrection program

A. Provide an opinion on the autocorrection programs to be submitted for authorization of the CNBV, CONDUSEF, or IPAB, when the institution, in the development of its activities, or the Audit Committee, as a result of its functions, select irregularities or non-compliance of what is set forth in the LIC and other applicable regulations.
B. Autocorrection programs shall be signed off by the Chairman of the Committee and be presented to the Board in the immediately following session of the request for authorization presented before CNBV, CONDUSEF or IPAB, accordingly.
C. Follow up on the implementation of the authorized autocorrection programs and inform the advance, to the Board, CEO, CNBV, CONDUSEF or IPAB, accordingly.

14. Contributions to IPAB

A. Sign the certification in which it pronounces on the validity of the information on passive operations for the calculation of the ordinary fees paid each year to the Institute for the Protection of Bank Savings.

Other duties and responsibilities are necessary for the performance of its functions.

COMMUNICATION

1. Propose for the Board of Directors approval:

A. The ICS that the institution requires for its proper functioning and updates.
B. The objectives and guidelines for the implementation of the Internal Control System (ICS), which shall refer to at least two:

1. General policies referred to organizational structure.
2. Communication and flow information channels among different units and areas.
3. General operation policies.
4. Business Continuity Plan
5. Control measures for transactions to be properly approved, processed and registered.

C. The Code of Conduct, prepared by the Management.

D. Changes to accounting policies related to the registration, rating of items in the financial statements and presentation and disclosure of information, so that it is complete, correct, precise, reliable, timely and serves in decision making prepared by the CEO according to applicable provisions. In any event, the Committee will also be able to propose changes that it considers necessary to these policies, considering the opinion of the CEO.
E. Internal Audit appointment.
F. Regarding External Audit:

    1. Designation, or where appropriate, annual ratification of the Firm in charge of the external audit.
    2. The replacement of the Firm or the Independent External Auditor in charge of the audit.
    3. The contracting of services other than the external audit of Basic Financial Statements.
    4. The amount of remuneration for both the external audit service and the non-external audit services of the Basic Financial Statements.

G. Business Continuity Plan as well as its amendments.
H. Regulation that will determine the proper functioning of this Committee, which will subsequently be send to the CNBV for its information.

All the matters to be approved by the Board contained in chapter VI of the Internal Control of the CUB, will be presented by the Committee by such effort.

2. Report to the Board of Directors

A. Evaluate on an annual basis the condition of the Internal Control System and inform the Board of Directors of the results. The report shall contain at least the following:

    1. Deficiencies, deviations or issues of the ICS that, if the case, require enhancement considering such effect, reports of the Risk Management department, as well as ARSI.
    2. The mention and follow-up of implemented preventive and corrective measures based on the comments of the CNBV and the results of the internal and external audit, as well as the assessment of the ICS carried out by the committee.
    3. Evaluation of the performance of the Internal Comptrollership and Internal Audit functions.
    4. Significant aspects of the Internal Control System could affect the performance of the Institution's activities.
    5. Assessment of the scope and effectiveness of the Business Continuity Plan, its disclosure among the corresponding areas and identification, if the case, of the necessary adjustments for its update and strengthening.

    The Committee, when preparing its report, will hear from the CEO, the Internal Auditor and the responsible for the Internal Comptrollership functions. In the case of different opinions with the aforementioned in the ICS, such differences should be included in the report.

B. Report the Board of the significant irregularities detected when carrying out their functions, and if the case, of the adopted corrective measures or propose those that shall be applied.
C. Regarding External Audit:

1. The evaluation of services other than the external audit of Basic or complementary Financial Statements that, if applicable, is provided by the Office responsible for carrying out the external audit.
2. The result of the evaluation regarding compliance, by the Office and the Independent External Auditor, with the independence requirements established in the provisions.
3. The results of the review of the External Audit Report and the Basic Financial Statements that accompany it, as well as the statements and opinions of the Independent External Auditor indicated in the provisions.
4. The mention and monitoring of the implementation of preventive and corrective measures derived from the observations of the external audit, in accordance with the action plan referred to in the provisions.
5. The results of the evaluation of the performance of the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, other communications and opinions, prepared in compliance with the provisions of the provisions. Likewise, the measures taken to guarantee the independence of the Office and the Independent External Auditor, as well as the personnel who participated in the audit, should be considered. The measures adopted on the occasion of complaints made by shareholders, directors, relevant managers, employees and, in general, of any third party on issues related to external audit.
6. Report on the progress in the External Auditor's review of the financial statements, as well as the result of the review of the opinion of the annual financial statements.

D. Review the report that the person responsible for overseeing the compliance of applicable provisions on advised investment services, which will contain the main findings, and shall be presented to the Commission at least twice a year.
E. Report to the Board at least once a year on the consistency of the Compensation System application. The report shall contain at least the following:

1. An evaluation of the compliance to the policies and procedures of compensation, and if the case, provide undemented reason for any exception.
2. Adjustments to the Compensation System as a result of losses when these had not foreseen by this System.
3. Significant matters of the Compensation system may affect bank’s liquidity, solvency and stability.

F. Relating to the Information Security Officer:

1. Inform quarterly of the result of the evaluation of the indicators regarding information established in the provisions.
2. Annually inform the content of the Security Master Plan previously approved by the Chief Executive Officer.

G. Regarding the Responsible person for Compliance with Sales Practices:

1. Inform the Board on the performance of said responsibility.

Audit Committee for Casa de Bolsa Banorte, S.A. de C.V. (Casa de Bolsa)

Objective:

The Committee is a governing body constituted by the Board to support it in the definition and updating of the objectives of the Internal Control System and the guidelines for its implementation, as well as in its evaluation.

The Committee will also supervise that the financial and accounting information is formulated in accordance with

the applicable accounting guidelines, provisions and principles, and will follow up on the activities of Internal and External Audit, Internal Controller and the person responsible for monitoring compliance with the General Provisions applicable to financial institutions and other persons that provide investment services (Sales Practices Officer) as well as other functions, keeping the Council informed of the performance of the same.

Faculties:

The Committee, as the governing body supporting the Council, shall have sufficient powers to be able to fulfil the duties and perform the functions defined by these rules of operation, among which the following stand out:

1. To request the opinion of independent experts in cases in which it deems it appropriate, for the proper performance of its functions.
2. To have at their disposal, without any restriction, the books, records, facilities and support of the personnel of the Entities under their responsibility.
3. To request from the directors involved in the Entities under its responsibility, reports related to the preparation of financial information or any other type that it deems necessary for the exercise of its functions.
4. Meet with the Board, senior officials, Internal Comptroller, Internal Auditor, External Auditor, Authorities and Investors.
5. To convene shareholders' meetings and to have the items they deem pertinent inserted in the agenda of said meetings.

The Committee, in the course of its activities, shall establish the procedures necessary for the general performance of its functions. In any case, the members of the Committee shall take as a basis for the performance of their activities the information prepared by the External Auditor, the Internal Comptroller, the Internal Auditor and the Head of Sales Practices, as well as the General Manager.

Integration:
The Audit Committee shall be composed entirely of members of the Board of Directors who may be full members or alternates and shall be independent members appointed by the Board at the proposal of its Chairman and shall have at least three members.

MEMBERS		
Thomas Stanley Heather Rodríguez	Independent Regular Director	Chairman*
José Antonio Quesada Palacios	Independent Regular Director	Member
Clemente Ismael Reyes Retana Valdés	Independent Regular Director	Member
Everardo Elizondo Almaguer	Independent Regular Director	Member
Anwar Loera Mendoza	Secretary	Non-Member

Frequency of sessions: the Audit Committee shall meet at least quarterly, within the deadlines established in the General Provisions Applicable to Brokerage Firms, in accordance with the approved annual work plan and calendar of sessions and may convene extraordinary sessions when it deems it necessary, which may be held through electronic means. videoconference or telephone.

Quorum: The sessions of the Committee will be valid with the participation of the majority of its members, as long

as the President of the Committee intervenes. The resolutions issued will be taken by a majority vote of the members present, with the President casting a casting vote in the event of a tie.

Responsibilities:

The Audit Committee has the responsibilities set forth below.

A. Internal Control Matters:

1. Have a permanently updated log that allows the identification over time of the modifications made to the manuals used for the implementation of the objectives, guidelines, and policies of the Internal Control System. This log must be prepared or reviewed by the Internal Comptroller.
2. Ensure, with the support of the person responsible for the Internal Audit functions, that the operation manuals adhere to the Internal Control System.
3. Review, in coordination with the General Directorate, at least once a year or when there are significant changes in the operation, the operation manuals referred to in the previous point, as well as the Code of Conduct.
4. Review, with the support of the Internal and External Audit, the application of the Internal Control System, evaluating its efficiency and effectiveness.
5. To review the report that the Director General must present at least annually, to the Council and the Committee, on the performance of his activities for the proper implementation of the Internal Control System, as well as its operation as a whole.
6. Review the report that Internal Audit must prepare on the follow-up to the deficiencies or deviations detected in relation to the operation, so that they can be corrected in a timely manner.

B. Financial Statements Matters:

1. Assist the Board in the review of the annual and interim financial information and its issuance process, relying on the work of the internal and external auditors.Review significant accounting and reporting issues, including complex or unusual transactions, high risk areas as well as pronouncements arising from accounting regulations, understanding their impact on the financial statements.
2. Supervise that the financial and accounting information is formulated in accordance with the applicable guidelines and provisions, as well as with the accounting principles that are applicable to it
3. Review significant accounting and reporting issues, including complex or unusual transactions, as well as recent professional pronouncements and regulations, and understand their impact on financial statements.
4. Review with the Administration and with the internal and external auditors, the opinion of the annual financial statements, before their presentation to the regulatory authorities.
5. Select and approve the hiring of the independent expert who, where appropriate, will carry out the goodwill impairment tests.
6. Review the results of goodwill impairment tests.
7. To prepare, with the support of the Office of the Internal Comptroller, internal policies that aim to establish guidelines and procedures related to the handling and, where appropriate, destruction of books, records, documents and other information related to their accounting, which have been or will be the subject of microfilming or recording.

C. Internal Comptroller:

A. To follow up on the activities of the Internal Comptroller's Office, keeping the Council informed of their performance.
B. Review the management report that the Internal Controller must deliver at least quarterly to the Board, the Internal Auditor and the General Director, and that must be available to the Comprehensive Risk Management Unit, External Auditor, as well as, where appropriate, to the person responsible for Sales Practices.
C. To review the reports presented by the Internal Comptroller on the results of the inspection visits carried out by Supervisory Bodies.
D. To determine corrective and preventive measures when it becomes aware that the Internal Comptroller does not have access to all the information necessary for the performance of its functions.
E. To receive reports of those cases in which the Internal Comptroller detects any deficiency or deviation that in the exercise of its functions it considers significant and relevant, including activities in which it detects a potential conflict of interest.

D. Sales Practices

A. To follow up on the activities of the person responsible for Sales Practices, keeping the Board informed of the performance of said activities.
B. Determine corrective and preventive measures when it is aware that the person responsible for Sales Practices does not have access to all the information necessary to perform his or her duties.

E. Internal Audit Matters:

A. Follow up on Internal Audit activities, keeping the Board informed of their performance.
B. To monitor the independence of the Internal Audit area with respect to the other business and administrative units. In the event of a lack of independence, it must inform the Council on the same day that it becomes aware of this circumstance.
C. To approve the Statute and Manual of Internal Auditing.
D. After the opinion of the Director General, approve the annual work program of the Internal Audit area. Where appropriate, modifications to the aforementioned annual program must be submitted for the approval of the Committee, at the next session in which this is required.
E. Review, based on the reports of the Internal Audit area and the External Auditor, at least once a year or when required by the CNBV, compliance with the Internal Audit program, informing the Board of Directors, where appropriate, of the causes of non-compliance with the program and must verify that the audits were carried out in accordance with the applicable quality standards in accounting and internal control.
F. Review the report that the person responsible for the Internal Audit functions must make on the results of his or her management, at least quarterly or more frequently when established by the Committee. The foregoing, without prejudice to the fact that the person responsible for the Internal Audit functions immediately informs the person of the detection of any deficiency or deviation that he identifies in the exercise of his functions and that according to the Internal Control System is considered significant or relevant.
G. To approve the hiring of service providers for the external quality assessment of the Internal Audit function.
H. Review the results of the internal and external quality evaluations carried out by the Internal Audit function, and, where appropriate, follow up on the implementation of the determined recommendations.
I. Review, at least annually, the organizational structure, capacities, and sufficiency of resources assigned to the Internal Audit area for the performance of its functions and, where appropriate, approve the actions required in order to ensure the greatest effectiveness in the fulfillment of its objectives and goals.
J. To meet periodically with the Internal Auditor, without the presence of the Administration, to obtain his comments and observations on the progress of his work.

K. Determine corrective and preventive measures when it becomes aware that the Internal Auditor does not have access to all the information necessary for the performance of its functions.

F. External Audit Matters:

Annual appointment or ratification of the Firm

A. Monitor and document that, prior to the annual designation or ratification of the Firm that will provide such services, they comply with the provisions of the provisions.
B. Validate the knowledge and professional experience of the Independent External Auditor, the Manager and the Person in Charge of the audit who will participate in the external audit, as well as compliance with the requirements established in the Single Circular of External Auditors (CUAE) by the Firm, the Independent External Auditor and personnel participating in the external audit, and must have a documented process, transparent and impartial and that allows it to assess compliance with these requirements.
C. In cases in which it is intended to propose the appointment of another Firm, it must previously evaluate at least two options and duly justify the preference for one of them, in such a way that there is a possibility of choosing to consider compliance with the aforementioned requirements.
D. Validate, prior to the appointment of the Firm, that both the Firm and the Independent External Auditor comply with the personal, professional and independence requirements established in the provisions for the provision of the external audit service and, where appropriate, of services other than the external audit of Basic Financial Statements.

Hiring of the Firm

A. Obtain from the Firm, the statement on compliance with the quality control standard corresponding to the audited year, submitted to the professional association recognized by the Ministry of Public Education to which said Firm belongs or, when the Association in question does not require such a statement, the one issued by the Firm itself regarding compliance with the obligation referred to in the CUAE.
B. To give an opinion, prior to the appointment of the Firm, regarding whether the resources proposed to execute the external audit program are reasonable considering the scope of the audit, the nature and complexity of the Entity's operations and its structure.
C. Review, in conjunction with the Administration, the terms of the service proposal and know the hours assigned and the cost of the audit assignment, prior to the signing of the contract for the provision of services.

Follow-up to External Audit activities

A. To contribute to the Internal Audit area or the internal auditor facilitating the development of external audit activities.
B. To encourage the Entity to have policies that allow it to have personnel in charge of the preparation, review and authorization of the accounts, as well as the Basic Financial Statements and their notes, subject to the external audit, and with the knowledge of the accounting regulations that are applicable to the Entity.

In relation to external audit:

A. Know, at the beginning of the external audit work, the focus of the review, taking into consideration the level of materiality, the scope of the scheduled audit and the significant issues identified.
B. To ensure that, during the development of the external audit, the Independent External Auditor has all the necessary documentation and in a timely manner to perform his functions and must have access to the documentation related to the work of third parties hired, if such documentation is necessary to carry out the external audit.

C. Maintain effective communication with the Independent External Auditor to inform the latter of any matter that, where appropriate, has an impact on the regulatory capital, as well as matters relevant to the development of the external audit.
D. The Firm and the Independent External Auditor when, in the course of the audit, they find irregularities or any other situation that, based on their professional judgment, could jeopardize the stability, liquidity or solvency of the Entity, or have been committed to the detriment of its assets, regardless of whether or not they have an effect on financial information, they must submit a detailed report on the situation observed to the Committee.
E. During the external audit, you should know the Independent External Auditor's point of view regarding the important issues identified by the Independent External Auditor and how they impact the approach to the external audit.
F. To inform the CNBV, when it becomes aware, of the breaches or risks that affect the independence of the Firm and the Independent External Auditor, through a detailed report.
G. The Independent External Auditor shall report to the Committee as soon as he becomes aware of these facts, the threats to independence that arise in the conduct of the external audit of Basic Financial Statements, as well as the safeguards applied for.
H. To summon the Independent External Auditor, as a guest with the right to speak, but not to vote, to the meetings of the Committee, when deemed appropriate due to the issues to be discussed.
I. Review with the Independent External Auditor, prior to the issuance of the External Audit Report, the letter of representation issued by the Director General prepared in accordance with International Standard on Auditing 580 "Written Statements", with special emphasis on matters in which the Independent External Auditor required specific statements on any item of the Basic Financial Statements.
J. To evaluate, prior to the conclusion of the external audit work, the adherence of the Independent External Auditor to the program, and in case of changes, evaluate its reasonableness.
K. To ensure that the necessary corrective measures are implemented to address the findings and recommendations of the Independent External Auditor in a timely manner.
L. To follow up on the issuance of the communications and opinions indicated in the CUAE, keeping the Board informed regarding the performance of such activities, and the Independent External Auditor must report at the request of the Committee on its activities and development of the audit. The Independent External Auditor shall be obliged to provide the Committee with a statement, prior to the issuance of the External Audit Report, which shall include the minimum aspects established in the CUAE.
M. To ensure that the Firm, in the external audits of Basic Financial Statements, as well as in the issuance of its communications and opinions, maintains a quality control system, which must be available to the Committee during the execution of the audit.
N. To meet periodically with the External Auditor, without the presence of the Administration, to obtain his comments and observations on the progress of his work.

Firm's Assessment and Independent External Auditor

A. It will be responsible for the establishment of operating policies aligned with GFNorte for the periodic evaluation of the Firm and the Independent External Auditor who provide the external audit services of the Basic Financial Statements and for the issuance of the communications and opinions indicated in the provisions.
B. To evaluate, at the end of the external audit engagement, the performance of the Firm and the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, of the communications and opinions indicated in the provisions, derived from the external audit service.
C. Review with the Independent External Auditor the results of the communications and opinions indicated in the previous point, in order to understand his reasoning in reaching his conclusions.

D. The Committee may request from the Firm and the Independent External Auditor the documentation evidencing compliance with the obligations and requirements established in accordance with the CUAE, in relation to the audit service contracted, without prejudice to the fact that the Committee must meet with the latter at least once a year.
E. The Committee shall evaluate the possible replacement of the Firm or, where appropriate, of the Independent External Auditor when they cease to comply with the necessary requirements for the development of their work.
F. The Committee, in order to carry out the obligations contemplated in the provisions, may rely on people from areas independent of the Chief Executive Officer or their equivalent. The activities carried out by the Committee in accordance with the CUAE and the results obtained from them must be documented.

Comprehensive Risk Management

A. Review the Internal Audit report with the results of the Comprehensive Risk Management audit, which will be carried out at least once a year or at the end of each fiscal year, which must be submitted to the Board, the Risk Committee and the Chief Executive Officer and submitted to CNBV.
B. Select and approve the contracting of service providers for the technical evaluation of the aspects of Comprehensive Risk Management, in accordance with the internal policies for the contracting of suppliers.
C. Review the report on the results of the technical evaluation of the aspects of Comprehensive Risk Management, which will be carried out at least every two fiscal years, which must be submitted to the Risk Committee for approval and to the Board and submitted to the CNBV.

Derivatives

A. Issue the communication in which the Committee states that it complies with the requirements set forth in the Rules for the Execution of Derivative Transactions issued by the Bank of Mexico, as one of the necessary elements to manage the authorization to enter Derivative Transactions on its own account.
B. Select and approve the hiring of independent experts for the validation of the valuation and risk measurement models, in accordance with the internal policies for the contracting of suppliers.
C. Review the results of the validations of the valuation and risk measurement models, which must be carried out by independent experts, at least once a year.

Third-Party Contracting

A. To approve the contract with third parties for the provision of services on the performance of an operational, technological or database administration process, which are provided or executed partially or totally outside the national territory or by residents abroad.
B. To review the report that will be presented annually to the Council, on the performance of the third party, as well as compliance with the applicable regulations related to said service.
C. Reviewing the results of the audits carried out every two years on the providers of information processing services, which aim to verify the degree of compliance with Chapter Two, On the contracting of services with third parties of the Provisions, as well as with the provisions of Annex 12.

Prevention of money laundering and terrorist financing

A. To approve, at the proposal of the Communication and Control Committee, the Manual of Policies and Procedures for the Prevention of Money Laundering and Terrorist Financing, as well as any modification thereto.

B. Review the result of the work of the Internal Audit or an independent external auditor, to evaluate and rule on an annual basis on compliance with article 212 of the Securities Market Law (LMV), which must be submitted to the Chief Executive Officer and Communication and Control Committee and sent to the CNBV.

Use of electronic media

A. Review, where appropriate, the incident reports of the users of the electronic media that are shared by the technical and operational support areas, in order to adopt measures to prevent or prevent them from occurring again.

Autocorrect programs

A. To give an opinion on the self-correction programs that are submitted for authorization by the National Banking and Securities Commissions and the National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF), as appropriate, when the Entities, in the performance of their activities, or the Committee as a result of the functions conferred on them, detect irregularities or non-compliance with the provisions of the LMV and other applicable provisions.
B. The self-correction programs must be signed by the Chair of the Committee and be presented to the Council at the meeting immediately following the request for authorization submitted to the CNBV or CONDUSEF, as appropriate.
C. To follow up on the implementation of the authorized self-correction programs, and to report on their progress both to the Board and the Chief Executive Officer, as well as to the CNBV and CONDUSEF, as appropriate.

Other duties and responsibilities

A. Those that are necessary for the performance of their functions.

Cybersecurity

A. To review quarterly the indicators on Information Security contained in the Management Report of the Internal Comptroller.
B. Review the report on Information Security incidents in the session immediately following the verification of the event in question, in order to ensure that measures are adopted to prevent or prevent them from occurring again.

COMMUNICATION

Propose for Board approval

A. The Internal Control System that the Entities require for its proper functioning, as well as its updates.
B. The objectives of the Internal Control System and the guidelines for its implementation, which must refer at least to:
C. Those for the proper use and use of human and material resources.
D. Those that regulate operational processes.
E. Those that regulate and control dependence on external suppliers.
F. Those that regulate and control the installation and use of automated data processing systems and telecommunications networks.
G. General policies relating to the organizational structure.
H. Channels of communication and flow of information between the different units and areas.
I. General operating policies.
J. Business Continuity Plan.

K. Control measures to ensure that transactions are approved, processed and recorded correctly.
L. The Code of Conduct, drawn up by the Chief Executive Officer.
M. Changes to the accounting policies relating to the recording, valuation of items in the financial statements, and the presentation and disclosure of information, so that the latter is complete, correct, accurate, complete, reliable and timely, prepared by the Chief Executive Officer in accordance with the Single Circular of Brokerage Firms. In any case, the Committee may also propose the aforementioned changes when it deems it necessary, after hearing the opinion of the Directorate-General.
N. The appointment of the Internal Auditor.
O. In relation to the External Audit:
P. The designation or, where appropriate, annual ratification of the Firm in charge of the external audit.
Q. The replacement of the Firm or the Independent External Auditor, in charge of the audit.
R. The contracting of services other than the external audit of Basic Financial Statements.
S. The amount of remuneration, both for the external audit service and for services other than the external audit of Basic Financial Statements.
T. The Business Continuity Plan, as well as its modifications.
U. The rules that will govern the operation of the Committee itself, which will subsequently be sent to CNBV for its information.
V. All the matters that must be approved by the Board, which are part of Chapter I of the Internal Control of the Single Circular of Brokerage Firms, shall be presented for that purpose directly by the Committee.

Report to the Council

A. At least once a year, about the Internal Control System. The report must contain, at least, the following:
   1. Deficiencies, deviations or aspects of the Internal Control System that, where appropriate, require improvement, considering for this purpose the reports and opinions of the Internal and External Auditors, respectively, as well as the Internal Comptroller.
   2. The mention and monitoring of the implementation of the preventive and corrective measures derived from the observations of the CNBV and the results of the internal and external audits, as well as the evaluation of the Internal Control System carried out by the Committee itself.
   3. The evaluation of the performance of the functions of the Internal Comptroller and the Internal Audit area.
   4. The significant aspects of the Internal Control System that could affect the performance of the Institution's activities.
   5. An evaluation of the scope and effectiveness of the Business Continuity Plan, its dissemination among the relevant areas and the identification, where appropriate, of the necessary adjustments for its updating and strengthening.
   6. The Committee shall hear the Chief Executive Officer, the Internal Auditor and the Internal Comptroller prepare its report. In the event of a difference of opinion with the latter regarding the Internal Control System, such differences shall be incorporated in said report.
B. To inform the Board of any irregularities in the operation that affect the solvency or liquidity of the Entities that result in an impact on the assets of customers and that constitute a breach of the applicable provisions or represent an operational risk, which are detected in the exercise of their functions and, where appropriate, of the corrective actions adopted or propose those to be applied.
C. To report to the Council, at least once a year, on its management and functions.
D. In relation to the External Audit:
   1. The evaluation of the services other than the external audit of Basic Financial Statements that, where appropriate, are provided by the Firm in charge of carrying out the external audit.
   2. The result of the evaluation regarding the compliance, by the Firm and the Independent External Auditor, of the independence requirements established in the CUAE.

3. The results of the review of the External Audit Report and the accompanying Basic Financial Statements, as well as the communications and opinions of the Independent External Auditor indicated in the CUAE.
4. The mention and monitoring of the implementation of the preventive and corrective measures derived from the observations of the external audit, in accordance with the action plan referred to in the CUAE.
5. The results of the evaluation of the performance of the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, of other communications and opinions, prepared in compliance with the provisions of the CUAE.
6. Likewise, the measures taken to guarantee the independence of the Firm and the Independent External Auditor, as well as the personnel who participated in the audit, must be considered.
7. The measures are adopted as a result of complaints made by shareholders, directors, relevant executives, employees and, in general, any third party on issues related to external auditing.

E. The progress in the External Auditor's review of the financial statements, as well as the result of the review of the opinion of the annual financial statements.
F. Submit the report of the person responsible for supervising compliance with the provisions applicable to the Investment Services advised because of the exercise of their functions containing the main findings, which must be prepared at least semiannually and submitted to the CNBV.
G. At least once a year, on the consistency in the application of the Remuneration System.
H. The report must contain at least the following:
   1. An evaluation of compliance with the remuneration policies and procedures and, where appropriate, the exceptions, substantiating the reasons that gave rise to them.
   2. Adjustments made to the Remuneration System as a result of the occurrence of losses when these were not foreseen in the Remuneration System.
   3. The significant aspects of the Remuneration System could affect the liquidity, solvency and stability of the Brokerage House and Fund Operator.
I. Regarding the performance of the person responsible for Sales Practices.

Long-Term Savings Audit Committee (CA-SAP)

Objective:

The Committee is the body, of an advisory nature, responsible for monitoring the adherence of companies in the Long-Term Savings Sector (companies) to internal norms defined by the Board, as well as compliance with applicable legal and administrative provisions.

The Committee will also see that the financial and accounting information is formulated in accordance with the applicable guidelines, provisions and accounting principles and will monitor the activities of Internal and External Audit and the Internal Comptrollership, keeping the Board of Directors informed of the performance of the same.

Faculties:

The Committee, as a supporting governance entity for the Board of Directors, will have sufficient authorization to carry out the duties and functions that the present rules of operation define, among which stand out:

A. Request the opinion of independent experts for cases it considers convenient, for the proper performance of its functions.

B. Have unrestricted access to books, records, facilities and support from personnel in institutions under its responsibility.

C. Require from involved officials of companies under its responsibility, reports relating to the preparation of financial information or any other type of report that it is necessary to perform its duties.

D. Meet with the Board of Directors, senior officers of these companies, Internal Comptroller, Internal Auditor, External Auditor, authorities and investors.

The Committee, in the development of its activities, shall establish the procedures necessary for the general performance of its duties. In any case, Committee members shall take information prepared by the Internal Comptroller, Internal and External Auditors, Independent Actuary and Management as a basis for its activities.

Integration

A. The Committee will be comprised of at least three and not more than five Board members, who may be proprietary members or alternates, of which at least one must be an independent.

B. Proprietary members or alternates who are Committee members may be substituted by any other member, observing the regulations of Article 72, Sections III and IV of the law.

MEMBERS		
Thomas Stanley Heather Rodríguez	Independent Regular Director	Chairman
Alicia Lebrija Hirschfeld	Independent Regular Director	Member
Narciso Campos Cuevas	Independent Regular director	Member
Anwar Loera Mendoza	Secretary	Non-Member

Quorum: Committee sessions are valid with a majority participation of its members, provided that the Chairman or his alternate is present.

The Committee, in the performance of its duties shall, at least, perform the following activities for each of the companies under its responsibility:

1. Corporate Governance System

A. Follow-up on companies' compliance with corporate governance policies and guidelines adopted by the Board.

1.1. Comprehensive Risk Management

A. To monitor companies' adherence to internal regulations defined by the Board, as well as compliance with applicable laws, regulations and administrative provisions, related to the comprehensive risk management system.
B. Review Internal Audit's reports with the results of audits carried out to verify procedures which the Risk Management area uses to follow-up on compliance with limits, objectives, policies and procedures relating to comprehensive risk management, in accordance with applicable legal, regulatory or administrative regulations, as well as with policies established by the Board in that area.

1.2. Internal Control

A. Review the reports on the Internal Comptroller's System operation and of its results that the CEO shall submit to the Committee at least every six months.
B. Review, with support from Internal Audit and the independent external auditor, the application of the Internal Comptroller's System, evaluating its efficiency and effectiveness.
C. Follow-up on the Internal Comptroller's activities for the companies, keeping the Board informed of its performance.
D. Review the management report that the head of Internal Comptroller must submit to the Committee and the CEO at least twice a year.
E. Review the code of conduct at least once a year and propose necessary modifications to the Board of Directors, if the case.
F. To establish monitoring mechanisms for the companies' areas that, by their operational characteristics or its relationship with the public or third parties, may be prone to corruption; and to propose the necessary control measures.
G. To review the Internal Audit report on the follow-up of detected relevant deficiencies or deviations in connection with the operation of the companies, so that they be remedied promptly.
H. To review the reports submitted by the Internal Comptroller on the results of the inspection visits carried out by supervising agencies.

1.3. Internal Audit's Duties

A. Follow up on the Internal Auditor's activities, keeping the Board informed of its performance.
B. Monitor the independence of the Internal Audit area with respect to other business and administrative units. Any lack of independence must be reported to the Board.
C. Approve the By-Laws and Internal Audit Manual, and methodologies used for the development of its activities, as well as updated versions.
D. With the prior opinion of the CEO, to approve the annual work program of the Internal Audit area.

For this purpose, Internal Audit must present its work program for the following year in the last two months of every year. The work program shall ensure that the companies' activities are audited within a reasonable period of time, considering a risk-oriented approach and adequate period to review the strategic areas.

If the case, amendments to the referred annual program should be presented for the Committee's approval in its next session.

E. Review, based on reports from the Internal Audit area and the independent External Auditor, at least once a year or when required by the CNBV, that the Internal Audit program is carried out in accordance with appropriate quality standards in accounting matters, and that the activities of the Internal Audit area are carried out in adherence to applicable internal and external regulations.
F. Review Internal Audit reports on the results of audits carried out, and the tests or evidence supporting observations and recommendations, and other elements that allow the Committee to fulfill its functions.
G. Review of the report prepared by the head of the Internal Audit area on the results of its management, at least every six months. The foregoing, notwithstanding that the Internal Auditor immediately informs the Committee of the detection of any deficiency or deviation identified in the exercise of its functions and that is considered significant or relevant according to the corporate governance system. In addition, a copy of these reports must be submitted to Management and other business areas, as the Committee deems convenient, in view of the nature of the problem detected.
H. Approve the hiring of service providers for the external evaluation of the quality of Internal Audit's performance.

I. Review the results of internal and external quality assessments carried out regarding Internal Audit's functions and where appropriate, to follow-up on the implementation of established recommendations.
J. Review, at least annually, the organization's structure, capabilities and the adequacy of resources allocated to the Internal Audit area for the performance of its functions and where appropriate, actions required to ensure the greatest effectiveness in the fulfillment of its objectives and goals.
K. Meet regularly with the Internal Auditor, without the presence of management for comments and observations on the progress of its work.

1.4. Actuarial Duties

A. To monitor that the companies adhere to the internal policy defined by the Board, as well as fulfill applicable legal, regulatory and administrative laws related to the actuarial duties of the companies.
B. To review the Letter of Opinion and the Opinion of Technical Reserves report, which the independent actuary must submit to the Committee within ninety calendar days from the end of the fiscal year.

To review the reports that the independent actuary must submit to the Committee and the Commission if in the course of its revision of the situation and adequacy of the technical reserves, irregularities were found that, based on his professional judgment, may endanger the stability, liquidity or solvency of the companies.

1.5. Hiring Third Party Services

A. To monitor the adherence of the companies to internal policy defined by the Board, as well as compliance with applicable legal, regulatory and administrative regulations related to hiring third party services.
B. Review the reports to ensure that policies and procedures for hiring third-party services established by the Management are adhered to, as well as compliance with applicable legal, regulatory and administrative regulations.
C. Review Internal Audit reports on the performance of third parties hired to provide services necessary for its operation, as well as their compliance with applicable regulations.

2. Accounting and Financial Information

A. Assist the Board in the review of the annual and intermediate financial information and its issuance process, relying on the work of the Internal and External Auditors.
B. To monitor that financial and accounting information is formulated in accordance with guidelines and provisions, as well as applicable accounting principles.
C. To review significant accounting and reporting issues, including complex or unusual transactions, as well as professional declarations, recent regulations and to understand their impact on financial statements.
D. To assess the financial position and results of the companies in relation to the state of the Internal Control System and submit the corresponding recommendations to the Board.
E. To assist the Board of Directors and the CEO in the evaluation of the fulfillment of the objectives and goals of the companies.
F. To develop internal policies designed to establish guidelines and procedures relating to the management and, where appropriate, destruction of books, records, documents and other information relating to its accounting, that have been or will be subject to recording or microfilming.
G. To review with management and the Internal Auditor the reports that the independent External Auditor must prepare, sign and submit to the Commission (short report of basic consolidated annual financial statements, long report and reports on supplementary information, and other reports and releases).

3. External Audit

Annual designation or ratification of the Firm

A. Monitor and document that, prior to the annual designation or ratification of the contracting of the Firm that will provide such services, they comply with the provisions of the Single Circular of External Auditors (CUAE).
B. Validate the knowledge and professional experience of the Independent External Auditor, the Manager and the Person in Charge of the audit who will participate in the external audit, as well as compliance with the requirements established in the CUAE by the Firm, Independent External Auditor and personnel participating in the external audit, and must have a documented process, transparent and impartial and that allows it to assess compliance with these requirements.

In cases in which it is intended to propose the appointment of another Firm, it must previously evaluate at least two options and duly justify the preference for one of them, in such a way that there is a possibility of choosing to consider compliance with the aforementioned requirements.

Hiring of the Firm

A. Validate, prior to the appointment of the Firm, that both the Firm and the Independent External Auditor comply with the personal, professional and independence requirements established in the CUAE for the provision of the external audit service and, where appropriate, of services other than the external audit of Basic Financial Statements.
B. Obtain from the Firm, the statement on compliance with the quality control standard corresponding to the audited year, submitted to the professional association recognized by the Ministry of Public Education to which said Firm belongs or, when the college in question does not require such a statement, the one issued by the Firm itself regarding compliance with the obligation referred to in the CUAE.
C. To give an opinion, prior to the appointment of the Firm, regarding whether the resources proposed to execute the external audit program are reasonable considering the scope of the audit, the nature and complexity of the Entity's operations and its structure.
D. Revisar los términos del encargo de auditoría, previo a la firma del contrato de prestación de servicios.

Follow-up to External Audit activities

A. To contribute to the internal audit area or the internal auditor facilitating the development of external audit activities.
B. Encourage the Entity to have policies that allow it to have personnel in charge of the preparation, review and authorization of the accounts, as well as the Basic Financial Statements and their notes, subject to the external audit, and with the knowledge of the accounting regulations that are applicable to the aforementioned Entity.

In relation to external audit:

- Know, at the beginning of the external audit work, the focus of the review, taking into consideration the level of materiality, the scope of the scheduled audit, the hours assigned to each work, its corresponding cost and the significant issues identified.
- Ensure that, during the development of the external audit, the Independent External Auditor has all the necessary documentation and in a timely manner to perform his functions and must have access to the documentation related to the work of third parties hired by the Company, if such documentation is necessary to carry out the external audit.

- Maintain effective communication with the Independent External Auditor to inform the latter of any matter that, where appropriate, has an impact on regulatory capital, as well as matters relevant to the development of the external audit.
  The Firm and the Independent External Auditor when, in the course of the audit, they find irregularities or any other situation that, based on their professional judgment, could jeopardize the stability, liquidity or solvency of the Entity, or have been committed to the detriment of its assets, regardless of whether or not they have an effect on financial information, they must submit a detailed report on the situation observed to the Committee.
- During the course of the external audit, you should know the Independent External Auditor's point of view regarding the important issues identified by the Independent External Auditor and how they impact the approach to the external audit.
- The Independent External Auditor shall report to the Committee as soon as he becomes aware of these facts, the threats to independence that arise in the conduct of the external audit of Basic Financial Statements, as well as the safeguards applied for.
- To summon the Independent External Auditor, as a guest with the right to speak, but without vote, to the sessions of the Committee, when it is considered appropriate due to the issues to be discussed.
- Review with the Independent External Auditor, prior to the issuance of the External Audit Report, the letter of representation issued by the Director General prepared in accordance with International Standard on Auditing 580 "Written Statements", with special emphasis on matters in which the Independent External Auditor required specific statements on any item in the Basic Financial Statements.
- Evaluate, prior to the conclusion of the external audit work, the adherence of the Independent External Auditor to the initial audit program, and in case of changes, evaluate its reasonableness.

C. To ensure that the necessary corrective measures are implemented to address the findings and recommendations of the Independent External Auditor in a timely manner.
D. To follow up on the issuance of the communiqués and opinions indicated in the provisions, keeping the Council informed of their performance. The Independent External Auditor must report at the request of the Committee on its activities and the conduct of the audit. The Independent External Auditor shall be obliged to provide the Committee with a statement, prior to the issuance of the External Audit Report, which shall include the minimum aspects established in the CUAE.
E. To ensure that the Firm, in the external audits of Basic Financial Statements, as well as in the issuance of its communications and opinions, maintains a quality control system, which must be available to the Committee during the execution of the audit.
F. Meet regularly with the External Auditor, without the presence of Management, to hear his comments and observations on the progress of his work.
G. Reviewing the reports that the Independent External Auditor must submit to the Committee and the Commission if during practice or because of the audit, he finds irregularities that affect the liquidity, stability or solvency of the company or companies to which he provides his services.

Firm's Assessment and Independent External Auditor

A. It will be responsible for the establishment of operating policies within the Company for the periodic evaluation of the Firm and the Independent External Auditor who provide the external audit services of the Basic Financial Statements and for the issuance of the communications and opinions indicated in the CUAE.
B. To evaluate, at the end of the external audit engagement, the performance of the Firm and the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, of the communications and opinions indicated in the CUAE, derived from the external audit service.

C. It will be responsible for the establishment of operating policies within the Company for the periodic evaluation of the Firm and the Independent External Auditor who provide the external audit services of the Basic Financial Statements and for the issuance of the communications and opinions indicated in the CUAE.
D. To evaluate, at the end of the external audit engagement, the performance of the Firm and the Independent External Auditor, as well as the quality of the External Audit Report and, where appropriate, of the communications and opinions indicated in the CUAE, derived from the external audit service.
E. The Audit Committee shall evaluate the possible replacement of the Firm or, where appropriate, of the Independent External Auditor when they cease to comply with the necessary requirements for the development of their work.
F. The Committee, in order to carry out the obligations contemplated in the CUAE, may rely on people from areas independent of the Directorate-General or its equivalent. The activities carried out by the Committee in accordance with the CUAE and the results obtained from them must be documented.

4. Follow-up on the fulfillment of Other Policies and Standards

A. To follow-up on compliance with policies and standards in subscription issues, design of insurance and reinsurance products and other transfer mechanisms for risks and responsibilities, financial reinsurance, marketing, development and financing of the companies' operations.
B. Follow-up on compliance with standards to avoid conflicts of interest between different areas of the companies in the exercise of assigned duties.
C. To follow-up on compliance with policies for investment of the companies' assets.
One member of the Audit Committee must attend Investment Committee meetings, with voice but without vote.
D. To follow-up on the fulfillment of general policies for the provision of services and attention to service users, as well as issues relating to the disclosure of information in which companies comply with the obligations established in Article 308 of the Law, and in Title 24 of the CUSF.

5. Regularization Plans and AutoCorrect Programs

A. To approve auto-correct programs when companies or the Committee, in the exercise of their duties, detect irregularities or non-compliance to the Law and/or other applicable regulations, and submit them for consideration by the Commission through the CEO as well as present them to the Board.
B. Review, if the case, regularization plans to restore coverage of solvency parameters or to remedy irregularities detected by the Commission, which must be presented for the Board's approval, prior to its submission to the Commission for approval.
C. To follow up on regularization plans and AutoCorrect programs authorized by the Commission, keeping the Board and CEO, as well as the Commission, informed of progress in compliance.
D. To present a report to the Commission on the instrumentation progress of regularization plans and AutoCorrect programs in effect, within the first ten working days following the closing of each month, accompanied by documents that, if the case, support the reported progress.
E. Submit a report to the Commission within ten working days from the respective expiration date of the regularization plan or autocorrect program, with respect to the fulfillment of actions contained therein. In cases where irregularities or breaches, subject of the regularization plan or auto-correct program were not corrected, the report must state the reasons for this.

6. Cybersecurity

A. Review the reports which must be presented whenever the Committee sessions, with the results of applying the procedures, enabling the correlation of information from customers' claims with fraud events.

B. Review the reports about occurrences in the operation of the computing and telecommunications infrastructure in the session immediately following verification of the event concerned, in order to ensure that the necessary measures to prevent or avoid recurrence of such an event.

7. Prudential Measures in Credit Issues

A. Review that the Credit Manual is consistent with the objectives, guidelines and policies for origination and credit management issues approved by the Board.
B. Review the report prepared by the CEO on a quarterly basis at least, for the Board, the Committee and the Risk Management area, on deviations detected with respect to the objectives, guidelines, policies, procedures, strategies and regulations in credit matters.
C. Review the report by the area responsible for Internal Audit's function, at least once a year, in terms of credit matters on observations made in their reviews, to the Board and the Committee.

8. Sales Practices

A. In the case of trusts, in which companies act as fiduciary institutions and that involve operations with the public such as consultancy, advertising, purchase and sale of securities as established in Article 140 Section III of the Law, Receiving and Assignment System manuals, as well as their modifications, shall be authorized by the CEO, based on guidelines and policies established by the Board for this purpose, on the Committee's proposal. Manuals, as well as their amendments shall be submitted to the Commission's prior approval.
B. Review reports by the officer or area responsible for monitoring transactions carried out through the Receiving and Assignment System, as frequently as established by the Committee; the above, without prejudice, to immediately inform the Committee Chairman of the detection of any deficiency or deviation considered significant or relevant in the performance of its duties. In addition, when determined by the Committee, the officer or area shall report to the CEO and other units of the companies, including, when appropriate, to the Board.

9. Financial Reinsurance Transactions

A. To follow up, within the scope of its responsibilities, on companies' reinsurance contracts, as well as those that include financial reinsurance operations, permanently evaluating the behavior of the original estimates with respect to the significant transfer of insurance risk, as well as the impact of the Financing component's amortization scheme on the technical and financial operation of the companies.

10. Issuance of Subordinated Notes and Other Debt Instruments

A. To issue the required opinion for authorization to issue subordinated notes or other debt instruments, with the favorable vote of the independent Board members, regarding:

a) To prepare financial statement projections of the company, with and without the effects of the issuance of subordinated notes or other debt instruments.

b) To calculate the impact that the financing amortization scheme planned in the issuance act may have on the company's financial situation.

11. Transactions with Related Parties

A. Review the results of the transfer pricing study to be prepared by an independent third party for the realization of significant transactions with related entities, such study must be submitted to the Committee in the session immediately following the date of its reception, in order to verify compliance with applicable legal, regulatory and administrative regulations as well as policies and procedures adopted by the Board, and take measures deemed pertinent.

When the study carried out by the independent third party determines that prices or the amounts of compensation agreed on significant transactions with related entities, do not correspond to those that had been agreed by parties in comparable acts, the Committee must report this fact to the Commission in a term no longer than five working days, as of the date of the study reception.

12. Prevention of Money Laundering and Financing of Terrorism

A. To approve, at the proposal of the Communication and control committee, the Manual of Policies and Procedures in this area, as well as any modification thereto.
B. Study the results of the review by Internal Auditor and independent External Auditor that must be done on an annual basis to evaluate and assess compliance with regulations for the prevention of money laundering and financing of terrorism. Such a report must be submitted to the CEO and the Communication and Control Committee to evaluate the effectiveness of implemented measures and to follow-up on applicable corrective-action programs, and which must be presented to the Commission within sixty calendar days following the close of the fiscal year of the corresponding revision.

All other obligations arising from legal, regulatory and administrative regulations applicable to the companies, and which are necessary for the performance of their duties.

Communication

1. Proposal for approval by the Board of Directors

A. The Internal Comptroller System that the companies require to function properly, as well as its updates. The Internal Comptroller System's objectives and guidelines must relate to the aspects listed in Chapter 3.3 of the CUSF, which shall be drawn up by the CEO and submitted for consideration by the Committee.
B. The code of conduct referred to in Regulation 3.1.3 of the CUSF.
C. The appointment of the Internal Auditor for the company.
D. In relation to the External Auditor
    a. The designation or, where appropriate, annual ratification of the Firm in charge of the external audit.
    b. The replacement of the Firm or the Independent External Auditor, in charge of the audit.
    c. The contracting of services other than the external audit of Basic Financial Statements.
    d. The amount of remuneration, both for the external audit service and for services other than the external audit of Basic Financial Statements.
E. The appointment of the External Auditor and any additional services as a result of the ruling of the financial statements that will be required.
F. The appointment of the Independent Actuary who will issue a ruling on the situation and adequacy of the technical reserves that companies must create, and additional services derived from this review.
G. The appointment of the Actuary who will perform the Dynamic Solvency Test for the companies.
H. Where appropriate, the designation of an independent expert to provide an opinion on whether the internal model for the calculation of the Capital Solvency Requirement of the companies complies with applicable legal, regulatory and administrative regulations.

I. The regularization plans referred to in Article 320 of the LISF.
J. Any changes to accounting policy regarding:

1. The registration and valuation of headings in the financial statements, and
2. The presentation and disclosure of the companies' information, so that it is correct, sufficient, reliable, consistent and timely.

In all cases, the Committee may propose such changes when it deems them necessary for the companies.
K. A Business Continuity Plan, as well as its modifications.
L. The rules for Committee's functions.

2. Report to the Board of Directors

A. The Board must be informed at least once a year, on the situation of the companies' corporate governance system. This report must contain, as a minimum, the following:

1. Any deficiencies, deviations, or aspects of the Comprehensive Risk Management System which, if the case, requires improvement, taking into account for this purpose reports from the Risk Management Area, as well as those from ARSI.
2. Any deficiencies, deviations or aspects of the Internal Comptroller System, if the case, that require improvement, taking into account for this purpose the reports and rulings from the Internal Audit Area and the independent External Auditor as well as those responsible for Internal Comptroller duties.
3. The mention and follow-up of implemented preventive and corrective measures derived from the Commission's observations and the results of the Internal and External audits, as well as the evaluation of the Internal Comptroller System carried out by the Committee itself.
4. The performance evaluation for the Internal Comptroller and Internal Audit includes significant aspects in carrying out those functions that could affect the performance of the companies.
5. The performance evaluation for the External Auditor and the Independent Actuary who rules on the situation and the adequacy of technical reserves, as well as the quality of its opinions and prepared reports, including comments from the Commission.
6. The results of the ruling review, reports, opinions and statements from the External Auditor and the independent Actuary who rule on the situation and adequacy of the technical reserves.
7. The deficiencies, deviations or aspects of the companies' actuarial function that, if the case, require improvement
8. The deficiencies, deviations, or aspects of hiring services through third parties that, if the case, require improvement.

B. The Committee in the elaboration of its report will listen to THE Management, the Internal Auditor and the person responsible for the functions of Internal Comptrollership. In case of a difference in opinion with the latter, with respect to the Internal Control System, such differences should be incorporated into this report.
C. Important irregularities detected with the objective of performing their duties and, if the case, corrective actions taken or proposed.
D. The Board and General Management of the companies must be notified, through the Committee, of the results and recommendations arising from the Internal Audit, to ensure the implementation of appropriate corrective measures.
E. Results of the follow-up of regularization plans and auto correction programs authorized by the Commission.
F. Progress in the External Auditor's review of the financial statements audited.
G. Report on the performance of its activities.

H. Review in advance, reports that the CEO, Internal Comptroller, and Internal and External Auditors submit to the Board on issues falling within the purview of the Committee.

HUMAN RESOURCES COMMITEE

Objective: Be the body responsible for remuneration to staff of the Institution, protecting the integrity, stability, competitiveness and financial soundness of the same, supporting GFNorte's Board of Directors in its functions relating to the Compensation System, through the approval of determinations in human resources subject and the establishment of a regulatory framework, undertaking implementation, maintenance and evaluation activities regarding the Compensation System.

A Remuneration System is understood to be the one referred to in the "Remuneration System Policies" for the granting of the annual bonus and the retention plan for risk-taking positions.

Functions:

Assist the Board of Directors in the performance of its duties regarding the Compensation System in the following aspects:

A. Proposal for approval of the Board of Directors:
   a. The compensation policies and procedures, consistent with reasonable risk taking, as well as any modifications made to them.
   b. Employees or personnel who hold any position, mandate, commission or any other legal title, which will be subject to the paragraph of Compensation System related to risk taking.
   c. The special cases or circumstances in which someone might exempt the application of approved compensation policies.
B. Implement and maintain the Compensation System related to risk taking, which must consider the differences among the different administrative, control and business units as well as the risks inherent to the activities performed by people subject to the Compensation System related to risk taking. For this purpose, the Committee shall receive and consider the reports of the Unit for Risk Management and any other area that the same Committee deems appropriate, on the implications of risk policies and procedures for compensation.
C. Inform all relevant staff about policies and procedures of compensation, ensuring at all times the understanding by stakeholders regarding the methods for the determination, integration and delivery of their compensation, applicable risk adjustments, the deferral of extraordinary compensation and any other mechanisms applicable to their remuneration.
D. Prior to the DMD of Human Resources proceeds to deliver the percentage of Deferred Compensation that corresponds to each employee subject to deferral system, the Human Resources Committee shall report the results of the evaluation exercise to:
   a. The CEO: Results of risk analysis of Managing Directors under his charge before being presented to each of them.
   b. The Chairman of the Board: Results of the risk analysis of the CEO.
E. Hiring, when deemed necessary, external consultants on compensation schemes and risk management, who contribute to design compensation schemes, avoiding any conflict of interest.
F. Define and update the guidelines that frame the retention plan (in shares) for executives of the Institution subject to the Compensation System associated with risks, and to interpret, manage, modify and, where appropriate, propose to the Board the termination of the retention plan.

a. Take any necessary action for the effective and timely execution of the retention plan for officers subject to the Compensation System.
b. Report to the Board of Directors, when deemed appropriate on matters relevant to the retention plan for officers subject to the Compensation System.

G. Report to the Board of Directors at least semiannually on the operation of the Compensation System, and any time when exposure to risk assumed by the Institution, administrative, control and business units or people subject to the Compensation System, could result in an adjustment to such Compensation System.

Frequency of sessions: The Human Resources Committee meets quarterly. It may also meet in an extraordinary manner.

Structure: According to Article 168 Bis 5 of the General provisions applicable to credit institutions, the Human Resources Committee must be comprised by at least two Proprietary Board Members, of which at least one must be independent (who shall preside). Furthermore, at least one of the Board Members shall be a person who has extensive experience in Risk Management or Internal Control; the Responsible of Comprehensive Risk Management; a representative of the Human Resources area, a representative of the finance planning or budget elaboration area; and the Internal Audit, which will have voice but no vote.

In addition to what's required by the applicable regulation, the Board Members comprising the Human Resources Committee should be independent members.

The Chairman, listening to the opinion of GFNorte's CEO, may appoint alternate members when one member ceases to be part of this Committee. Each member has the right for a vote, and resolutions must be approved by a majority vote of the attending members; in the event of a tie, the Chairman of the Human Resources Committee shall have the deciding vote. In the event that a member of this committee has a conflict of interest with any specific matter, should abstain in the voting process.

MEMBERS		
Thomas Stanley Heather Rodríguez	Independent Regular Director	Chairman
Diego Martínez Rueda-Chapital	Independent Alternate Director	Member
Gerardo Salazar Viezca	Responsible of the Comprehensive Risk Mgmt	Member
Javier Beltran Cantu	Human Resources Representative	Member
Rafael Arana de la Garza	Financial Planning Representative	Member
Isaias Velazquez Gonzalez	Internal Auditor	Member (Voice / w/o vote)
Rogelio Cardenas Solis	Secretary	Non-Member

Quorum: The Committee's resolutions will be constituted when the majority of the members attend the meeting, having to always present at least one of the proprietary members of the Board of Directors as independent.

NOMINATIONS COMMITEE

In the Extraordinary General Shareholders' Meeting held on October 17, 2011, it was approved to create this Committee, in order to do so, Article Thirty-seven Bis-1 was included in the Corporate Bylaws. On July 4, 2014,

GFNorte's Bylaws were fully amended by resolution of the Extraordinary General Shareholders' Meeting, including changes to the numbering corresponding to the Nominations Committee to Article Forty-Fourth.

Moreover, GFNorte's Extraordinary General Shareholders' Meetings held on November 19, 2015, and August 19, 2016, approved the amendment to Article Forty-four of GFNorte's Corporate Bylaws regarding the integration and operation of the Nominations Committee.

Structure: The Nominations Committee will be designated by the Board of Directors, and will be comprised of at least seven members, who shall be part of the Board of Directors and of whom four must be Independent Members and one, the Chairman of the Board, who will preside the Committee.

Each member has the right to vote, and resolutions must be approved by a majority vote of the attending members. In the event of a tie, the Chairman of the Nominations Committee shall have the deciding vote. In the event that a member of this committee has a conflict of interest with any specific matter, should abstain from participating in the voting process, not affecting the required quorum for the Committee.

MEMBERS	
Carlos Hank González	Chairman
Juan Antonio González Moreno	Member
Carlos de la Isla Corry	Member
Alfonso de Angoitia Noriega	Independent Member
José Antonio Chedraui Eguía	Independent Member
Thomas Stanley Heather Rodríguez	Independent Member
Federico Carlos Fernández Senderos	Independent Member
Héctor Ávila Flores	Secretary Non-member

Faculties:

1. Propose for approval by the Shareholders' Meeting the appointment of the members of the Company's Board of Directors, of the Financial Groups' subsidiaries and if the case sub holdings.
2. Elaborate an opinion regarding the people who will hold the position of CEO at the Company, of the Financial Group's subsidiaries and if the case sub holds, without prejudice to the faculties assigned to the Audit and Corporate Practices Committee in terms of Article Thirty-three, paragraph III, section d) of these bylaws.
3. Propose for approval by the Shareholders' Meeting or by the Board of Directors, the compensation for the members of the Company's Board of Directors and its Committees, as well as the Boards of Financial Groups' Subsidiaries and if the case sub holdings.
4. Propose for approval by the Shareholders' Meeting or by the Board of Directors, the removal of members of the Company's Board of Directors, as well as from the Board of any of the Financial Groups' Subsidiaries and if the case sub holds.

The operation and functioning of the Nominations Committee will be subject to the policies and guidelines approved by the Board of Directors of GFNorte.

Frequency of sessions: The Designation Committee will hold sessions at least once a year or when convened by its Chairman

GFNORTE TOP MANAGEMENT SUPPORT COMMITTEES

There are several committees which support GFNORTE's Top Management's work, which propose and resolve within their abilities, diverse aspects related to the progress of the business. The Managing Directors of areas that report directly to the CEO sit on these Committees, as well as other officials responsible for specific areas. These Committees are detailed as follows:

1. Security
2. Central Credit
3. Central Credit Recovery
4. Asset and Liabilitie
5. Financial Markets
6. Communications and Control
7. Fiduciary Business
8. Investment projects
9. Operational Risk
   9.1. Application Programming Interfaces (APIs) Governance Group
   9.2. Cyber Risk Subcommittee
10. Asset Management
11. Parametric Loan
12. Investment Services
13. Personal Data Protection
14. Recovery and Continuity
15. Sustainability
    15.1Subcommittee on Diversity, Equality and Inclusion
16. Derivatives

SECURITY COMMITTEE

Objective: Propose improvements and seek solutions to physical security problems that affect the institutional assets or pose risks of embezzlement by employees or third parties, considering the employees' physical integrity, through changes to processes and procedures, as well as sanction whoever is responsible for unhealthful practices in their financial function and services at the Financial Group.

Functions:

1. To analyze the origin of the damage or risk of irregular events of third parties or employees.
2. To implement preventive measures to avoid risk, through changes in the operative or management processes and send messages to alert managers, officers and employees.
3. To take corrective measures and actions in the face of irregular or illicit behavior by managers, officers and employees (Labor Sanctions) and by third parties (Legal Action). Considering provisions in the "Guidelines for the care of unlawful acts by officers".
4. Evaluate and follow up resolutions made in the Work Group and decide on queries or requests submitted by this group.

Frequency of sessions: The Committee will be held regularly on a monthly basis, the third Thursday of the month. Furthermore, it can also gather extraordinarily in virtue of the risk or gravity of a particular case.

Integration:

MEMBERS		
Jorge Eduardo Vega Camargo	DMD Comptrollership	Chairman
Hector Ávila Flores	MD Legal	
Isaias Velazquez Gonzalez	MD Internal Audit	
Javier Beltrán Cantu	DMD Administration & Human Resources	
Eduardo Mercadillo Franco	ED Frauds	
Ricardo Morales Gonzalez	ED Information Security	
Juan Manuel Márquez Goitia	D Specialized Unit of Attention to Users	Secretary, Not Member

CENTRAL CREDIT COMMITTEE

Functions:

Resolving the credit applications presented by the clientele through banking areas, based on the experience and knowledge of GFNORTE's officers regarding the situation of the different sectors, regional economies and specific clients, with a focus on business profitability and measurement of institutional risk.

The Central Credit Committee is supported by various committees with different geographical coverage and risk budgets. Furthermore, a scheme of individual or joint faculties exists so GFNORTE's officers can authorize transactions to special clients occasionally.

Frequency of sessions: The Central Credit Committee convenes every fifteen days. The Credit Committees supporting it convenes with the same frequency, or if needed, on a weekly basis or more frequently as required.

Integration:

MEMBERS	
Gerardo Salazar Viezca (1) (2)	Chairman and Coordinator
Rafael Hinojosa Cárdenas (2)	Alternate Coordinator and Secretary
José Wilfrido Lozano Merino (2)	Alternate Coordinator
Germán Ballesteros Quezadas (2)	Alternate Coordinator
José Armando Rodal Espinosa (3)	Vote and voice
Jorge de la Vega Grajales (6)	Vote and voice
Víctor Antonio Roldan Ferrer (3)	Vote and voice
Carlos Eduardo Martínez González (3)	Vote and voice
René Gerardo Pimentel Ibarrola (3)	Vote and voice
Mario Alberto Treviño Villarreal (2)	Vote and voice
Arturo Monroy Ballesteros (3) (4)	Vote and voice
Manuel Sarmiento Serrano (5)	Vote and voice
Samir Abud Espinosa (3) (8)	Vote and voice

Raúl Carreto Diaz (3) (7)	Vote and voice
Alberto Bitar Hank (5)	Veto and voice
Héctor Ávila Flores	Voice
Cristobal Collado de Cima	Voice
Audit Representative	Voice
Comptroller Representative	Voice
Sustainability Representative (9)	Voice

(1) Your participation is focused on guaranteeing compliance with the credit process policies.
(2) Credit Officer.
(3) Business Officer.
(4) In the case of credit requests from groups that have authorized Investment Projects, it has a voice without vote.
(5) External Member.
(6) Only participates in cases involving the Federal Government.
(7) Only participates in Credit Applications related to cases of Infrastructure Projects.
(8) Only participates in Credit Applications related to cases in the portfolio of the State and Municipal Government segment.
(9) Cases with loan amounts equal to or greater than $500,000,000 pesos, with socio-environmental due diligence, classified as high or medium risk and belonging to sensitive sectors such as infrastructure, tourism, construction, mining, energy, agriculture, and oil and gas, or in those cases where the Committee and ARSA deem it necessary. The Members who can participate are the Executive Director of Investor Relations and ESG and the Director of Sustainability and Investor Relations.

CENTRAL CREDIT RECOVERY COMMITTEE

Functions:

Resolve clients' recovery proposals that are under management of the Asset Recovery Business as well as Transactional Banking borrowers that propose cash settlements, restructurings and payments in kind or conversions of debt to equity, that could imply or not debt cancellations or write-offs.

Additionally, Recovery committees manage the resolutions proposal of the sale of foreclosed assets according to the following:

1. Analyze the sale value of Foreclosed Assets, based on financial rationale, considering present value and cost of money.
2. Propose to the Risk Policies Committee adjustments to the Sale of Foreclosed Assets policy.
3. Analyze, and if the case authorizes, all the sale proposals of Foreclosed Assets.
4. Analyze the quarterly report on transactions of the Administration and Sale of Assets department.
5. Overview the progress and compliance of the sale of Foreclosed Assets, as well as duly coordination of the departments involved.
6. Decide on the hiring of brokers or companies specialized in real estate sale; in case of urgency, this decision shall be made by 3 members informing (and establishing in the corresponding minutes) to the Committee in the next session.
7. Manage every issue related to the sale of Foreclosed Assets not considered herein.

Integration:

Central Credit Recovery Committee			
Propetary Members		**Faculties**	**Quorum**
Jorge Abiel Garza Bautista	Coordinator	Cash settlements, restructurings and	For Recovery proposals:
Sergio García Robles Gil	Coordinator		

Gerardo Salazar Viezca	Coordinator	dations in payment of loans greater than $10 million pesos, debt booked by Grupo Económico at Grupo Financiero Banorte level and of loans greater than $30 million pesos, capital debt for portfolios acquired/managed by the Asset Recovery Area. Additional credit per customer for up to 10% of the carrying amount or $10 million pesos, whichever is less. Higher amounts must be authorized by the National Credit Committee and, if applicable, by the Central Credit Committee. Sales of GFNorte's Own Property and/or Assets whose appraised commercial value is equal to or greater than $5 million pesos. Sales of GFNorte's own assets, previously assigned to the Banorte Real Estate Area for sale. For these cases, the Policies established for the sale of Foreclosed Assets must be applied, and in the event that the sale is proposed to be made below the value recorded in the books, the signature of the Deputy General Director of Asset Recovery must be obtained only in the event that this officer has not participated in the Committee meeting where the sale was authorized. Substitution of the Debtor.	<u>Minimum of 4 voting members:</u> 2 of the 4 members must be Coordinators and at least 2 of the 4 must not be attached to the Asset Recovery Area. In the case of proposals for the Sale of Assets: minimum 3 voting members: 1 of the 3 members must be Coordinator and at least 2 of the 3 who are not attached to the Asset Recovery Area. Decision by majority in both approaches, in case of a split decision, the signature of the General Director of GFNorte must be counted, but never with more than 2 votes against. The participation of a representative of the Legal Department is mandatory, especially in cases within its sphere of influence.
José Wilfrido Lozano Merino	Coordinator		
Armando Rodal Espinosa	Coordinator		
Rafael Hinojosa Cárdenas	Coordinator		
Antonio Fernández Montero			
Claudia Cecilia Amezcua Chávez			
Hector Ávila Flores	Without vote		
Director Ejecutivo Jurídico Recuperación Activos.	Without vote		
Carlota Hinojosa Salinas	Without vote		
Representante del Área de Prevención y Control Institucional	Without vote		
Representante de Auditoria	Without vote		
Alternate Members			
José Marcos Ramírez Miguel	Coordinator		
Rafael Arana de la Garza	Coordinator		
Mario A. Barraza Barrón	Coordinator		
Enrique Argüelles Illoldi	Coordinator		
Carlos Martínez González			
Director Jurídico de Recuperación de Activos de Región o Producto que corresponda.	Without vote		
Rosa Martha Nuñez Escamilla	Secretary without vote		
Horacio Antonio Díaz Vásquez	Secretary without vote		
Blanca Deyanira García Reyes	Secretary without vote		

		Sales of assets from the Solid Projects area, previously assigned to the Banorte Real Estate Area for sale.	
Note:Jorge Ruiz Cortázar, Executive Director of Material Resources may participate as a voting owner member in Sale of Assets proposals.			

ASSETS AND LIABILITIES COMMITTEE

Objectives:

General:

- Maximize shareholder value.

Particular:

1. Establish and monitor strategies for:
    a. Coverage, management and optimization of the balance.
    b. Capital structure and levels.
    c. Management of the cost of funds and liabilities issues.
    d. Optimization and capital flows and dividends.
    e. Balance sheet structure and financial margin management.
2. Monitor the alignment of prices and rates (does not include BAP sector).
3. Maximize the benefit of the products offered (does not include BAP sector).
4. Analyze and monitor:
    a. The return on capital and assets.
    b. The use of capital and liquidity of the Group and its subsidiaries, including among them, investments and share buybacks.
    c. The financial margin.
    d. Debt and capital structure.
    e. Structural or balance sheet investments.
    f. Investments in new subsidiaries.
    g. Projections of key indicators.
5. Validate the premises and results of the capital adequacy assessment and internal and regulatory liquidity contingency plans.
6. Follow up on the results of the exercise vs the budget:
7. Ensure that all acquired assets have the approvals of the corresponding authorities.

Functions:

1. Strategic approaches to manage the balance sheet for the benefit of the income statement..
2. Monitor and approve key balance indicators:
    a. Deposits
    b. Origination
    c. Margin
    d. Capital

e. Liquidity
f. Financial Risks
g. Profitability

3. Authorize maximum fee and price thresholds.
4. Authorize debt issuance and capital notes..
5. Approve the issuance of capitalization instruments and dividends.
6. Approve investments and/or sales of assets, including portfolio.
7. Authorize transactions with assets between subsidiaries.
8. Approve acquisistions of papers in which we act as placement agents, subject to the non-objection of the Deputy General Director of Treasury.
9. Monitor balance sheet positions and their impacts
10. Propose to the Risk Policu Committee (CPR) the approval of:
    a. Internal balance models
    b. Capital, liquidity, and leverage policies
    c. Balance sheet coverage

Higher court: CPR

- Changes in the powers, functions and adjustments to the composition of the Committee must be submitted for approval to the CPR; except for adjustments to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of sessions: Meetings are held at least weekly; the Secretary is responsible for the agenda and convene sessions. Extraordinary sessions shall be held as required.

Integration:

Assets and Liabilities Committee		
Position	**Member**	**Participatio**
COO and CFO	Rafael Arana de la Garza	With voice, vote and veto power
Wholesale Bank	Armando Rodal Espinosa	With voice and vote
Administration and Risk and Credit	Gerardo Salazar Viezca	With voice and vote
Government Banking	Carlos Eduardo Martínez González	With voice and vote
Commercial Banking	Mario Alberto Barraza Barrón	With voice and vote
Product development	Fernando Solís Soberón	With voice and vote
Treasury	Carlos Alberto Arciniega Navarro	With voice and vote
Digital Development	José Francisco Martha González	With voice and vote
Legal	Héctor Ávila Flores	With voice and vote
Human Resources	Javier Beltrán Cantú	With voice and vote
Markets and Institutional Sales	Alejandro Eric Faesi Puente	With voice
Financial Risk Management	Ignacio Saldaña Paz	With voice
Deposits	Alejandro del Bosque Patoni	With voice
Transactional Banking	Raúl Alejandro Arauzo Romero	With voice

Risk	Abraham Mohamed Izquierdo García	With voice
Financial Planning (Secretary)	Pablo Ramos Coronado	With voice
Profitability	David Delgado Sánchez	With voice
Accounting	Mayra Nelly López López	With voice
Coporate Governance	Diego González Chebaux	With voice
Investor Relations, ESG and M&A	Tomás Lozano Derbez	With voice
Guest	Guest Directors	With voice
Guest	Audit	With voice
Guest	Treasury	With voice
Guest	Comptroller	With voice

FINANCIAL MARKETS COMMITTEE

Objective:

To be the corresponding body to approve general strategies for investment and buy-sell of financial instruments, complying with what was approved by the CPR for GFNorte and its subsidiaries for the transactions made in the Bank and the Brokerage.

Functions:

1. Analysis of the national and international economic environment.
2. Approval of general investment strategies (maximum amounts, stop loss levels, profit taking, maximum terms, types of instruments, etc.) and trade of financial instruments. Follow up on the Balance Sheet and define strategies for risk in proprietary investment portfolios proposed by the business areas that manage those portfolios.
3. Review and evaluate the portfolios.
4. Supervise compliance with limits authorized by the Board of Directors or by the corresponding Risk Policies Committee.
5. Define investment strategies in abnormal situations of risk.
6. Review of parameters and definition of remedial measures of liquidity when applicable (absence of a secondary market, low liquidity, etc).
7. Follow up and authorization regarding the Financial Institutions included in the Banks' watchlist for financial market lines and proprietary positions.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the composition of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of sessions: Meetings shall be hold monthly; the Secretary is responsible for coordinating the agenda and convening sessions. In the event that the financial situation requires it, any member can summon extraordinary meetings.

Integration:

MEMBERS			
Position	**PROPRIETARY**	**ALTERNATE**	
Markets and Institutional Sales (President)	Alejandro Eric Faesi Puente	Bruno Alberto Grebe Martínez	With voice and vote
Derivatives	Dan Perkulis Zimbal	Héctor Rodríguez Rueda	With voice and vote
Money Market and Derivatives	Jorge Arturo García Pares	Héctor López Morales	With voice and vote
Investment Banking	Arturo Monroy Ballesteros	Pablo Carrera López	With voice and vote
Market Risk	Oscar Guadalupe Vela Hinojosa	Efraim Pérez Abea Camarena	With voice and vote
Financial Risk	Abraham Mohamed Izquierdo García	Jorge Arturo Espinosa Moore	With voice and vote
Financial Risk Management	Ignacio Saldaña Paz	Héctor Raúl Camacho Riveros	With voice and vote
Corporate credits	Alejandro Cruz Alemán	Francisco Tenorio Pérez	With voice and vote
Stock Exchange and Market Comptroller (Secretary)	Miguel Ángel Arenas López	Alfonso Velázquez	Voice
Audit Representative	José Alfredo Santiago García	Leticia González Saldaña	Voice

COMMUNICATIONS AND CONTROL COMMITTEE

Each GFNORTE entity whose regulation dictates, has a Committee engaged in the prevention of money laundering that complies with regulatory functions. Below we present the committee corresponding to Banorte as an example of the functions performed.

Functions:

1. Submit for the approval of the Audit Committee of the entity involved, Know-Your-Client policies as well as User Identification policies which the entity itself should prepare, including the criteria, measures and procedures that must be developed for proper compliance, as well as any modification in compliance with that established in the General Provisions referred to in Articles 115 of the LIC;
2. Act as the competent body for receiving outcomes from the Entity's Internal Audit department with respect to the degree of efficiency of the policies, criteria, measures and procedures indicated in the section above so as to adopt appropriate actions for correcting errors, weaknesses or omissions;
3. Have knowledge of new accounts or contracts with characteristics that imply a high risk for Banorte, or any other subsidiary based on reports from the Compliance Officer, and, if appropriate, formulate the necessary procedures;
4. Establish and disseminate criteria for classifying clients based on their risk level;
5. Ensure that the Institution's systems contain, the officially acknowledged lists issued by Mexican authorities, international organisms, intergovernmental groups or authorities of other countries, of people linked to terrorism or its financing, or with other illegal activities; as well as the lists of countries or jurisdictions that apply fiscally preferable regimes or don't have measures to prevent, detect and combat operations with resources of illicit origin or financing of terrorism, or when the application of this measures is faulty, and the lists of Politically Exposed people, these last two provided by the SHCP;
6. Rule on operations that should be reported to the SHCP, through the CNBV, considered unusual or worrisome, in the terms established in the General Provisions referred to in Article 115 of the LIC;
7. Approve the training programs for the personnel of Banorte or any other subsidiary, related to prevention,

detection and reporting of conducts aimed at favoring, helping, aiding or abetting any kind of terrorism financing activities or transactions involving illegally sourced funds.

8. Inform the Institution's competent area about the conducts carried out by directors, officers, employees or representatives that infringe the Generally Applicable Dispositions referred in Article 115 of the Law of the LIC, or in the cases that such directors, officers, employees or representatives contravene the established policies, criteria, measures and procedures for the correct compliance with the Generally Applicable Provision referred in Article 115 of the LIC, with the objective of imposing the corresponding disciplinary measures,
9. Resolve other matters submitted to consideration, related to the application of these Provisions.

FIDUCARY BUSINESS COMMITTEE

Objective: Regulate promotion, recruitment, administration and control of operations processes in which GFNorte participates as trustee, custodian or representative.

Faculties:

1. Analyze, approve or reject medium, high and limited risks trust businesses.
2. Analyze, approve or reject promotion and hiring schemes' trust businesses.
3. Determine matters that by their risk don't need to be submitted to this Committee.
4. Analyze and decide those issues whose characteristics may eventually produce a legal, financial, administrative or reputational contingency to the institution, stemming from the hiring, operation or management of the trust businesses.
5. Remission of honorary Trustees vanquished and moratorium interest, as well as reduction in trust fees agreed.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the composition of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of Sessions: Meetings will be hold ordinary the first and third Wednesday every month. It may also meet in an extraordinary matter.

Integration:

MEMBERS		
PROPIETARY	**ALTERNATE**	
Legal (Chairman)	Héctor Ávila Flores	Diego González Chebaux
Credit and Risk Management	Gerardo Salazar Viezca	Pablo Andrés Álvarez Falcón
Comptrollership	Jorge Eduardo Vega Camargo	Gerardo Mejía Zacarías
Government, States and Municipals	Alberto Samir Abud Espinosa	Enrique José Camps Álvarez

Wholesale Banking Representative	Ricardo Velázquez Rodríguez	Víctor Antonio Roldan Ferrer
Operations	Luis Álvarez Trillo	Francisco Juárez Rangel
Fiduciary	Cristina Leonor Guerrero Sarre	Mario Rodolfo Luna Estrada
Legal Fiduciary (Secretary Not Member)	Julia Loretta Cantú Vega	
GUESTS		
Audit Representative	Invited (without vote)	

INVESTMENT PROJECTS COMMITTEE

Objectives: Analyze the viability of every proposal related to: 1) the acquisition of loan portfolios, 2) acquisition of real estate portfolios, and 3) investment in housing, commercial real estate, and mixed usage projects, which must be authorized in adherence to GFNorte's strategies.

Scope: The objectives, functions, members and frequency of the investment projects committee's sessions are generally applicable to GFNorte and subsidiaries.

Functions:

1. Analyze and approve different business transactions presented to this Committee, such as:
    a. Acquisition of loan portfolios.
    b. Acquisition of real estate portfolios.
    c. Investment in housing, malls, infrastructure and tourism projects. (see provisions at the end of this section)
    d. Extensions and changes to authorizations.
    e. Authorize, as part of the natural recovery of investments, the partial or total sales of land managed by the Real Estate Business Strategy and Promotion Area, which were originally authorized by this Committee as investments in Real Estate Projects (housing and commercial) or Land Purchases.
2. Monitor and review advances in the business transactions being executed, through a presentation by those responsible for each business.
3. Ensure that every business transaction presented to the Committee adheres to the minimum profitability and risk criteria established in GFNORTE and/or the Board of Solida Administradora de Portfolios.
4. Recommend that additional funds be requested to the corresponding instances in order to advance in the initiatives or projects under development that require the disbursement of additional resources.
5. Respect all provisions issued by the Risk Policies Committee (RPC) that impact its areas of influence.
6. The Committee will be able to request a review of the analysis presented to it by an expert in the subject, as well as by personnel of the specialized areas.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the composition of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of the sessions: Upon request by the Coordinator and/or Secretary of the Committee. Advancements on the projects should be presented at least once every three months.

Integration:

MEMBERS, QUÓRUM AND APPROVAL			
CEO GFNORTE	José Marcos Ramírez Miguel	President/Coordinator	Four voting members, one of whom must be a member of the Risk area. In the absence of the Coordinator there must be an Alternate Coordinator.
Wholesale Banking	José Armando Rodal Espinosa	Alternate Coordinator	
Credit and Risk Management	Gerardo Salazar Viezca	Alternate Coordinator	
Credit	José Wilfrido Lozano Merino	Alternate Coordinator	
Selective Credit Management	Rafael Hinojosa Cárdenas	Alternate Coordinator / Secretary	
Credit Director	Germán Ballesteros Quezadas		
COO and CFO	Rafael Arana de la Garza		
Investment Banking	Arturo Monroy Ballesteros		
Legal Representative	Invited (without vote)		
Audit Representative	Invited (without vote)		
Sólida or its investment vehicle Representative	Invited (without vote)		

OPERATIONAL RISK COMMITTEE

Objective:

Related with Operational Risk:

A. Approve any proposal related to Operational Risk issues, i.e., those proposals that involve potential losses due to failures or deficiencies in internal controls, errors in the processing and storage of operations or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft, including technological risk and legal risk.
B. Approve proposals or initiatives for new products or services due to operational risk (or changes to existing ones).

C. Follow up on operational risks with a score greater than 9.60 (Very High).
D. Follow up on reputational risk management.

Related to Information Security (Cyber Risk):

A. Align information security and control efforts to establish an effective and efficient program under the prevention approach.
B. Evaluate and recommend strategies to prevent risks and incidents, as well as support compliance with applicable laws, regulations, and GFNorte's internal policies.
C. Support and ensure the establishment of information security risk treatment plans and remediation plans for information security incidents and findings.
D. Foster a culture of information security

Functions:

Related with Operational Risk:

1. Analyze and evaluate and, if the case, approve risks with a score higher than 9.60 (Very High).
2. Follow-up risks mitigation with a score higher than 9.60 and risks approved by the same body, which shall be informed semiannually to the CPR.
3. Give periodic follow-up to ratios and incidents of reputational risk and conform the “Reputational Risk Work Group” which will implement mitigating measures.
4. Evaluate and, if the case, approve operational risks in proposals or initiatives of new products and services.

Related to Information Security (Cyber Risk):

A. Define the integral strategy for Information Security.
B. Review and approve the scope, objectives, programs, policies, procedures, reports and any other documents required in the area of information security.
C. Evaluate threats, risks and vulnerabilities that are presented through the different areas, assessing impacts and proposing mitigation or treatment measures.
D. Monitor, measure and report information security metrics and indicators.
E. Review and monitor information security incidents, considering measure to take.
F. Appraise the effectiveness of controls established for information security.
G. Promote knowledge and application of information security policies, as well as their proper dissemination.
H. Create work groups in order to follow-up on and attend to special risk or problematic situations related to computer security issues.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the composition of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of sessions: The Committee will meet quarterly, or if the case, when the Chairman or Secretary of the Committee deem convenient. Extraordinary sessions may also be convened.

Integration:

MEMBERS		
Credit and Risk Mangement (President)	Gerardo Salazar Viezca	Voice and Vote
Digital Business Development	José Francisco Martha González	Voice and Vote
Government Banking	Carlos Eduardo Martínez González	Voice and Vote
Commercial Banking	Mario Alberto Barraza Barrón	Voice and Vote
Processes, Branches, Sales	Ramón Silva González (Alternate of Mario Alberto Barraza Barrón)	Voice and Vote
Product Development	Fernando Solís Soberón	Voice and Vote
Legal	Héctor Ávila Flores	Voice and Vote
Legal Digital Norm and Prod	Ana Laura Villanueva Vega (Alternate of Héctor Ávila)	Voice and Vote
Comptrollership	Jorge Eduardo Vega Camargo	Voice and Vote
Human Resources	Javier Beltrán Cantú	Voice and Vote
HR Services and Medical Management	Luis Mario Ochoa Gómez (Alternate of Javier Beltrán Cantú)	Voice and Vote
Information Security	Jesús Ricardo Medina Cantú	Voice and Vote
Fraud Detection	Eduardo Mercadillo Franco	Voice and Vote
Audit	Alejandro Rodríguez Moreno	Voice
Operational Risk Management (Secretary)	Jesús Valdés Fernández	Voice and Vote
INVITED		
Information Security	Ricardo Morales González	Voice

APPLICATION PROGRAMMING INTERFACE GOVERNANCE COMMITTEE (API)

Objective:

A. Define the comprehensive Open Banking strategy and the Application Programming Interfaces (APIs) that must be established.
B. Review compliance with the obligations arising from the secondary regulation of Article 76 of the Law to Regulate Financial Technology Institutions, with regard to the opening of Application Programming Interfaces (APIs) to third parties authorized by the CNBV, which are established in the General Provisions Relating to Standardized Computer Application Programming Interfaces.
C. Analyze and approve new Application Programming Interfaces (APIs) - which are not mandatory by the Regulation - but which under GFNorte's institutional strategy are proposed by any area to make available to customers or third parties (non-customers) existing services or products that can be consumed by external parties, be they partners, customers, other banks, etc.
D. Make decisions regarding the allocation of resources and prioritization of projects according to the criticality and relevance of the API Products that will be published on the API Management Platform.

Functions:

The Application Programming Interfaces (APIs) Governance Group for the development of its object must perform the following functions:

A. Establish strategies to share with other banks or new financial market entrants, data from our products or transaction points, statistical data that may add value to new business models, or data from our customers with their prior consent. But also to exploit the APIs of other financial institutions, either to generate analytics

that support better decision-making, or to offer comprehensive experience and improve the service to our customers.

B. Evaluate the business concept of the proposals or initiatives for new API products that must be incorporated into the API Management platform, in order to issue their opinion on them and, where appropriate, approve them.
C. Recommend the parameters to be considered for the establishment of the commissions that are intended to be charged for the consumption of API products through Banorte's API Management Platform; commissions that must be approved by the Assets and Liabilities Committee, through the Prices and Rates Group.
D. Monitor compliance with the obligations established in the General Provisions Relating to Programming Interfaces of Standardized Computer Applications issued by the CNBV, regarding the opening of APIs to third parties authorized by the CNBV itself.
E. Prioritize initiatives for new API products so that resources can be allocated efficiently.
F. Identify, where appropriate, incremental operational risks in proposals or initiatives for new APIs, in order to inform the Integrity Committee thereof.

Higher Court: Operational Riks Committee

- Changes in the powers, functions and adjustments to the composition of the Group must be submitted for approval to the Integrity Committee; except for adjustments to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Working Group itself.

Frequency of sessions: The Subcommittee will meet quarterly, or, where appropriate, when the Chair or the Secretary of the Group deems it appropriate. Likewise, it may hold extraordinary sessions

Integration:

Application Programming Interfaces (APIs) Governance Group			
MEMBER	**DIRECCION**	**ALTERNATE**	**FACULTY**
José Francisco Martha González (President)	Digital Business Development		Vote and Voice
Jorge Eduardo Vega Camargo	Comptroller	Gerardo Medía Zacarias	Vote and Voice
Claudia Ignacio Cruz	Client Experience and Innovation		Vote and Voice
Fernando Treviño Elizondo	Technology		Vote and Voice
Ricardo Morales González	Information Security		Vote and Voice
Rafael Fragoso Pérez Carreño	Digital Bank		Vote and Voice
Jesús Valdés Fernandez	Risks		Vote and Voice
Héctor Ávila Flores	Juridical		Vote and Voice
Eduardo Mercadillo Franco	Fraud Prevention		Vote and Voice
Jesús Ricardo Medina Cantú	CISO		Vote and Voice

Quirino Castro Flores	Digital Business Comptroller		Vote and Voice
Claudia Ileana Fragoso Flores (Secretary)	Digital Ecosistems		Voice

Cybersecurity Subcommittee

Objective:

Classify, supervise and guide on possible cyber risks, based in the methodology established in 5.01.08 Operational Risk Management Model.

A. Watch the control and management of cyber risks of GFNorte, based in the Institutional Operational Risk Management Model, established in section 5.01.08 Conceptual Framework of the Risk Manual.
B. Ensure compliance with the Internal Control System based on 3 (three) Lines of Defense (3LoD) created for the management of cyber risk in accordance with the Internal Control Objectives and Guidelines.
C. Analayze the needs, approach and follow-up for the allocation of sufficient resources for the development and implementation of controls that mitigate the cyber risks detected.
D. Inform the Integrity Committee on the results and follow-ups of cyber risk management.
E. Infrom the Integrity Committee regarding the escalation of cyber risk that is outside the risk appetite, which is established based on the Operational Risk Methodology 5.1.8.5 Quantification of Operational Risk.
F. Establish a preventive model to anticipate the occurrence of cyber risks with its rquired operational enablers, with the aim of better managing the occurrence of cyber risk. This is in accordance with the management model of the 3 lines mentioned above.

Functions:

1. Propose to the Integrity Committee the approval of the Cyber Risk Management Model aligned with the operational and technological risk methodology to monitor its implementation and operation. The foregoing is in accordance with section 5.01.08 Operational Risk Management Model.
2. Analyze and evaluate cyber risks, update and supervise the actios to be carried out by the areas involved, formalizing and following up on the Risk Treatment Plans that are implemented, to bring the identified risks (inside and outside the risk appetite), to an acceptable level according to the operational and technological risk methodology.
3. Propose to the Integrity Committee and follow-up on the allocation of the budget and the necessary resources based on the regulations Preparation of th Annual Institutional Budget, for the treatment of cyber risks outside the risk appetite of GFNorte, according to 5.1.8.5 Quantification of Operational Risk.
4. Manage GFNorte's cyber risks inventory.

Higher Court: Operational Risk Committee

- Changes in the Subcommittee's faculties, functions and adjustments regarding integration must be submitted for approval of the Integrity Committee; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Subcommittee itself.

Frequency of sessions: The Subcommittee will meet monthly, or if the case, when the Chairman or Secretary of the Subcommittee deem convenient. Extraordinary sessions may also be convened.

Integration:

MEMBERS			
Proprietary			**Alternate**
Operational Risk (President)	Jesús Valdés Fernández	Voice and Vote	César Saúl Velázquez Ortiz
Information Security (Secretary)	Ricardo Morales González	Voice and Vote	Daniel Aldrete Navarro
Comptrollership	Jorge Eduardo Vega Camargo	Voice and Vote	Gerardo Delgadillo Ramos
Technology	Fernando Treviño Elizondo	Voice and Vote	Delfín Ruiz Favela
Information Security	Jesús Ricardo Medina Cantú	Voice and Vote	Jessica Dafne Martínez Garza
Fraud Prevention	Eduardo Mercadillo Franco	Voice and Vote	Jesús Reyes Barragán/ Rafael Valencia González
Cyber Security Crisis	Eduardo Espina García	Voice and Vote	Alejandro Núñez Sandoval
Corporate Projects	Victor Romero Romero	Voice	Angélica Lizeth Denis López
Technology Internal Control	Marcos Ricardo Rivera Valdovinos	Voice	Daniel Alberto Tenorio Tapia
Operations Comptrollership	Gabriel Guardiola Sánchez	Voice	Manuel Alonso Castro
Digital Business Development Comptrollership	Quirino Castro Flores	Voice	Janeth Esmeralda Rodríguez Miranda
Seguros Banorte	Tomás García Alanís	Voice and Vote	Mario Filiberto Flores Vargas
Pensiones Banorte	Tomás García Alanís	Voice and Vote	Mario Filiberto Flores Vargas
Afore XXI Banorte	Lucinda Pineda	Voice	Antonio Chavarro
Information Technology Audit	Alejandro Rodríguez Moreno	Voice	Luis Alberto Martínez Mendoza
Technology Logistics	Dennis Fitzpatrick Fiorentini	Voice	Patricia Guadalupe Canales Morcos

ASSET MANAGEMENT COMMITTEE

Objective:

To be the body empowered to manage the assets in third party portfolios related to the Investment Funds ("the Funds") and portfolio management.

Functions:

The Managed Investment Portfolios Committee will be responsible for determining and update policies and general guidelines regarding:

1. Analyze the national and international economic environment.
2. Define the general guidelines for asset management based on the Internal and External Regulations, as well as the prospectuses of information to the investing public ("the prospectuses") of the Funds or what is established in the mandates of the clients, having previously formalized the acceptance of the risks on the part of the client.
3. To follow up on the general asset management strategies.
4. Approve the exceptions to the general management guidelines based on the Internal and External Regulations, as well as the Funds' prospectuses in extreme market situations, such as downgrading, increased concentration, among others, defining the regularization strategy for such exception.
5. Define strategies for asset management in the event of abnormal risk situations.
6. Approve temporary exceptions that exceed the prudential parameters in asset management approved by the Committee, always within the limits authorized by the CPR, particularly those that exceed the maximum concentration percentages per issuer, issue, sector and others that may be established.
7. Approve the suspension of the repurchase of shares of the Funds, when market conditions are not favorable, as authorized by the Board of Directors ("the Board").

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the composition of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of Sessions: The Committee will meet monthly, or if the case, when the Chairman or Secretary of the Subcommittee deem convenient. Extraordinary sessions may also be convened, onsite, videoconference or by telephone, according to the Video Call Acceptable Use Policy.

Integration:

MEMBERS		
Proprietary		**Alternate**
Asset Management (President)	Alejandro Aguilar Ceballos	Eduardo García Vila
Corporate Banking and Financial Institutions	René Gerardo Pimentel Ibarrola	Guillermo Abdala Brizio Cherit
Private Banking and Wealth Management	Luis Ernesto Pietrini Sheridan	Fernando Durán Garza Galindo
Markets & Institutional Sales	Alejandro Eric Faesi Puente	Jorge Arturo García Pares
Investment Banking & Structured Financing	Arturo Monroy Ballesteros	Francisco Javier Vázquez Zaragoza
Financial Rik Management	Ignacio Javier Saldaña Paz	Héctor Raúl Camacho Viveros
Investment Asset Management	Javier Díaz de León Opitz*	Mauricio Calva Ruiz de Chávez*
Asset Manager Promotion	Manuel Lasa Lasa	Anuar Elías Rizk Heyser
Asset Management	Marco Tulio Chávez Godoy *	Juan Pablo Robles Gil Caba
Comptrollership CB (Secretary Not Member)	Miguel Ángel Arenas López	Sandra Martínez López
INVITED		
Audit Representative	José Alfredo Santiago García	Vanessa Lissette Rodríguez Guajardo

Legal Representative	Juan Pablo Villela Vizcaya	José Luis Eguiluz Haces
Risk Representative	Abraham Mohamed Izquierdo García	Oscar Guadalupe Vela Hinojosa

*Officer of the Business.

PARAMETRIC LOAN COMMITTEE

Objective: Promote, design and establish the policies and strategies of Consumer and SMEs credit products for individuals (payroll, car, mortgages, credit cards and personal loans), individuals with business activity and businesses (car and SMEs: Crediactivo and Empuje Negocios y Negocios y Empresas), Parametric or Consumer Loan Portfolio, as well as credit products with Guarantee of Patrimonial Private Banking Stock Pledge up to Ps 40 million.

Functions:

1. Ensure compliance with the risk appetite framework and limits approved by the Risk Policies Committee and notify it in case of any deviations.
2. Approve or modify credit and risk products, programs and policies for Retail Banking and Wealth and Private Banking Products, in accordance with the policies and limits established by the Risk Policy Committee.
3. Grant powers to GFNorte's officials for the approval of credit lines for Consumers, SMEs, Patrimonial and Private Banking regarding loans with a Stock Pledge Guarantee of Patrimonial and Private Banking up to Ps 40 million.
4. Authorize strategies and collection policies for the parametric loan portfolio.
5. Portfolio's periodically monitoring placement, past due, scorecards' performance, rating, losses, among other aspects.
6. Resolve matters related to Banco Mercantil del Norte, S.A. parametric loan risk.
7. Authorize or reject requests for the granting of credit for Consumer and SME products and Patrimonial and Private Banking, as well as color changes in the Internal Bureau.
8. Authorize or reject requests for cases whose Common Risk, Financial Group Risk, exceeds the credit limits established for each product, as long as such risk does not come from loans from the Wholesale Bank and is not greater than Ps 100 million.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the composition of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of Sessions: The meetings will be hold on a quarterly basis or when convened by the Chairman or Secretary. Furthermore, it can meet extraordinarily.

Integration:

	MEMBERS	
	Proprietary	**Alternate**
Credit and Risk Management (President)	Gerardo Salazar Viezca	Enrique Argüelles Illoldi
CFO and COO	Rafael Arana de la Garza	Jorge Abiel Garza Bautista

Digital Business Development	José Francisco Martha González	José Gerardo Aguilar y Maya Verduzco
Commercial Banking	Mario Alberto Barraza	Jorge Alberto Zenteno Cervantes
Retail Risk Management	Enrique Argüelles Illoldi	Priscila Jimenez Ortega
Product Development	Jesús Eduardo Reyes Smith Mac Donald	Ana Laura Medina Pérez
Asset Recoveries	Jorge Abiel Garza Bautista	Abraham de Jesús Ayala Quevedo
Corporate and Government Credit	José Wilfrido Lozano Merino	Marco Antonio Bustillo Gutiérrez
Retail Risk Planning (Secretary non-member)	Marco Antonio Bustillo Gutiérrez	Adriana Zuleyma Marroquín Serrano
	Permanent Invites	
	Proprietary	**Alternates**
Product Development	Fernando Solís Soberón	Karen Kaiser Villalobos
Legal	Héctor Martín Ávila Flores	Elba Elena García Garate / Ana Laura Villanueva Vega / Alonso Rodríguez Quintana
Audit	Isaías Velázquez González	David Guillen Zúñiga
Comptrollership	Jorge Eduardo Vega Camargo	Gerardo Mejía Zacarías

INVESTMENT SERVICES COMMITTEE

Objective: The Analysis of Financial Products Committee is the entity authorized to comply with the obligations of the General Provisions applicable to brokerage houses and credit institutions related to investment services issued by the CNBV.

Functions:

1. The Investment and Portfolio Management Committee will be responsible for developing and updating policies and guidelines regarding:
   a. Authorization of information on recommended Investment Services; personalized or generalized advice or suggestions, to be delivered to customers through promotional efforts.
   b. Diversification in the composition of investment portfolios based on different investment profiles of clients, establishing maximum limits to be considered on a value, instrument, issuer or counterpart at the time of the recommendation, as well as the specific circumstances in which they could not comply with the aforementioned limits.
   c. Managing accounts comprised of financial instruments transferred from another financial institution or that would not have been subject to the investment advisory service.
   d. The general performance framework on which investment management services will be delivered (agreements with limited discretion).
   e. The parameters to be considered for the establishment of fees to be charged for investment services.

2. Develop policies and specific procedures based on the policies and general guidelines approved by the Board of Directors regarding the following matters:
   a. Evaluation and determination of clients' investment profiles

b. Determine the profile of Investment Services
c. Reasonableness of recommendations directed to customers.
d. Performance parameters to be observed by the promoters providing Investment Services.
e. Measures to avoid conflicts of interest in providing Investment Services.
f. Analysis and follow-up on complaints or legal actions

3. Approve the profile matrix of the Investment Services, which must be identified and classified according to the different investment profiles of clients.

4. Authorize a market offering or the acquisition of new Investment Services for clients under the umbrella of advised and unadvised investment services.

5. Analyze the prices of new products and those determined by the Committee itself, through general guidelines.

6. Follow-up periodically on the performance of financial instruments, which through general guidelines the Committee determined with respect to the risk-return relationship, in order to determine the actions to be taken in making investment decisions.

7. Approve the directory of investment services provided by the institution.

8. Follow-up and authorization regarding Financial Institutions included in the watchlist for placement towards clients and positions of third parties.

9. Update, include, modify or repeal policies and procedures to the manuals associated to products or services that concern the Committee.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the compos of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of Sessions: The meetings will be hold on a quarterly basis, or when convened by the Chairman or Secretary. Furthermore, it can meet extraordinarily.

Integration:

MEMBERS			
	Proprietary	**Alternates**	
Financial Risks (President)	Abraham Izquierdo García	Gerardo Salazar Viezca	Voice, Vote and Veto
Asset Management	Alejandro Aguilar Ceballos	Manuel Lasa Lasa*	Voice and Vote
Markets and Institutional Sales	Luis Pietrini Sheridan	Ruth Drumond*	
Economic Research	Alejandro Padilla Santana	Santiago Leal Singer	Voice and Vote

Legal	Diego González Chebaux	Juan Pablo Villela Vizcaya	Voice and Vote
Comptrollership	Jorge Eduardo Vega Camargo	Gerardo Mejía Zacarias	Voice and Vote
Balance Management	Ángel Hinojosa Garza	Herminio Alfaro Arcibar	Voice and Vote
Wealth Management	Arturo Monroy Ballesteros	Pablo de la Peza*	Voice and Vote
Stock Market Comprollership	Miguel Ángel Arenas López	Paola Marimar Enríquez Llanos	Voice and Vote
Financial Market Risk	Ignacio Saldaña Paz	Gabriela Corona Guerra	Voice and Vote
Corporate Credit	Mario Alberto Treviño Villareal	Marco Antonio Amaya González	
Markets and Institutional Sales	Alejandro Eric Faesi Puente	Jorge Arturo García Pares	Voice and Vote
Deposits	Alejandro Alberto del Bosque Patoni	Gilles Roger Macías	Voice and Vote
External Advisor	Adán Jorge Peña Guerrero	--------	Voice and Vote
External Advisor	Gilberto Martínez	--------	Voice and Vote
External Advisor	Jaime Díaz	--------	Voice and Vote
Market Risks (Secretary Non-Member)	Oscar Guadalupe Vela Hinojosa	Efraim Pérez Abea Camarena	Voice
Invited			
Audit Representative	Alfredo Santiago García	Rogelio Santana Valdez	Voice

PERSONAL INFORMATION PROTECTION COMMITTEE

Purpose:

To analyze, evaluate, and anticipate risks and issue resolutions regarding personal information protection at Banorte, by planning, monitoring, reviewing policies, procedures, strategies and continual improvement actions regarding personal information protection, as well as activities that promote their protection, seeking to benefit the interests of account holders and protecting the reasonable expectation of privacy, internal and external regulation.

Duties:

A. Update internally mandatory policies and privacy programs
B. Implement training, and awareness program
C. Establish an internal surveillance system or conduct external audits.
D. Assign resources towards program implementation and privacy policies.
E. Establish a procedure to address and mitigate personal data protection risks derived from the implementation of new products, services, technologies and business models.
F. Periodic reviews of policies and security programs.
G. Establish procedures to receive and answer customer questions and complaints.
H. Implement mechanisms to enforce policy and privacy programs compliance, as well as sanctions for their non-compliance.
I. Establish measures to safeguard personal information
J. Establish measures that enable proper tracking of personal information during its use and treatment.
K. Implement the Personal Data Management System.
L. Evaluate the identified risks by the different lines of defense in terms of internal control and follow-up on the implementations of actions to mitigate such risks.

M. Determine the application of sanctions to personnel responsible for relevant regulatory breaches.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the compos of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of committee sessions: The Committee must meet quarterly, on the second Wednesday of January, April, July and October, or when convened by the Chairman or Secretary.

Quorum:

A. Committee sessions will be legally constituted with the attendance of the majority of its members.
If the minimum quorum is not met, a new session will be convened stating its new date, place and time, and must follow the same procedure as the original one.

B. In case of absence of the President, the attending members may nominate one that will take his/her place for that particular session. In case of absence of the Secretary, the President may designate a substitute Secretary among the attending members.

Integration:

MEMBERS				
	Proprietary		**Alternates**	**Area of competence**
Comptrollership (President)	Jorge Eduardo Vega Camargo	Voice and Vote	NA	Comptrollership
Legal and Regulatory Compliance (Secretary)	Jesús Ricardo Medina Cantú	Voice and Vote	Gloria María Sánchez Alba	Personal Data Control
Profitability and Data Governance	David Delgado Sánchez	Voice and Vote	José de Jesús Lomelí Parga	Data Governance
Regulatory Comptroller	Gerardo Mejía Zacarías	Voice and Vote	Carmen Navarro Popoca	Regulation
Learning and development	David Cruz García	Voice and Vote	Brenda Lucía Chavez Rodríguez	Training
Human Resources	Jesús Martínez Celis	Voice and Vote	Javier Roberto García González	Labor Relations
Communication and Culture	Alejandro Badillo Villeda	Voice and Vote	Lucero Jazmín Arteaga Tapia	Internal Communication
Legal Companies, Corporate and Government	Ana Laura Villanueva Vega	Voice and Vote	Silvia Carolina Arana Guajardo	Legal / Products
Legal International Business and Marketing	Diego González Chebaux	Voice and Vote	Marcos Rodríguez Martínez	Legal / Suppliers

MEMBERS				
	Proprietary		Alternates	Area of competence
Legal and Asset Recovery	Francisco Tadeo Peimbert Romero	Voice and Vote	Mayra Merit Serrano Sánchez	Legal / Disputes
Audit, Operations and Subsidiaries	Juan José Villalón Ávalos	Voice and Vote	Lorenzi González García	Audit
Security Support	Javier Hernández Vargas	Voice and Vote	Epigmenio Treto Martínez	Security
Security of the information	Ricardo Morales González	Voice and Vote	Daniel Aldrete Navarro	Security of the information
Analytics	José Gonzalo Rangel	Voice and Vote	Ricardo Martinez Contreras	Analytics
Operational Risk	Jesús Valdés Fernández	Voice and Vote	Rogelio Aaron Lárazo Bustamante	Operational Risk
Information Security Control	Vicente Pérez Ortega	Voice and Vote	Javier Gil Licona	Office of Information Security Control

GUESTS BANKING PRODUCTS AND SERVICES		
Deposits	Roberto Cano	Voice
Credit Card	Luis Humberto Landeros García	Voice
Mortgage and Auto	Jesus Eduardo Reyes Smith Mac Donald	Voice
GUESTS PROCESS CONTROLLERS		
Security and Comptrollership Channels	Quirino Castro Flores	Voice
Regulatory Compliance Credit Card	Luz del Carmen González Arvizu	Voice
Credit Card Compliance	Mariana Rivas Reyes	Voice
Regulatory Compliance Deposits	Jorge Alberto Garza Garza	Voice
Humand Resourses and Medical	Luis Mario Ochoa Gómez	Voice
Internal Control Technology	Marcos Ricardo Rivera Valdovinos	Voice
Administrative Comptroller's Office Asset Recovery	Rodrigo Ruiz Treviño	Voice
Commercial Comptroller	Hugo Domínguez de León	Voice

RECOVERY AND CONTINUITY COMMITTEE

Objective:

To be the body with faculties too:

I. In case of service interruption, evaluate the impact of damages, identify affected business areas, estimate the recovery time; and
J. In case of a disaster, coordinate the resume of operations and report to the Technology and Investment Committee and the CEO.

Functions:

A. Ensure that the Business Continuity Plans (BCP: Processes, Procedures, Communication, etc.) including the Disasters Recovery Plan (DRP) are documented, current and proven to respond to a contingency in an organized manner.
B. Ensure that the different components (Hardware, Software, Communications, data, etc.) of the Alternate Computer Center are installed and available for a contingency.
C. Ensure the availability and proper functioning of the facilities located in the Alternate Computer Center.
D. Monitor the execution of DRP and BCP.
E. Request the necessary resources from the Technology and Investment Committee to coordinate and execute test runs of the DRP and BCP at least once a year.
F. Coordinate the actions of the Immediate Response Team (Crisis Center) to evaluate the impact, identify the affected business areas, estimate recovery time and prioritize the actions to be executed in the event of a lingering interruption of services.
G. In the event of a declared disaster, to coordinate the recovery and/or continuity at an Institutional level until ensuring the total recovery of all the necessary components for operation (software, hardware, communications, human and materials resources, clients, suppliers, etc).

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the compos of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of sessions: The Recovery and Continuity Committee will hold sessions on the first Friday of February, May, August and November or when convened by the Committee's Chairman or Secretary. Furthermore, it can meet extraordinarily.

Quorum: The meetings of the Committee are validly constituted with the attendance of a majority of its members. If the quorum cannot be formed, a new session is called, which must be held at the place, date and time stated in a new call, which must follow the same process as the previous one.

MEMBERS		
Proprietary		**Alternate**
Comptrollership (Chairman)	Jorge Eduardo Vega Camargo	N/A
Technology	Fernando Treviño Elizondo	Delfín Ruíz Favela
Material Resources	Jorge Ruiz Cortazar	Javier Gerardo Escalera Reyna
Information Security	Ricardo Morales González	Sergio Octavio Torrontegui Ávila
Information Technology Audit	Alejandro Rodríguez Moreno	Vicente Romero Moctezuma Piñón

MEMBERS		
Proprietary		**Alternate**
Information Technology (Insurance and Annuities)	Tomás García Alanís	Mario Filiberto Flores Vargas
Information Technology	Rafael Cordova Puón	Mario Filiberto Flores Vargas
Operational Risk	Jesús Valdés Fernández	N/A
Comptrollership (Brokerage)	Miguel Angel Arenas López	Sandra Martinez Lopez
Hmance Resources	Javier Beltrán Cantú	Luis Mario Ochoa Gómez
Corporate Control and Compliance	Alfonso García Cacho Herrerías	Homero Martínez Hernández
Corporate Banking and Financial Institutions	René Gerardo Pimentel Ibarrola	Guillermo Abdala Brizio Cherit
Banking Operations	Luis Álvarez Trillo	Gabriel Guardiola Sánchez
Operation, Protection, Security and Intelligence	Eduardo Arellano Vázquez	Alejandrina Cisneros
Transformation Infrastructure	Eduardo Martínez Ham	Ricardo nuñez Alvarez
Comptrollership Leasing and Factoring	Luis Gerardo Moreno Santos	Alberto Gerardo González Pérez
Business Continuity (Secretary)	Gerardo Delgadillo Ramos	Gerardo Delgadillo Ramos
Corporate Communication	Gabriela Gallegos de la Torre	Alejandro Badillo Villeda
Information Security Officer	Jesús Ricardo Medina Cantú	Vicente Pérez Ortega
Strategy and Effectiveness	To be defined	Jesús Alfredo Garza Cárdenas

SUSTAINABILITY COMMITTEE

Objective:

A. Manage the sustainability strategy and its alignment to the business vision.
B. Permeate the sustainability strategy in all the subsidiaries and levels of the Group.
C. Approve Institutional initiatives in the matter of sustainability, verifying that they are in accordance with the business strategies approved by the Board of Directors of GFNorte.

Functions:

A. Define the Group's sustainability strategy and action plan in accordance with the strategic guidelines defined by the GFNorte Board of Directors.
B. Develop and keep sustainability policies updated.
C. Promoting that business and administrative decisions take into account the possible impacts that may arise in social and environmental aspects, promoting at all times the best corporate governance practices.
D. Authorize the action plan and goals regarding sustainability, as well as follow up on its results.
E. Propose the integration of environmental, social and corporate governance aspects as an integral part of Institutional processes.
F. Communicate within and outside GFNorte the relevant issues related to sustainability.
G. Analyze the convenience and opportunity of promoting strategic alliances with third parties aimed at strengthening GFNorte's presence as a sustainable company.
H. Encourage the active participation of GFNorte companies' collaborators in sustainability initiatives.
I. Assign a budget item and define the amount for the activities derived from the topics discussed in the Committee, subject to the review and approval of the Financial Planning Directorate.
J. Make decisions about the Sustainability strategy and be accountable for the performance of the initiatives.

K. K. Develop actions for the social and financial inclusion of customers, users, collaborators and stakeholders, as well as promote diversity and gender equity in the Group, through the Diversity, Equity and Inclusion Subcommittee.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the compos of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of sessions: The Committee meets three times a year, where appropriate, members may request an extraordinary session subject to the approval of the President, when relevant issues arise.

Quorum:
The sessions of the Committee are validly constituted with the assistance of the majority of its members.

If the quorum cannot be integrated, a new session is called, which must be held at the place, date and time stated in a new call, which must follow the same process as the previous one.

Integration:

MEMBERS				
Proprietary			**Area**	
Investor Relations (President)*	José Luis Muñoz Domínguez	Voice and Vote	Sustainability	
Investor Relations (President)*	Tomás Lozano Derbez	Voice and Vote	Corporate Finance, Investor Relations and Sustainability	
Humgan Resources	Javier Beltrán Cantú	Voice and Vote	Material Resources Human Resoureces	
Wholesale Banking	Armando Rodal Espinosa	Voice and Vote	Wholesale Banking	
Credit and Risks	Gerardo Salazar Viezca	Voice and Vote	Credit and Risks	
Government Banking	Carlos Eduardo Martínez González	Voice and Vote	Government Banking	
Commercial Banking	Mario Alberto Barraza Barrón	Voice and Vote	Commercial Banking	
Product Development	Fernando Solís Soberón	Voice and Vote	Product Development	
Comptrollership	Jorge Eduardo Vega Camargo	Voice and Vote	Comptrollership	
Communication and Public Affairs	Fernando Solís Cámara y Jiménez Canet	Voice and Vote	Communication and Public Affairs	
Digital Business Director	Francisco Martha González	Voice and Vote	Digital Banking Financial Strategy ATMs	
Legal	Héctor Ávila Flores	Voice and Vote	Legal	
Audit	Isaías Velázquez González	Voice without Vote	Audit	Audit
Afore XXI Banorte	Gabriela Luna Zambrano	Voice and Vote	Afore XXI Banorte	

MEMBERS			
Proprietary			**Area**
Afore XXI Banorte	Jaqueline Hernández	Voice without Vote	Afore XXI Banorte
Sustainability (Secretary)	Beatriz Sánchez Covarrubias	Voice without Vote	Sustainability

Subcommittee on Diversity, Equality and Inclusion

Objective:
Develop and follow-up on the actions that are implemented in terms of equality, fairness and non-discrimination.

A. Develop actions to maintain as part of GFNorte's strategy and culture, the social and financials inclusion of customers, users, collaborators and stakeholders.
B. Promote gender equality in processes, committees, work cells and in general interaction between collaborators, monitoring possible deviations and, where appropriate, proposing the corresponding action plans.
C. Involve the directors who are process owners of the Diversity, Equality and Inclusion (DEI) strategies defined by the Subcommittee, so that they can be promoters from their scope of action.
D. Mainstream the Gender Equality perspective in institutional processes that have a relationship or impact on employees and thei life-career plan.
E. Anchor the Subcommittee's initiatives and work approach in the values defined in the Code of conduct, which reflect in their content a DEI focus on attracting and retaining human talent.

Functions:

1. Annually propose the work plan on the subject for authorization by the Sustainability Committee, monitor its progress and report the results.
2. Manage, with the support of the DGA of Communication and Public Affairs, internal and third-party communication on relevant issues related to DEI.
3. Analyze the convenience and opportunity of promoting strategic alliances with third parties aimed at strengthening GFNorte's presence as a company committed to DEI principles.
4. Develop and keep the general DEI policy up to date, as well as propose adjustments in any aspect of institutional regulations in which it is considered necessary to incorporate some DEI aspects.
5. Encourage that business and administrative decisions consider DEI aspects.

Higher Court: Sustainability Committee

- Changes in the Subcommittee's faculties, functions and adjustments regarding integration, must be submitted for approval of the Sustainability Committee; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Subcommittee itself.

Frequency of sessions: The Committee meets every four months, if needed, members may request an extraordinary session subject to the approval of the President, when relevant issues arise

Integration:

MEMBERS				
	Proprietary	**Alternate**		**Area**
Human Resources (Pesident)	Javier Beltrán Cantú	Rogelio Cárdenas Solís		Human Resources
Comercial Banking	Mario Alberto Barraza Barrón			Branches, Call Center, Comercial Management, Specialized Sales Force Human Resoureces
Legal	Elba Elena García Gárate			Legal
Acquiring Business	Constanza Noelia López Vela			Acquiring Business
Human resources and Medical Management	Luis Mario Ochoa Gómez			Human Resources, Medical Management, Comptrollership
Corporate Communication	Gabriela Gallegos de la Torre	Alejandro Badillo Villeda		Internal and External Comunication
Sustainability and Responsible Investments	Beatriz Sánchez Covarrubias	José Luis Muñoz Domínguez		Sustainability an Investor Relations
Human Capital	Rogelio Cárdenas Solís	Alejandra Ábrego Robles	Voice	Talent Attraction, Organization, Compensations, Personnel Service
Audit	Juan José Villalón Ávalos		Voice	Audit
Working Environment and Diversity, Equity and inclusion (Secretary)	Verónica Martínez Martínez		Voice	Human Resources

DERIVATIVES COMMITTEE

The main objective of the Derivatives Committee is to evaluate and, where appropriate, approve the proposals for derivatives product operations without associated Banorte´s own credit and / or derivatives with exotic structures. Because a counterparty line is required, the Derivatives Committee will recommend to the corresponding Credit Committee the authorization of the credit line, actively exercising the approval powers granted by the Risk Policies Committee as delegated by the Board and within the terms, conditions and risk limits established by the regulatory provisions, as well as the policies and limits approved by the Risk Policy Committee.

Functions:

Approve:

A. Any type of operation with a derivative product that generates a credit exposure. All derivative applications will go through the Derivatives Committee in person or by mail (except for line renewals or extensions without change in the structure or characteristics of the derivative structure).
B. Any derivative transaction considered exotic structure (products that are not swaps, options or plain vanilla forwards).

C. Any changes in margin calling schemes. It must have approval from the Treasury Department, in addition to the Credit Committee for its involvement in liquidity and price of counterparty risk (XVA).
D. Approve the management of the contracting of suppliers to perform validation services regarding methodologies and parameters concerning derivative financial products in accordance with the manuals Contracting of Suppliers of Goods and Services" and "Selection, Hiring and Rotation of External Auditors".
E. Approve models and parameters regarding derivative financial products.
F. Approve together with the Credit Committee, the request for the unwind action plan for non-payment by customers. In accordance with the Early Expiry of Client Transactions (Unwind) procedure od Derivative Instruments Operations Manual.
G. Approve derivative applications from financial institutions that do not approve the parametric model authorized by the Risk Policy committee.
H. Approve the hedging derivatives transactions entered by Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, E.R., and to inform the CPR of any deviation detected, corrective actions and their follow-up.

Higher Court: CPR

- Changes in the faculties, functions and adaptations of the compos of the committee must be submitted for approval of the CPR; except the changes to the integration when it comes to a change of member with the same functions and level, as well as operational changes which are authorized by the Committee itself.

Frequency of sessions: Meetings are held biweekly; the agenda and call to the session is managed by the President. Extraordinary sessions will be held as required.

Quorum: Committee sessions will be validly constituted with the attendance of at least six voting members, three of which must belong to Staff Areas, at least one credit member, one risk member and one member of the business area.

Membership:

	MEMBERS		
	Proprietary	**Alternate**	**Power**
Credit and Risk Management (President)	Gerardo Salazar Viezca		Voice, Vote and Veto
Financial Risk (Secretary)	Abraham M. Izquierdo García	José P. Gutiérrez López	Voice and Vote
Independent Board Member	Clemente Reyes Retana Valdés	Thomas S. Heather Rodríguez	Voice and Vote
External Adviser	Manuel Sarmiento Serrano	Raúl Ojeda Zataraín	Voice and Vote
External Adviser	Jaime Díaz Tinoco	Fausto Hernández Trillo	Voice and Vote
Credit	José W. Lozano Merino	Alejandro Cruz Alemán	Voice and Vote
Selective Credit	Rafael Á. Hinojosa Cárdenas	German Ballesteros Quezadas	Voice and Vote
Profitability and Data Governance	David Delgado Sánchez	Héctor Hugo Hernández Cantú	Voice and Vote
Special Credit	Jesús Alejandro Hernández Rivas	Cristian Omar Acosta Bernal	Voice and Vote
DerivativesStructuring	Dan Perkulis Zimbal	Alejandro Erick Faesi Puente	Voice and Vote

MEMBERS			
	Proprietary	**Alternate**	**Power**
Transactional Banking	Alejandro Arauzo Romero	Miguel Á. Tejeida Vilchis	Voice and Vote
Financial Risk Management	Ignacio Saldaña Paz	Gabriela A. Corona Guerra	Voice and Vote
Wholesale Banking Operations	José S. Hurtado Anguiano	María de L. Lizbeth Calderón Rentería	Voice and Vote
Derivatives	Jacaranda A. Nava Villareal	Jorge Arturo Espinosa Moore	Voice
Market Risk Control and Development	Jorge Arturo Espinosa Moore	Nancy Mileydi Rosaldo Solis	Voice
Wholesale Banking Operations	Juan Carlos Arreola	Nicolás Texcucano	Voice
Audit	José A. Santiago García	Vanessa Rodríguez Guajardo	Voice
Comptrollership	Miguel Ángel Arenas López	Jorge Eduardo Vega Camargo	Voice
Corporate Governance	Diego González Chebaux	Juan Pablo Villela Vizcaya	Voice
INVITED			
Relationship Banking Representative		Voice	
Government Banking Representative / Infrastructure / Special Credit		Voice	
Comptrollership Representative		Voice	
Audit Representative		Voice	

Links among Board Members

Carlos Hank González - Proprietary Director and Chairman of the Board of Directors.
Family relationship with Juan Antonio González Moreno - Regular Director (Uncle). Relationship to Graciela González Moreno - Alternate Director (Mother). Relationship to Juan Antonio González Marcos - Alternate Director (Cousin).

Juan Antonio González Moreno - Proprietary Board Member
Relationship to Carlos Hank González - Regular Director (Nephew). Relationship to Graciela González Moreno - Alternate Director (Sister). Relationship to Juan Antonio González Marcos - Alternate Director (Son).

Graciela González Moreno - Alternate Director.
Relationship to Carlos Hank González - Proprietary Director (Son). Relationship to Juan Antonio González Moreno - Proprietary Director (Brother). Relationship to Juan Antonio González Marcos - Alternate Director (Nephew).

Juan Antonio González Marcos - Alternate Director
Relationship to Carlos Hank González - Regular Director (Cousin). Relationship to Juan Antonio González Moreno - Regular Director (Father). Relationship to Graciela González Moreno - Alternate Director (Aunt).

Main Officers as of December 2024*

Name	Years in the company	Current Position	Age	Gender	Maximum Level of Education	Main executive positions at other companies
Jose Marcos Ramirez Miguel	14.1	GFNorte's CEO	61	Male	MBA	Santander Mexico
Carlos Eduardo Martinez Gonzalez	25.7	MD Retail Banking	61	Male	MBA	Grupo Financiero Serfin
Jose Armando Rodal Espinosa	31.7	MD Wholesale Banking	55	Male	MBA	ITESM
Fernando Solis Soberon	17.5	MD Long-Term Savings	63	Male	Ph.D.in Economics	Grupo Nacional Provincial, Grupo Bal, CONSAR, Comision Nacional de Seguros y Fianzas
Rafael Victorio Arana de la Garza	13.3	COO	73	Male	Master's degree in Industrial and Operational Engineering	Managing Director of HSBC's Retail Banking for Latin America and the Caribbean. Deputy CEO of HSBC Mexico.
Isaias Velazquez Gonzalez	25	MD Internal Audit	62	Male	Public Accountant	CNBV
Javier Beltrán Cantú	28.2	MD Admon. and Human Resources	56	Male	MBA Master in Accountability	DOVETAIL MEXICAN FOODS, GRUMA CORPORATION
Héctor Martín Ávila Flores	9.9	MD Legal	57	Male	Bachelor's degree in Law	University Holdings - Chairman y DGA Banco Invex – Legal Director Fiduciary Terra Editorial Consortium - Legal Director Editorial Televisa - Legal Director
Gerardo Cuitláhuac Salazar Viezca	4.8	MD Credit and Risks	63	Male	PhD in social sciences and Bachelor degree in Economics	Grupo Financiero Interacciones
José Francisco Martha González	10.5	Digital Business Development	55	Male	QFB	Scotibank

Name	Years in the company	Current Position	Age	Gender	Maximum Level of Education	Main executive positions at other companies
Mario Alberto Barraza	27.2	DG Commercial Banking	62	Male	Computer System Engineer	Grupo Financiero Interacciones,
Fernando Valenzuela Bracamontes	21.5	North Territorial Director	49	Male	MBA	
Manuel de Jesús Zazueta Villavicencio	2.5	Mexico City Territorial Director	56	Male	Industrial and Systems Engineer	HSBC
Alfonso Paez Martinez	26.9	Central Territorial Director	59	Male	Executive MBA	Casa de Bolsa Abaco and Casa de Bolsa Probursa
María del Pilar Moreno Hernández	8.8	Northern Territorial Director	53	Male	Bachelor's degree in Financial Management	Banco Santander
Roberto Galarza Sacramento	27.0	Southern Territorial Director	56	Male	Business Administration	N.A.
Jorge Alberto Hurtado Martin	32.2	Western Territorial Director	52	Male	Bachelor's degree in External Commerce	-
Luis Alberto González Ayala	27.7	Peninsular Territorial Director	54	Male	Bachelor's degree in Business Management	ND
Jerónimo Cota Mezta	15.3	Noreast Territorial Director	52	Male	Master in Finance	Bancrecer

*Considers only officers reporting directly to the CEO and Territorial Directors.

Compensations and Benefits

The total amount of compensations and benefits paid to GFNorte's main officers in 2024 was approximately Ps 325.3 million.

Compensations and Benefits are as follows:

- **Fixed Compensation:** Salary.
- **Annual Bonus Plan for 2024:**

  The Bonus Plan for each business area evaluates estimated profit for that particular business, as well as an evaluation of individual performance, which considers the achievement of each participant's goals and objectives.

The bonus for certain departments is also adjusted based on operational risk evaluations carried out by the Control Department. Likewise, eligibility to receive the deferred variable compensation for a group of managers is determined by a risk and compliance mechanics' review.

Eligible personnel of staff areas is evaluated based on the attainment of estimated profit for the Group, as well as individual performance in accordance with the achievement of each candidate's goals and objectives.

For senior management, yearly bonuses are covered in 60% and the remaining 40% is covered in three annual installments of 13%, 13%, and 14%, respectively.

- **Banorte's Long Term Incentive Plans:**

  Stock Options:

  The long-term incentive scheme consists of assigning a stock option package through a trust, with a 100% right in a period up to 4 years, for designated Officers by the Compensation Committee. Participants will be entitled to exercise a percentage of the package each year, receiving shares in its capital account.

- **Vacations:** From 16 to 40 working days, depending on each employee's years of service.

- **Holiday Bonus:** From 8 to 23 days of salary to be paid on each anniversary of the employee, depending on the number of years of service.

- **Legally Mandated Christmas Bonus:** Equivalent to 42 days of salary.

- **Savings Fund:** The Corporation matches the amount of the employee's contribution up to a maximum of 13% of their monthly salary in accordance with the legal limits established in the Income Tax Law.

- **Medical Service: Traditional Scheme:** Banorte provides medical services through recognized medical institutions, obtaining efficiency in cost and service. **Full Medical Insurance Scheme:** Major medical expenses insurance policy.

- **Life Insurance:** In the event of death or total incapacity, a life insurance policy provides a sum of up to 36 months' salary. In the event of accidental death, the compensation is double, prior verification by the insurance company.

- **Pension and Retirement:** The institution has two types of plans: one with defined benefits (Traditional and Special), and a second with a defined contribution (Asegura tu Futuro).

  Asegura tu Futuro: was established on January 1, 2001. This is a defined contribution plan, whereby a percentage of individual contributions by the employee and the company (Banorte) are deposited in a fund for withdrawal by that employee upon termination of their labor relationship. This plan has an "initial individual contribution" (only for employees hired prior to January 1, 2001) corresponding to pension benefits for past services accumulated to the date the plan was created. The maximum monthly contribution is 10% of the gross nominal wage (5% employee and 5% company). The total amount accumulated by the Asegura tu Futuro plan for the company's main officers amounts to Ps 257.3 million.

- Directors' compensation for attendance to meetings of the Board of Directors: 2 Ps 50 gold coins ("Centenarios") at the value of each meeting. In 2024 it was Ps 6.7 million gross.

Code of Conduct

The Code of Conduct is a general framework for action that must adapt to the changing nature of our environment; therefore, we seek to strengthen its content year after year to keep it current, integrating both topics related to the general market situation, as well as some that may reflect day-to-day experiences that may arise in our actions. The principles contained in the Code of Conduct are based on the rule of "Conducting business in good faith, with absolute honesty and in compliance with the law", and their full compliance by all members of GFNorte will allow us to continue projecting the institution with a dynamic, serious and transparent image. The topics addressed in the Code of Conduct include, among others, conflict of interest, confidentiality of information, resource management, conduct with clients, relations with competitors, suppliers and authorities, interpersonal and community relations, and handling of personnel complaints. In compliance with the regulations that frame the processes of the companies that make up GFNorte, the content of the Code of Conduct is reviewed annually, in order to verify that its context remains current and covers current issues and strategies defined by the Board of Directors, so that it can serve as a guide for employees' actions. All employees, managers and board members are committed to comply with the Code of Conduct, which strengthens the culture of honesty and responsibility. New personnel are also made aware of it as part of the induction process; at the end, they sign it indicating their knowledge and commitment to comply with the

d) CORPORATE BY-LAWS AND OTHER AGREEMENTS

In 2006 the bylaws were modified in order to adapt them with the dispositions of the new Stock Market Law to incorporate the articles related to the integration, organization and functioning of the social bodies. The Board of Directors' functions were redefined as the body in charge of strategy and supervision, and the CEO responsible for conduction and management of the company. Also, the commissary figure was eliminated, and its functions were redistributed within the Board of Directors, the Audit and Corporate Practices Committee and the Independent External Auditor. The objective of the Audit and Corporate Practices Committee is to monitor all the accounting processes of the company, having the following general functions: evaluate the performance of the external independent auditor, elaborate an opinion regarding the financial statements prior to presenting them to the Board, inform the Board about the internal control systems and monitor that the generally accepted accounting principles and procedures are followed, among others. The objective of the Corporate Practices Committee is to reduce the potential risk that transactions are carried out in disadvantageous conditions for the company's patrimony or give privileges to a determined group of shareholders. Its general functions include: approve the policies for the use of the company's assets, authorize transactions with related parties, among others.

Also, the bylaws and the Statutory Responsibility Agreement were reformed with respect to the responsibility of the holding company for the losses of the entities that form the group, so that in case that the equity of the holding was not enough to cover the losses of the Group's members, the losses corresponding to the credit institution will be first covered, and later on a pro-rata basis with respect to the other entities until the holding's equity is depleted.

Bancen was spun-off from GFNorte due to its merger with Banorte, as well as Fianzas Banorte, S.A. de C.V., as a result of selling all the shares that represented its equity.

Additionally, Arrendadora Banorte, S.A. de C.V. merged Arrendadora y Factor Banorte, S. A. de C. V. and changed its denomination to remain as Arrendadora y Factor Banorte, S. A. de C. V., Sociedad Financiera de Objeto Multiple, Entidad Regulada, Grupo Financiero Banorte.

Creditos Pronegocio was also spun-off from GFNorte, due to its merger with Banorte, consequently modifying the second article of the corporate Bylaws, to eliminate the reference of this society as an entity of the Financial Group.

In 2011, Ixe GF, was merged into GFNorte, modifying articles: second, under the terms of Article 15 of the Law Regulating Financial Groups (LRAF), to change the Group's participation in the financial entities that conform it, including the financial subsidiaries of Ixe GF; tenth and twenty-first in reference to Article 50 of the Stock Market Law concerning the right of shareholders who either individually or jointly hold 10% of the Group's equity, to require the Board of Directors's Chairman or the Committees' that carry out the functions related to Audit and Corporate Practices, at any moment, to convene a General Shareholders' Meeting, without the effect being applicable to the percentage pointed out in Article 184 of the General Law of Mercantile Companies; Articles 25, 31, 32 and 36 in order to reflect changes in the Corporate Bylaws as a result of the appointment of a Chairman Emeritus and a Chairman of the Board of Directors; Article 25 establishing the faculties so that the Chairman Emeritus presides the Shareholders' Meetings and in his absence, the Chairman of the Board of Directors will have full authority; Article 31 in order to grant the General Assembly the faculty to designate a Chairman Emeritus and also a Chairman of the Board of Directors, both of which are part of the Board of Directors. Also, the Assembly or the Board will designate a Secretary or his/her respective alternate (Pro-Secretary) who will not be part of these corporate organisms. The Chairman Emeritus will not have an alternate. Also, in the event of death, inability, remotion or resignation of the Chairman of the Board of Directors, he/she will be substituted by the rest of the proprietary members in the order that they determine, or if there is no rule in this respect, in the order of their appointments until the Shareholders Assembly names a new Chairman of the Board. The changes also grant the faculty to the

Chairman Emeritus to preside the Shareholders Assemblies and the Board Sessions of the company as stipulated in articles Twenty-Five and Thirty-Two of the Corporate Bylaws. Also, the Chairman of the Board of Directors will have the following faculties, obligations, attributions and powers unless otherwise indicated by the Assembly: i) Preside the Shareholders Assemblies and Board Sessions in the absence of the Chairman Emeritus; ii) Propose to the Board the independent board members that will integrate the Corporate Practices and Audit Committees, as well as the temporary board members whose designation corresponds to the board in accordance with article Thirty-Six of the ByLaws and iii) Execute or supervise the execution of the resolutions taken by the Shareholders Assembly and the Board of Directors, doing whatever is necessary or prudent to protect the interests of the company, without violating the faculties that the Assembly, Board of Directors and the legal framework gives to the Chief Executive Officer; Article Thirty-Two will be modified in order to make express reference to articles 27 of the Stock Market Law and 24 of the Law to Regulate Financial Institutions regarding the requirement to hold at least one Board meeting every quarter. Furthermore, the Chairman of the Board of Directors must call the necessary board meetings in accordance with article 411 of the Stock Market Law. The changes also reflect the faculty of the Chairman Emeritus to preside the Board Sessions, and in his absence, by the Chairman of the Board of Directors. In the case that both are absent, the Board of Directors' sessions will be chaired by the board member designated by those present at the meeting. Also, the Chairman Emeritus and the President of the Board of Directors will have a tie-breaking vote in case of a tie in the voting of the Board's resolutions. Article Thirty-Six will change in order to make an express reference to Article 25 of the Stock Market Law regarding the faculty of the Chairman of the Board of Directors to propose to the Board or the Shareholders Assembly, the independent members that will integrate the Audit and Corporate Practices Committee.

Also the following were incorporated to the Agreement of Shared Responsibility: Fincasa Hipotecaria, Ixe Soluciones, Ixe Fondos, Ixe Automotriz, Ixe Casa de Bolsa and Ixe Banco.

Furthermore, through agreements reached at the Extraordinary General Shareholders' Meeting held on July 21, 2011, Article Twenty Nine was modified, so that the Board of Directors is composed of a maximum of 15 proprietary members and, if the case, by their respective alternates and also members may be appointed for defined periods of 3 years, with the possibility of reelection, seeking to have a generational balance, ensuring that at least 50% of the members are characterized as independent in accordance with best practices.

Moreover, in the Extraordinary General Shareholders' Meeting held on October 17, 2011, Article Thirty-seventh Bis 1 of the Bylaws was added, in order to establish the creation and operation of the Designations Committee, whose main objective is the to propose to the Assembly the people who will serve on the Board of Directors of the Company and the Directors of the Subsidiaries and entities that comprise the financial group.

On February 17, 2012 the Extraordinary General Shareholders' Meeting approved to modify Article Second of the Bylaws, in order to exclude Casa de Bolsa Banorte, as integrated entity of Grupo Financiero Banorte, given its merger with Ixe Casa de Bolsa.

On January 22, 2013, the Extraordinary General Shareholders' Meeting approved to modify Article Second of the Bylaws, in order to i) exclude Ixe Automotriz, as an integrated entity of Grupo Financiero Banorte, as a result of its merger with Arrendadora y Factor Banorte, and ii) modify the legal denomination of Ixe Casa de Bolsa, S.A. de C.V. to Casa de Bolsa Banorte Ixe, S.A. de C.V.

On April 26, 2013, the Extraordinary General Shareholders' Meeting approved to modify Article Second of the Bylaws, in order: i) exclude Ixe Banco and Fincasa Hipotecaria as integrated entities of GFNorte and ii) modify the legal denomination of Ixe Soluciones, S.A. de C.V., to Solida Administradora de Portafolios, S.A. de C.V. and Ixe Fondos, S.A. de C.V. to Operadora de Fondos Banorte Ixe, S.A. de C.V.,

On July 4, 2014, by the resolutions approved in the Extraordinary General Shareholders' Meeting, Article Second of the Bylaws was modified to eliminate "Generali" in the legal denomination of the companies Seguros Banorte and Pensiones Banorte. Similarly, such Assembly approved to fully modify the Corporate bylaws to comply with the new Law Regulating Financial Groups ("LRAF"), published on January 10th, 2014 in the Official Gazette, as well as the new agreement of shared responsibilities under LRAF's terms, in which Banorte-Ixe Tarjetas becomes a financial entity comprising the Financial Group.

The Extraordinary General Shareholders' Meeting held on November 19th, 2015 approved, among others, the following: i) amendment to Article 2 of the bylaws in order to eliminate Banorte-Ixe Tarjetas as an entity of Grupo Financiero Banorte because of its merger with Banorte (ii) modification to Article 44 of the bylaws so that the Nominating Committee is comprised of 4 members of the Board of Directors, being one of them an Independent member; (iii) amendment to Article 64 and the addition of Articles 64 Bis and 64 Bis 1 of the bylaws according to the General Provisions for Financial Groups published in the Official Gazette on December 31st, 2015, regarding the prevention of conflicts of interest among the Financial Group's entities; and (iv) the new agreement of shared responsibilities in order to eliminate Banorte-Ixe Tarjetas as an entity of the Financial Group because of its merger with Banorte. Such resolutions are subject to authorization by the competent authorities.

The Extraordinary General Shareholders' Meeting held on August 19, 2016 approved, among others, the following: i) the amendment of Article Five of the Corporate Bylaws aiming to change the corporate domicile to the Municipality of San Pedro Garza García, Nuevo León from the city of Monterrey, Nuevo León; ii) the amendment of Article Nineteen of the Corporate Bylaws aiming that the approval of operations implying asset acquisitions by the Company or its controlled companies be through an Ordinary General Shareholders' Meeting if: (a) the amount of the operation represents 5% or more of the Company's consolidated assets; and (b) the counterparties are Related Parties; and iii) the amendment of Article Forty-Four of the Corporate Bylaws, so that the Nomination Committee be comprised of 7 members of the Board of Directors, being 4 of them Independent Members and the Chairman of the Board, who will preside the Nomination Committee, and its organization and operations will be subject to the policies and guidelines approved by the Board.

On December 5, 2017, the Extraordinary General Shareholders' Meeting of GFNorte approved the merger of the Company as a merger or that subsists, with Grupo Financiero Interacciones, S.A.B. of C.V., as merged or that is extinguished, said agreement was subject to obtaining authorization from the SHCP, with the prior opinion of the CNBV and Banxico. The merger of the financial entities that are members of both Financial Groups is included in the transaction. The merger was effective as of July 13, 2018, the date on which the merger agreements and the authorization office to carry out the merger agreements were registered with the Public Registries of Commerce of Mexico City and Monterrey, Nuevo León. merger issued by the SHCP. The merger of the financial entities that are members of both Financial Groups is included in the transaction.

On April 23, 2021, the Extraordinary General Stockholders' Meeting of GFNorte approved the amendment of the second article of its bylaws in order to update the names of the financial entities comprising it and the execution of the corresponding Single Responsibilities Agreement.

On November 29, 2022, the Extraordinary General Stockholders' Meeting of GFNorte approved the integration of Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte ("Banco Bineo") as a financial entity of the Financial Group, as well as the amendment of the second article of its bylaws and the execution of the corresponding Sole Liability Agreement.

It is important to point out that both the new LRAF and the Stock Market Law establish the following requisites for the acquisition or transmission of the Company's shares:

The individuals who acquire or transfer series "O" shares representing more than 2% of the company's equity, or who exceeds such percentage with such acts must inform the SHCP within 3 business days of such acquisition or transfer.

No Mexican financial entities, even those which are a part of the Financial Group may participate in the capital stock of the Company, except when they act as institutional investors, upon the terms of Article 27 of the Law Regulating Financial Groups.

Except as provided in the following paragraph, insurance and bonding institutions, acting as Institutional investors, and if the case, any other Institutional Investor integrating or controlled directly or indirectly by member of a Financial Group, may not acquire Company's shares or any other company's shares of the Financial Group.

Mutual funds controlled directly or indirectly by financial entities integrating a Financial Group, which individually or jointly invest in the Company's shares and subordinated debt, may not in any case acquire more than 10% of these shares and obligations.

Any individual or company can acquire through one or various simultaneous transactions, the control of series "O" shares of the Holding Company, in the understanding that such transactions must always be subject to Article 28 of the Law Regulating Financial Groups.

When is intended to directly or indirectly acquire more than 5% of the paid capital stock, the authorization of the SHCP shall be previously obtained, which may grant it on a discretionary basis after hearing the opinion of Banco de Mexico, and w and as applicable, of the CNBV, the Insurance and Bonding Commission or the Retirement Saving Funds System. In such cases, the persons that intend to perform such acquisition must evidence that they meet the requirements established in section II of Article 14 of the Law Regulating Financial Groups and provide to the SHCP the information required by rules of a general nature to such effect.

In the event that a person or group of persons, whether or not shareholders, intend to directly or indirectly acquire 20% or more of Series "O" shares of capital stock of the Holding Company or the control thereof, they must request authorization from the SHCP, which may grant it on a discretionary basis, for which purpose it must hear the opinion of Banco de Mexico and as applicable, of the CNBV, the Insurance and Bonding Commission or the Retirement Saving Funds System. Such request must contain the following:

I. Relation or information of the person or persons that, if the case, intend to acquire shares, which must contain also the information proving it complies with Article 28 of the Law Regulating Financial Groups.

II. Relation of the members of the Board of Directors and officers that would be appointed in the acquired company, including the information that proves that such persons comply with the requirements set forth in the Law Regulating Financial Groups.

III. If the case, modifications to the strategic plans for the organization, administration and internal control; and

IV. Further information that the SHCP requires in order to start assessing the corresponding requirement.

When an individual or company intend to directly or indirectly acquire more than 5% of the paid capital stock of a Subholding Company, the authorization of the SHCP shall be previously obtained, which may grant it on a discretionary basis after hearing the opinion of Banco de Mexico and as applicable, of the CNBV, the Insurance and Bonding Commission or the Retirement Saving Funds System. The persons who intend to perform such acquisition must evidence that they meet the requirements established in section II of Article 14 of the Law Regulating Financial Groups

The direct or indirect acquisition of more than 20% of the shares of the paid capital stock of a Subholding Company will be subject to the provisions for such entities set forth in Article 28 of the Law Regulating Financial Groups.

The Company shall refrain from filing in the Share Registry referred to in Articles 128 and 129 of the General Law of Business Corporations, in connection with Article Sixteen of these Corporate Bylaws, any transfers made in contravention of Articles 24, 26, 27, 28, 74 and 75 of the Law Regulating Financial Groups, and it shall notify such circumstance to the SHCP and the Supervisory Commission within five business days of the date it becomes aware thereof.

Likewise, when the acquisition and other legal acts through which the direct or indirect ownership of shares of capital stock of the Company is obtained are made in contravention to the provisions of the abovementioned Articles, the property and corporate rights inherent to the relevant shares of the Company shall be suspended and, therefore, they may not be exercised until the obtainment of the relevant authorization or resolution, or the compliance with the requirements contemplated by the Law Regulating Financial Groups, are evidenced.

The person or group of persons who acquire, directly or indirectly, within or outside of the Stock Exchange, through one or various simultaneous or successive transactions of any nature, series “O” shares that result in holdings equal to or greater than 10% and lower than 30% of such shares, must inform the public of this situation the next business day at the latest, through the corresponding stock exchange, following the terms and conditions established by it. If it is a group of persons, the individual holdings of each member of the group must be disclosed.

Also, the individual or group of persons must inform their intention or not of acquiring a significant influence in the company.

Individuals related to the company who directly or indirectly increase or reduce their holdings of the company by 5%, through one or various simultaneous or successive transactions, must inform the public of this situation on the next business day at the latest, through the corresponding stock exchange, following the terms and conditions established by the exchange.

Furthermore, they must express their intention or not of acquiring a significant influence or increasing it in the terms outlined in the previous paragraph.

Any individual or group of persons who directly or indirectly own 10% or more of the shares representing the company’s equity, as well as members of the Board of Directors and relevant officers of the company, must inform the CNBV and the public in the cases established by generally applicable dispositions issued by the CNBV, of the acquisition or disposal of these securities within the stated timeframe established by the CNBV.

The current Bylaws also include mechanisms to protect the interests of minority shareholders, which basically consist of:

Board of Directors’ approval to any shareholder or group of shareholders related to each other or to third parties to

acquire 5% or more of GFNorte's shares. The Board can solve the mentioned requirements through a committee, which will be comprised of Proprietary members and will act under the terms that Board of Directors set. This also applies when the holdings are close to reaching or already exceed through public offering or not, the following percentages: 10%, 15%, 20%, 25% and up to 30% minus one share of the total shares outstanding representing the company's equity. Once the authorization from the Board of Directors or the Committee's is given, the authorization that according to the current provisions is necessary from the SHCP, and if the case, of any other authority should be requested. If the authorization is not given, the prior approval of the Board or Committee will be ineffective.

To be able to acquire ownership of shares representing 30% or more of the equity, the owner, shareholder or acquirer is obligated to make a public offering to purchase 100% of the shares representing the ordinary common stock of the company. The foregoing notwithstanding authorization granted by the SHCP, the National Banking and Securities Commission and if the case, other authorities. If in the public offering referred to in this paragraph, only manages to acquire a percentage equal to or less than 50% of the offered shares, the purchaser must request the approval of the Board on the acquisition no later than 10 calendar days subsequent to the acquisition with the understanding that if there is no request or it is not approved by the Board, the corporate rights attached to those shares may not be exercised, in accordance with Article 18, Section III of the bylaws.

In the event of a public offering, the Board reserves the right to request or receive more competitive bids, for a period of 45 working days from the date of the beginning of the tender offer. The Board of Directors will be the only body with faculties to approve or deny a potential acquirer from acquiring either through public offering or not, conducting a "Due Diligence" of the company, and in the case of approval, the potential acquirer must sign the contracts and confidentiality agreements that establish the obligations deemed convenient by the Board.

If there's a noncompliance with the provisions of Article 18 of the Corporate bylaws, the holder may not exercise the inherent rights of the shares acquired and will not be taken into account for the purpose of determining the quorum for Shareholders' Assemblies; the society will abstain from registering the aforementioned holders in the Share Registry referred to in the General Corporate's Law and making ineffective the registry made by the securities depository institution.

Additionally, whoever becomes holder of the shares representing (or exceeding), the following percentages must notify the company within 30 business days after purchasing, reaching or exceeding the limit in their holdings of 4%, 8%, 16% and 24% respectively.

Aiming to protect minority shareholders, the following rights are established:

To have available in the corporation's offices, information and documents related to each of the points contained in the agenda of the corresponding Shareholders' Assembly, free of charge and at least fifteen days prior to the date of the Assembly.

Prevent issues under the category of General or its equivalent to be dealt with at the General Shareholders' Assembly.

Be represented in Shareholders' Assemblies by those who prove their identity through proxies prepared by the corporation and made available at least fifteen days prior to the date of each Assembly.

The aforementioned proxies must at least contain the following requirements:

a. To highlight the company's name as well as the respective agenda.
b. Contain spaces for instructions indicated by the grantor for the exercise of power.

The Secretary of the Board shall be required to ensure compliance with the provisions of this section and report thereon to the Assembly, which shall be recorded in the corresponding Minutes

Designate and remove in the General Shareholder's Meeting a member of the board of Directors, when individually or jointly own 10% of the equity, without being applicable the percentage referred to in article 144 of the General Company's Law. Such appointment may only be revoked by the other shareholders when the appointment of all of the others Board Members are revoked, in which case the substituted persons may not be appointed as such for the following next twelve months from the revocation date.

Require the Chairman of the Board of Directors or of committees that carry out functions in issues of corporate practices and audit referred to in the Law, to convene at any time a general shareholders' assembly in matters which require voting, or defer a vote only once for 3 days, on any matter for which shareholders consider they are not sufficiently informed about, without the need of reconvening. All of the above when individually or jointly own ten percent of the capital stock, without being applicable the percentages as referred to in Articles 184 and 199 of the General Corporate's Law.

Legally oppose, in accordance with provisions of Article 201 of the General Corporate's Law, resolutions of the General Assembly, only when they have the right to vote on the subject concerned, when either individually or jointly twenty percent or more of the capital stock is owned, without being applicable the percentage referred to in the provision.

VII. Agree between them:

a. Obligations to not develop commercial businesses that compete with some of the financial group's entities or controlled companies, limited in time, matter and geographic coverage, without these limitations exceeding three years from the date on which the shareholder ceased to participate in the controlling company and without prejudice to provisions in other applicable laws.

b. Rights and obligations that establish options to buy or sale shares representing the company's equity, such as:
   1. That one or more shareholders may only dispose of all or part of their shareholding, when the acquirer is also obliged to acquire a proportion or all of the shares of another or other shareholders, under identical conditions.
   2. One or more shareholders may demand that another shareholder sell all or part of his shareholding, when they accept a tender offer, under identical conditions.
   3. That one or more shareholders have the right to dispose of or acquire from another shareholder, who shall be obliged to dispose of or acquire, as appropriate, all or part of the shareholding pertaining to the operation, at a determined or determinable price.
   4. That one or more shareholders are obligated to subscribe and pay a certain number of shares representing the company's equity, at a determined or determinable price.

c. Divestitures and other legal acts relating to the domain, provisions or exercise of the right of preference referred to in Article 132 of the General Corporate's Law, with independent of legal acts are carried out with other shareholders or other persons.

d. Agreements to exercise the right to vote at Shareholders' Assemblies, without the Article 198 of the General Corporate's Law becoming applicable.

e. Agreements for the divestiture of shares in a public offering.

The agreements referred to in this section will not be opposable to the company, except for a legal resolution, which is why non-compliance will not affect the validity of the vote at Shareholders' Assemblies

Shareholders who represent at least 15% of GFNorte's equity, may directly exercise liability action against administrators under the terms of the applicable legislation.

The corporate bylaws stipulate the company's faculties to purchase its shares under the terms of the Mexican Securities Market Law

The Ordinary nominative shares, are comprised of Series "O", the fixed portion of the equity is represented by Class I, ordinary, nominative shares and the variable portion of equity is represented by Class II ordinary, nominative shares, both with face value of Ps 3.50 each. The variable portion of equity cannot exceed 10 times the fixed portion, and is not subject to withdrawal.

Additional equity can also be included, represented by Series "L" shares. This series will be represented by nominative shares, with a face value of Ps 3.50 (three 50/100 pesos national currency) each and freely subscribed, except from what is provided in Articles 24 and 27 of the Law Regulating Financial Groups and up to 40% of the ordinary equity, with prior authorization from the SHCP. Shares of this series will have voting and other limited corporate rights under the terms of Article 25 of the Law Regulating Financial Groups.

The Special Assembly to appoint members of the Board of Directors, corresponding to the shareholders of the "L" series, under the terms of Articles 29 and 40 of the present bylaws, will be subject to the provisions for Ordinary Shareholders' Assemblies set in the General Corporate's Law. Other special meetings will convene to decide on matters other than the aforementioned, and shall be governed by the General Corporate's Law.

To install and vote on resolutions of the General Shareholders' Meetings, ordinary or extraordinary, the dispositions established in the General Corporate's Law for these types of meetings will apply.

Since GFNorte is a financial group, the integration, organization and functioning of the social organs, including those related to administration and monitoring, will be governed by the dispositions of the Law Regulating Financial Groups and the Securities Market Law.

5. STOCK MARKET

a) SHARE STRUCTURE

GFNorte does not have convertible obligations or Ordinary Participation Certificates (CPO's) of shares. The information on representative shares of equity can be found in section 2.B) xxi "The Company – Business Description - Representative Shares of Equity" of this Annual Report.

In June 2009, Grupo Financiero Banorte (BMV: GFNORTEO) established a Level 1 Sponsored Program of ADRs in the United States, as a consequence of changes on October 10, 2008 to regulation 12g3-2b of the Securities and Exchange Commission (SEC) that facilitates the establishment of sponsored and non-sponsored ADR programs for shares in companies which don't trade in US financial markets. Because Banorte's shares are one of the most liquid and one of the most traded in the Mexican Stock Exchange, they have attracted the interest of institutional funds around the world. This ADR program supplements the efforts of Banorte to achieve presence in the main international financial markets for its shares. The program has been established as Level 1, which allows it to operate in "Over the Counter" markets without having to be listed in the NYSE, NASDAQ or any other Stock Exchange. The shares operate under the GBOOY symbol. Each ADR represents 5 shares of GFNORTEO and there were 9,334,848 ADRs outstanding at the end of 2023. The depository bank is Bank of New York Mellon. On July 15, 2010, the Level 1 ADR program was authorized to operate in the OTCQX International Premier platform, the highest level in the "Over The Counter" (OTC) market and on April 9, 2014, was included in the OTCQX ADR 30 Index ("OTCQX30"), comprised by the 30 most relevant ADRs in the market, in terms of market capitalization, volume and liquidity. Grupo Financiero Banorte is one, of only two Mexican companies, included in this index. The inclusion of our Level 1 ADR in this index will provide more visibility and liquidity to our program.

On June 9, 2009, ordinary shares of Grupo Financiero Banorte began trading in the Madrid Stock Exchange through the Latin American Stock Market "Latibex", under the symbol XNOR. GFNORTE's shares were included in the FTSE Latibex All Shares index from their inclusion to the market, and as of June 10, they were incorporated into the FTSE Latibex TOP index which includes the 16 Latin American most important companies of this market. One share of XNOR represents 10 shares of GFNORTE.

b) PERFORMANCE OF SHARES IN THE STOCK MARKET

GFNORTE's series "O" shares are traded in the Mexican Stock Exchange (BMV) under the ticker "GFNORTEO".

The following charts show, for the indicated periods, the maximum, minimum and close market prices for shares in the BMV (GFNORTEO), GBOOY (ADR Level 1) and XNOR (Latibex).

Performance of the stock at closing of the last 5 fiscal years:

GFNORTEO (Pesos) – BMV

Date	Maximum	Minimum	Close	*P/BV	**P/E	Volume of Shares (Daily Average)	Total Volume Operated
31/12/2020	117.12	59.07	109.93	1.43	10.38	8,392,292	2,114,857,478
31/12/2021	140.11	101.57	133.02	1.62	10.94	6,244,298	1,579,807,464
31/12/2022	167.79	106.12	139.91	1.71	8.88	7,543,821	1,901,042,949
31/12/2023	178.19	135.01	170.76	1.98	9.39	5,563,063	1,396,328,858
31/12/2024	190.12	130.04	133.97	1.51	6.79	7,217,590	1,811,615,067

*P/BV = Multiple Price to Book Value. The indicators were calculated with known numbers as of the date of the report.
**P/E = Multiple Price to Earnings annualized. The indicators were calculated with known numbers as of the date of the report.
Source: Refinitv and Bloomberg.

GBOOY (Dollars) – ADRs

Date	Dollars per ADR			Volume of Shares (Daily Average)	Total Volume Operated
	Maximum	Minimum	Close		
31/12/2020	31.75	11.93	27.77	62,163	15,727,159
31/12/2021	33.96	24.59	32.38	26,266	6,619,035
31/12/2022	43.00	26.44	35.83	39,610	9,942,083
31/12/2023	52.17	36.07	50.21	22,892	5,723,008
31/12/2024	56.15	30.00	32.10	57,805	14,566,795

XNOR (Euros) – Latibex

Date	Euros			Volume of Shares (Daily Average)	Total Volume Operated
	Maximum	Minimum	Close		
31/12/2020	5.55	2.28	4.68	3,505	70,098
31/12/2021	6.0	6.0	6.0	3,473	38,200
31/12/2022	7.85	5.40	7.15	4,800	10,518
31/12/2023	9.40	7.25	9.40	316	2,846
31/12/2024	10.40	6.20	6.20	247	6,678

Quarterly performance of the stock for the last 2 fiscal years:

GFNORTEO (Pesos) – BMV

Date	Maximum	Minimum	Close	P/BV *	P/E **	Volume of Shares (Daily Average)	Total Volume Operated
31/03/2023	165.98	137.35	151.90	1.76	9.10	6,235,687	392,848,297
30/06/2023	159.38	135.01	141.21	1.70	8.19	5,857,756	363,180,861
30/09/2023	159.02	140.11	146.11	1.68	8.19	4,931,762	320,564,503
31/12/2023	178.19	137.75	170.76	1.98	9.39	5,241,561	319,735,197
31/03/2024	190.12	161.56	176.37	1.94	9.5449	5,953,022	297,181,334
30/06/2024	184.28	131.50	142.56	1.68	7.54	9,432,133	603,656,504
30/09/2024	151.39	130.04	139.50	1.55	7.25	7,219,524	469,269,038
31/12/2024	157.47	131.60	133.97	1.51	6.79	7,121,000	441,508,191
31/03/2025	157.49	134.77	141.93	1.50	7.20	7,178,052	437,861,188

*P/BV = Multiple Price to Book Value. The indicators were calculated with known numbers as of the date of the report.
**P/E = Multiple Price to Earnings. The indicators were calculated with known numbers as of the date of the report.
Source: Bloomberg.

GBOOY (Dollars) – ADRs

Date	Dollars per ADR			Volume of Shares (Daily Average)	Total Volume Operated
	Maximum	Minimum	Close		
31/03/2023	45.91	36.07	42.18	28,281	1,753,395
30/06/2023	45.41	38.82	41.41	24,201	1,500,432
30/09/2023	47.63	40.12	41.79	17,093	1,076,851
31/12/2023	52.17	37.50	50.21	22,100	1,392,330
31/03/2024	56.15	46.88	53.70	29,405	1,793,681
30/06/2024	55.62	35.22	41.41	75,020	4,726,233
30/09/2024	43.21	32.40	35.38	65,290	4,178,580
31/12/2024	40.73	30.00	32.10	60,442	3,868,301
31/03/2025	42.00	31.25	34.67	48,322	2,899,319

XNOR (Euros) – Latibex

Date	Euros			Volume of Shares (Daily Average)	Total Volume Operated
	Maximum	Minimum	Close		
31/03/2023	7.25	7.25	7.25	300	300
30/06/2023	-	-	-	-	-
30/09/2023	8.20	8.00	8.00	450	900
31/12/2023	9.40	7.65	9.40	274	1,646
31/03/2024	9.35	9.00	9.30	35	175
30/06/2024	10.40	6.90	7.30	130	1,172
30/09/2024	7.85	6.20	6.40	532	4,253
31/12/2024	7.10	6.35	6.20	216	1,078
31/03/2025	7.20	6.35	6.60	876	4,380

Monthly performance of shares during the last 6 months:

GFNORTEO (Pesos) – BMV

Date	Maximum	Minimum	Close	Volume of Shares (Daily Average)	Total Volume Operated
31/10/2024	157.47	137.01	139.33	7,164,446	157,617,812
30/11/2024	150.29	132.76	135.33	7,876,862	157,537,235
31/12/2024	146.52	131.60	133.97	6,317,657	126,353,144
31/01/2025	150.59	134.77	143.20	6,599,880	145,197,351
28/02/2025	157.49	143.17	144.84	8,073,549	153,397,433
31/03/2025	151.35	141.25	141.93	6,963,320	139,266,404

GBOOY (Dollars) – ADRs

Date	Dollars per ADR			Volume of Shares (Daily Average)	Total Volume
	Maximum	Minimum	Close		Maximum
31/10/2024	40.73	34.00	34.74	36,197	832,539
30/11/2024	37.85	32.01	33.53	67,311	1,346,220
31/12/2024	36.95	30.00	32.10	80,454	1,689,542
31/01/2025	37.82	31.25	34.50	75,792	1,515,841
28/022025	39.13	33.54	35.53	39,055	742,046
31/03/2025	42.00	33.86	34.67	30,544	641,432

XNOR (Euros) – Latibex

Date	Euros			Volume of Shares (Daily Average)	Total Volume
	Maximum	Minimum	Close		Maximum
31/10/2024	6.90	6.80	6.35	400	400
30/11/2024	7.10	6.60	6.35	180	359
31/12/2024	6.55	6.35	6.20	160	319
31/01/2025	6.75	6.35	6.75	720	2,880
28/02/2025	7.20	7.20	7.20	1,500	1,500
31/03/2025	7.20	6.45	6.60	0	0

c) MARKET MAKER

GFNorte does not have nor ever had a market maker.

6. UNDERLYING ASSETS

Currently GFNorte and its subsidiaries do not carry out operations involving underlying assets.

7. RESPONSIBLE OFFICERS

"Los suscritos manifestamos bajo protesta de decir la verdad que, en el ámbito de nuestras respectivas funciones, preparamos la información relativa a la emisora contenida en el presente reporte anual, la cual, a nuestro leal saber y entender, refleja razonablemente su situación. Asimismo, manifestamos que no tenemos conocimiento de información relevante que haya sido omitida o falseada en este reporte anual o que el mismo contenga información que pudiera inducir a error a los inversionistas".



Act. José Marcos Ramírez Miguel
Director General de Grupo Financiero Banorte S.A.B. de C.V.



Ing. Rafael Vidal Arana de la Garza
Director General de Finanzas y Operaciones



Lic. Héctor Martín Ávila Flores
Director General Jurídico

a) ART.33-External Auditor

Deloitte.

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Ave. Juárez 1102, piso 40
colonia Centro,
64000 Monterrey,
México

Tel: +52 (81) 8133 7300
www.deloitte.com/mx

Estimados Señores:

El suscrito manifiesta bajo protesta de decir verdad, que los estados financieros consolidados de Grupo Financiero Banorte, S.A.B. de C.V. y Subsidiarias (la "Emisora") que contiene el presente reporte anual por los ejercicios al 31 de diciembre de 2024, 2023 y 2022 fueron dictaminados con fecha 28 de febrero de 2025, 29 de febrero de 2024 y 28 de febrero de 2023 de conformidad con las Disposiciones de Carácter General aplicables a las Sociedades Controladoras de Grupos Financieros que regulan las materias que corresponden de manera conjunta a las Comisiones Nacionales Supervisoras emitidas por la Comisión Nacional Bancaria y de Valores (la "Comisión").

Asimismo, manifiesta que ha leído el presente reporte anual y basado en su lectura y dentro del alcance del trabajo de auditoría realizado, no tiene conocimiento de errores relevantes o inconsistencias en la información que se incluye y cuya fuente provenga de los estados financieros dictaminados señalados en el párrafo anterior, ni de información que haya sido omitida o falseada en este reporte anual o que el mismo contenga información que pudiera inducir a error a los inversionistas.

No obstante, el suscrito no fue contratado, y no realizó procedimientos adicionales con el objeto de expresar su opinión respecto de la otra información contenida en el reporte anual que no provenga de los estados financieros por el dictaminados.

Atentamente,

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Afiliada a una Firma Miembro de Deloitte Touche Tohmatsu Limited

C.P.C. Manuel Silverio Villalón López
Representante Legal
Monterrey, N.L., México
25 de abril de 2025

C.P.C. Fernando Nogueda Conde
Auditor externo
Monterrey, N.L., México
25 de abril de 2025

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Atentamente,

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Atentamente,

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•••••

b) ART.39-External Auditor

Deloitte.

Galaz, Yamazaki,
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Ave. Juárez 1102, piso 40
colonia Centro,
64000 Monterrey,
México

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En los términos del Artículo 39 de las Disposiciones de carácter general aplicables a las Entidades y Emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos, publicadas en el Diario Oficial de la Federación ("DOF") del 26 de abril de 2018 y sus modificaciones posteriores (las "Disposiciones") y del Artículo 84 Bis de las Disposiciones de carácter general aplicables a las emisoras de valores y otros participantes del mercado de valores publicadas en el DOF del 19 de marzo de 2003 y sus modificaciones posteriores (la "Circular Única de Emisoras"), en nuestro carácter de auditores externos independientes de los estados financieros básicos consolidados por los años que terminaron el 31 de diciembre de 2024, 2023 y 2022 de Grupo Financiero Banorte, S.A.B. de C.V. y Subsidiarias (la "Emisora"), manifestamos lo siguiente:

I. Que expresamos nuestro consentimiento para que la Emisora incluya en el reporte anual, el Informe de Auditoría Externa que al efecto emitimos.

II. Lo anterior en el entendido de que previamente nos cercioramos que la información contenida en los Estados Financieros Básicos Consolidados incluidos en el reporte anual, así como cualquier otra información financiera comprendida en dichos documentos cuya fuente provenga de los mencionados Estados Financieros Básicos Consolidados o del Informe de Auditoría Externa que presentamos coincide con la auditada, con el fin de que dicha información sea hecha del conocimiento público.

Atentamente,

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colonia Centro,
64000 Monterrey,
México

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www.deloitte.com/mx

Al Presidente del Comité de Auditoría de
Grupo Financiero Banorte, S.A.B. de C.V. y Subsidiarias

En los términos del Artículo 39 de las Disposiciones de carácter general aplicables a las Entidades y Emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos, publicadas en el Diario Oficial de la Federación ("DOF") del 26 de abril de 2018 y sus modificaciones posteriores (las "Disposiciones") y del Artículo 84 Bis de las Disposiciones de carácter general aplicables a las emisoras de valores y otros participantes del mercado de valores publicadas en el DOF del 19 de marzo de 2003 y sus modificaciones posteriores (la "Circular Única de Emisoras"), en nuestro carácter de auditores externos independientes de los estados financieros básicos consolidados por los años que terminaron el 31 de diciembre de 2022, 2021 y 2020 de Grupo Financiero Banorte, S.A.B. de C.V. y Subsidiarias (la "Emisora"), manifestamos lo siguiente:

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8. APPENDIX

a) AUDIT AND CORPORATE PRACTICES COMMITTEE'S REPORT

BANORTE

INFORME ANUAL DEL COMITÉ DE AUDITORÍA Y PRÁCTICAS SOCIETARIAS

Ciudad de México a 22 de abril de 2025.

Al Consejo de Administración de Grupo Financiero Banorte, S.A.B. de C.V.

De acuerdo con lo previsto por los Artículos 43 de la Ley del Mercado de Valores y 58 de la Ley para Regular las Agrupaciones Financieras, el Comité de Auditoría y Prácticas Societarias (Comité) presenta su informe anual de actividades por el ejercicio 2024.

Este informe se referirá a Grupo Financiero Banorte (GFNorte) y las entidades relevantes: Banco Mercantil del Norte, S.A., Banco Bineo S.A., Banorte Ahorro y Previsión S.A. de C.V., Seguros Banorte, S.A. de C.V., Pensiones Banorte, S.A. de C.V., Casa de Bolsa Banorte, S.A. de C.V., Operadora de Fondos Banorte, S.A. de C.V., Arrendadora y Factor Banorte, S.A. de C.V., y Almacenadora Banorte, S.A. de C.V.

I. En materia de Auditoría:

a) Respecto a la evaluación del estado que guarda el Sistema de Control Interno (SCI) de GFNorte y sus entidades relevantes, el Comité mantuvo continua comunicación con la Administración y se apoyó en los informes recibidos de la Contraloría y Auditoría Interna, y del Auditor Externo Independiente, destacando los siguientes:

1. Informes anuales de los Directores Generales sobre sus actividades en materia de Control Interno.

2. Informes de actividades de los Contralores Internos que contienen su opinión sobre el funcionamiento del SCI y los reportes de los resultados de las visitas de inspección realizadas por las Autoridades Reguladoras con las principales observaciones determinadas y medidas correctivas tomadas.

3. Informes de gestión de Auditoría Interna con los resultados de sus revisiones, principales observaciones y los avances en las medidas correctivas, así como su opinión sobre la efectividad del SCI.

4. Informes del Auditor Externo Independiente, incluyendo su informe sobre los estados financieros básicos y las principales observaciones al SCI.

5. Reportes trimestrales del Oficial en Jefe de Seguridad de la Información sobre Indicadores de Riesgo en esa materia, así como de los Responsables de las actividades de Ciberseguridad y de Cumplimiento del Sistema de Pagos Electrónicos Interbancarios y el Sistema de Pagos Interbancarios en Dólares.

6. Informes de los Responsables de Cumplimiento sobre Servicios de Inversión, en materia de Protección de Datos Personales y en Prevención de Lavado de Dinero y Financiamiento al Terrorismo.

7. Reportes trimestrales y actas de los Comités de Auditoría de las entidades relevantes y sus Comisarios.

Tomando en consideración los elementos señalados, en opinión del Comité, el SCI de GFNorte y sus entidades relevantes funciona en general de manera efectiva, y las deficiencias, desviaciones o aspectos que requieren mejora corresponden a temas puntuales que fueron atendidos o cuentan con medidas correctivas.

Sobre el funcionamiento de Auditoría Interna, el Comité se aseguró que mantuvo su independencia y cumplió con el programa de trabajo que fue autorizado, realizando sus actividades de conformidad con las mejores prácticas, incluyendo el seguimiento a la implementación de las medidas para corregir las observaciones determinadas.

b) Durante el ejercicio no se realizaron investigaciones relacionadas con incumplimientos a los lineamientos y políticas de operación y de registro contable de GFNorte o de sus entidades relevantes.

c) De acuerdo con el Artículo 33 de las Disposiciones de Carácter General Aplicables a las Sociedades Controladoras de Grupos Financieros que regulan los Servicios de Auditoría Externa emitida por las Comisiones Nacionales Supervisoras, el Comité validó que el Despacho y Auditor Externo Independiente cumpliera con los requisitos personales, profesionales y de independencia, obteniendo la manifestación del Despacho sobre el cumplimiento de la Norma de Control de Calidad.

El Comité se aseguró que el Despacho asignó los recursos necesarios para ejecutar el programa de auditoría externa propuesto, validó los conocimientos y experiencia profesional del Auditor Externo Independiente, Gerente y Encargado de la auditoría, evaluó y recomendó para aprobación del Consejo la ratificación del Despacho y la designación del Auditor Externo Independiente con un costo de los servicios por 36.2 millones de pesos (mdp) para esta, y participó en la revisión de los términos del encargo.

En opinión del Comité, el Despacho, Auditor Externo Independiente y el personal que participó en la auditoría de los estados financieros básicos mantuvieron su independencia, realizaron su trabajo de acuerdo con el plan presentado aplicando las mejores prácticas, mantuvo comunicación continua, y sus informes y opiniones fueron de calidad y útiles para el Comité.

d) El Comité recomendó la aprobación sobre la contratación de los siguientes servicios adicionales del Despacho y Auditor Externo Independiente que fueron solicitados por la Administración, asegurándose que estos no comprometían su independencia: dictamen fiscal, estudio de precios de transferencia, revisión del informe de sustentabilidad y algunos impuestos locales, revisión de información financiera a diciembre de 2023 del Fideicomiso No. 4907 creado para la emisión de Certificados Bursátiles correspondiente a la cartera de créditos a Gobiernos, Estados y Municipios.

Adicionalmente, el análisis de información para identificar posibles impactos financieros en Sustentabilidad y en la alineación de revelaciones sobre IFRS S1 y S2, revisión de información financiera a fechas intermedias y documentos para prospecto de colocación de la emisión de Notas Perpetuas Tier 1, análisis y validación sobre el uso de Certificados Bursátiles para financiar proyectos verdes, sociales o sustentables o, en su caso, refinanciar existentes, la revisión de Sistemas de Prevención de Lavado de Dinero y Financiamiento al Terrorismo 2024 de More Chile y More Uruguay, y recuperación de saldos a favor de IVA del ejercicio 2020 de Uniteller.

El monto por estos servicios fue de 16.4 mdp, los cuales fueron proporcionados cumpliendo los objetivos y alcances acordados, el personal asignado fue suficiente y con las competencias y experiencia adecuadas de acuerdo con su complejidad, los resultados fueron entregados en las fechas previstas y los equipos mantuvieron una comunicación continua con la Administración.

e) El Comité revisó con la Administración y el Auditor Externo Independiente los estados financieros dictaminados al 31 de diciembre de 2024 de GFNorte y Subsidiarias, informando este último que realizó su trabajo conforme al plan presentado, aplicó procedimientos suficientes a los componentes significativos y asuntos relevantes, y que la evidencia de auditoría le proporcionó bases suficientes y adecuadas para emitir su opinión. El Comité también revisó los estados financieros trimestrales.

Como resultado el Auditor Externo Independiente emitió un Informe sin salvedades, e informó que no identificó deficiencias significativas en su evaluación de Control Interno, ejecución de procedimientos sustantivos y evaluación de otros asuntos.

f) No se presentaron solicitudes de aprobación para modificaciones a las políticas contables durante el 2024.

g) Durante el ejercicio no se recibieron observaciones relevantes de accionistas, Consejeros, Directivos Relevantes o terceros respecto de la contabilidad, controles internos, Auditoría Interna y Externa, o hechos irregulares de la Administración. De acuerdo con las mejores prácticas se cuenta con un canal para recibir denuncias y el Comité es informado de las mismas y de los resultados de su debida atención.

h) El Comité en apoyo al Consejo se aseguró, con base al Informe de Auditoría Interna, que durante el ejercicio los derechos de los accionistas fueron respetados.

i) La Asamblea de Accionistas y el Consejo de Administración no solicitaron al Comité dar seguimiento a algún acuerdo en particular.

II. En materia de Prácticas Societarias:

a) En relación con los informes recibidos de Contraloría y Auditoría Internas, del Auditor Externo Independiente y los resultados de las visitas de inspección de las Autoridades, durante el ejercicio no se presentaron observaciones al desempeño de los Directivos Relevantes, lo cual se reflejó en la evaluación que realizó el Comité de Recursos Humanos para aprobar el pago de la Remuneración Diferida.

b) Las operaciones con personas relacionadas fueron aprobadas por el Consejo, al 31 de diciembre de 2024 los créditos otorgados a través de Banco Mercantil del Norte ascendieron a $32,469 mdp, cantidad inferior al límite establecido por la regulación aplicable, y las operaciones intercompañías se realizaron a precios de mercado, lo cual fue verificado por el Auditor Externo Independiente.

c) Respecto a la remuneración del Director General y Directivos Relevantes se cuenta con un Sistema de Remuneración aprobado por el Consejo de Administración, que la divide en ordinaria y extraordinaria e incluye reglas para diferir el pago del 40% de esta último con base en la evaluación de indicadores de riesgo en un horizonte de tres años.

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Como resultado de la revisión realizada por Auditoría Interna y de la información presentada a los Comités de Recursos Humanos y de Políticas de Riesgo se determinó que el funcionamiento del referido Sistema de Remuneración fue adecuado, su desempeño fue aceptable, se aplicó de manera consistente y sin excepciones, y no hubo cambios que fueran resultado de pérdidas no previstas ni se identificaron aspectos significativos que pudiesen afectar la liquidez, solvencia y estabilidad de GFNorte y sus entidades relevantes.

d) Durante el ejercicio el Consejo de Administración no otorgó dispensas a Consejeros o Directivos Relevantes para aprovechar oportunidades de negocio.

e) Fue informado de los resultados correspondientes a las visitas de inspección de las Autoridades Reguladoras, de las cuales no se determinaron observaciones en materia de Prácticas Societarias.

f) Entre otras actividades relevantes del Comité destacan, en materia de Sustentabilidad, el seguimiento al proyecto de revelación de información financiera, así como de la exposición de la cartera con respecto a Sectores Prioritarios con base a lo recomendado por el Sustainability Accounting Standards Board (SASB).

Se dio seguimiento al proyecto de transición relacionado con la Tasa de Interés Interbancaria de Equilibrio (TIIE) hacia TIIE de Fondeo.

Se mantuvo informado sobre las actividades y estrategias en materia de Ciberseguridad, incluyendo los principios a considerar por parte del Consejo de Administración correspondientes a Gobernanza, Cultura Organizacional, Ciberriesgo, Métricas y Comunicación e Incidentes de Ciberseguridad.

Atentamente.

Thomas S. Heather Rodríguez
Presidente del Comité de Auditoría y Prácticas Societarias
Grupo Financiero Banorte

GRUPO FINANCIERO BANORTE

INFORME ANUAL DEL COMITÉ DE AUDITORÍA Y PRÁCTICAS SOCIETARIAS

Ciudad de México a 14 de marzo de 2024.

Al Consejo de Administración de Grupo Financiero Banorte, S.A.B. de C.V.

De acuerdo con lo previsto por los Artículos 43 de la Ley del Mercado de Valores y 58 de la Ley para Regular las Agrupaciones Financieras, el Comité de Auditoría y Prácticas Societarias (Comité) presenta su informe anual de actividades por el ejercicio 2023.

Este informe se referirá a Grupo Financiero Banorte (GFNorte) y las entidades relevantes: Banco Mercantil del Norte, S.A., Casa de Bolsa Banorte, S.A. de C.V., Operadora de Fondos Banorte, S.A. de C.V., Arrendadora y Factor Banorte, S.A. de C.V. , Almacenadora Banorte, S.A. de C.V., Seguros Banorte, S.A. de C.V., Pensiones Banorte, S.A. de C.V., Banorte Ahorro y Previsión S.A. de C.V. y Banco Bineo S.A.

I. En materia de Auditoría:

a) Respecto a la evaluación del estado que guarda el Sistema de Control Interno (SCI) de GFNorte y sus entidades relevantes el Comité mantuvo continua comunicación con la Administración y se apoyó en los informes recibidos de la Contraloría y Auditoría Interna, y del Auditor Externo Independiente, destacando los siguientes:

1. Informes anuales de los Directores Generales de las entidades relevantes sobre sus actividades en materia de Control Interno.

2. Informes de actividades de los Contralores Internos de las entidades relevantes que contienen su opinión sobre el funcionamiento del SCI y los reportes de los resultados de las visitas de inspección realizadas por las Autoridades Reguladoras con las principales observaciones determinadas y medidas correctivas tomadas.

3. Informes de gestión de Auditoría Interna con los resultados de sus revisiones, principales observaciones y los avances en las medidas correctivas, así como su opinión sobre la efectividad del SCI.

4. Informes del Auditor Externo Independiente incluyendo su informe sobre los estados financieros básicos y las principales observaciones al SCI.

5. Reportes trimestrales del Oficial en Jefe de Seguridad de la Información sobre indicadores de riesgo en esa materia y de los Responsables de Cumplimiento Sistema de Pagos Interbancarios en Dólares y Sistema de Pagos Electrónicos Interbancarios.

6. Reportes trimestrales y actas de los Comités de Auditoría de las entidades relevantes y, en su caso, dictámenes de los Comisarios.

Tomando en consideración los elementos señalados, en opinión del Comité, el SCI de GFNorte y sus entidades relevantes funciona en general de manera efectiva, y las deficiencias, desviaciones o aspectos que requieren mejora corresponden a temas puntuales que fueron atendidos o cuentan con medidas correctivas.

Sobre el funcionamiento de Auditoría Interna, el Comité se aseguró que mantuvo su independencia y cumplió con el programa de trabajo que fue autorizado, realizando sus actividades de conformidad con las mejores prácticas, incluyendo el seguimiento a la implementación de las medidas para corregir las observaciones determinadas.

b) Durante el ejercicio no se realizaron investigaciones relacionadas con incumplimientos a los lineamientos y políticas de operación y de registro contable de GFNorte o de sus entidades relevantes.

c) De acuerdo con el Artículo 33 de las Disposiciones de Carácter General Aplicables a las Sociedades Controladoras de Grupos Financieros que regulan los Servicios de Auditoría Externa emitida por las Comisiones Nacionales Supervisoras, el Comité validó que el Despacho y Auditor Externo Independiente cumpliera con los requisitos personales, profesionales y de independencia, obteniendo la manifestación del Despacho sobre el cumplimiento de la Norma de Control de Calidad 2023.

El Comité se aseguró de la suficiencia de los recursos para ejecutar el programa de auditoría externa, validó los conocimientos y experiencia profesional del Auditor Externo Independiente, Gerente y Encargado de la auditoría, evaluó y recomendó para aprobación del Consejo la ratificación del Despacho y la designación del Auditor Externo Independiente con un costo de los servicios por 33.7 millones de pesos (mdp) para esta, y participó en la revisión de los términos del encargo.

Informó al Consejo los cambios reportados en el equipo del Auditor Externo Independiente, asegurándose que los nuevos integrantes cumplieron con los requisitos establecidos, por lo que los recursos para realizar la auditoría fueron razonables.

En opinión del Comité, el Despacho, Auditor Externo Independiente y el personal que participó en la auditoría de los estados financieros básicos mantuvieron su independencia, realizaron su trabajo de acuerdo con el plan presentado aplicando las mejores prácticas, mantuvo comunicación continua, y sus informes y opiniones fueron de calidad y útiles para el Comité.

d) El Comité recomendó la aprobación sobre la contratación de los siguientes servicios adicionales del Despacho y Auditor Externo Independiente que fueron solicitados por la Administración, asegurándose que estos no comprometían su independencia: dictamen fiscal, revisión del informe de sustentabilidad y algunos impuestos locales, estudio de precios de transferencia, la dictaminación de estados financieros al 31 de agosto de 2022 para llevar a cabo la fusión de Arrendadora y Factor e Ixe Fleet y la revisión de información financiera a fechas intermedias para la emisión de Certificados Bursátiles.

El monto por estos servicios fue de 2.9 mdp, los cuales fueron proporcionados cumpliendo los objetivos y alcances acordados, el personal asignado fue suficiente y con las competencias y experiencia adecuadas de acuerdo con su complejidad.

los resultados fueron entregados en las fechas previstas y los equipos mantuvieron una comunicación continua con la Administración.

e) El Comité revisó con la Administración y el Auditor Externo Independiente los estados financieros dictaminados al 31 de diciembre de 2023 de GFNorte y sus entidades relevantes, informando este último que realizó su trabajo conforme al plan presentado, aplicó procedimientos suficientes a los componentes significativos y asuntos relevantes, y que la evidencia de auditoría le proporcionó bases suficientes y adecuadas para emitir su opinión. El Comité también revisó los estados financieros trimestrales.

Como resultado el Auditor Externo Independiente emitió un Informe sin salvedades, e informó que no identificó deficiencias significativas en su evaluación de Control Interno, ejecución de procedimientos sustantivos y evaluación de otros asuntos.

f) No se presentaron solicitudes de aprobación para modificaciones a las políticas contables durante el 2023.

g) Durante el ejercicio no se recibieron observaciones relevantes de accionistas, Consejeros, Directivos Relevantes o terceros respecto de la contabilidad, controles internos, Auditoría Interna y Externa, o hechos irregulares de la Administración. De acuerdo con las mejores prácticas se cuenta con un canal para recibir denuncias y el Comité es informado de las mismas y de los resultados de su debida atención.

h) El Comité en apoyo al Consejo se aseguró, con base al informe de Auditoría Interna, que durante el ejercicio los derechos de los accionistas fueron respetados.

i) La Asamblea de Accionistas y el Consejo de Administración no solicitaron al Comité dar seguimiento a algún acuerdo en particular.

II. En materia de Prácticas Societarias:

a) En relación con los informes recibidos de Contraloría y Auditoría Internas, del Auditor Externo Independiente y los resultados de las visitas de inspección de las Autoridades, durante el ejercicio no se presentaron observaciones al desempeño de los Directivos Relevantes, lo cual se reflejó en la evaluación que realizó el Comité de Recursos Humanos para aprobar el pago de la remuneración diferida.

b) Las operaciones con personas relacionadas fueron aprobadas por el Consejo, al 31 de diciembre de 2023 y los créditos otorgados a través de Banco Mercantil del Norte ascendieron a $22,105 mdp, cantidad inferior al límite establecido por la regulación aplicable, y las operaciones intercompañías se realizaron a precios de mercado, lo cual fue verificado por el Auditor Externo Independiente que no reportó hallazgos.

c) Respecto a la remuneración del Director General y Directivos Relevantes se cuenta con un Sistema de Remuneración aprobado por el Consejo de Administración, que la divide en ordinaria y extraordinaria e incluye reglas para diferir el pago del 40% de esta última con base en la evaluación de los indicadores de riesgo en un horizonte de tres años.

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Como resultado de la revisión realizada por Auditoría Interna se determinó que el referido Sistema de Remuneración se aplicó de manera consistente y sin excepciones, no hubo cambios que fueran resultado de pérdidas no previstas y no se identificaron aspectos significativos que pudiesen afectar la liquidez, solvencia y estabilidad de GFNorte y sus entidades relevantes.

d) Durante el ejercicio el Consejo de Administración no otorgó dispensas a Consejeros o Directivos Relevantes para aprovechar oportunidades de negocio.

e) El Comité fue informado de los resultados de las visitas de inspección de las Autoridades Reguladoras y se aseguró que las observaciones fueron atendidas o cuentan con medidas correctivas, dando seguimiento a estas con el apoyo de Auditoría Interna.

f) Entre otras actividades relevantes del Comité destacan el proceso de licitación de Despacho y Auditor Externo Independiente para el ejercicio 2024, con la participación de la Dirección General y la Dirección General de Finanzas y Operaciones.

Se dio seguimiento al proceso de autorización del inicio de operaciones de Banco Bineo que incluyó la atención de observaciones y recomendaciones de la Autoridad con motivo de su visita de inspección.

Se mantuvo informado sobre la evolución de la inversión en Tarjetas del Futuro, así como del proceso de consolidación con los estados financieros de GFNorte en diciembre de 2023.

Revisó la estrategia de Hiperpersonalización que contempla aspectos relacionados con los modelos de riesgo, la segmentación por cliente, la generación de ofertas personalizadas, el modelo conversacional y su ejecución.

En materia de Sustentabilidad se dio seguimiento a la adopción de marcos y guías con reconocimiento internacional respecto a factores Ambientales, Sociales y de Gobernanza (ASG), así como de los compromisos frente al cambio climático que consideran la descarbonización de cartera.

Atentamente,

Thomas S. Heather Rodriguez
Presidente del Comité de Auditoría y Prácticas Societarias
Grupo Financiero Banorte

GRUPO FINANCIERO BANORTE

INFORME ANUAL DEL COMITÉ DE AUDITORÍA Y PRÁCTICAS SOCIETARIAS

Ciudad de México a 16 de marzo de 2023.

Al Consejo de Administración de Grupo Financiero Banorte, S.A.B. de C.V.

De acuerdo con lo previsto por los Artículos 43 de la Ley del Mercado de Valores y 58 de la Ley para Regular las Agrupaciones Financieras el Comité de Auditoría y Prácticas Societarias (Comité) presenta su informe anual de actividades por el ejercicio 2022.

Este informe se referirá a Grupo Financiero Banorte (GFNorte) y las entidades relevantes: Banco Mercantil del Norte, S.A., Casa de Bolsa Banorte, S.A. de C.V., Arrendadora y Factor Banorte, S.A. de C.V. Sofom ER, Seguros Banorte, S.A. de C.V., Pensiones Banorte, S.A. de C.V., Banorte Ahorro y Previsión S.A. de C.V. y Banco Bineo S.A.

I. En materia de Auditoría:

a) Respecto a la evaluación del estado que guarda el Sistema de Control Interno (SCI) de GFNorte y sus entidades relevantes el Comité mantuvo continua comunicación con la Administración y se apoyó en los informes recibidos de la Contraloría y Auditoría Interna, y del Auditor Externo Independiente, destacando los siguientes:

1. Informes anuales de los Directores Generales de las entidades relevantes sobre sus actividades en materia de Control Interno.

2. Informes de actividades de los Contralores Internos de las entidades relevantes que contiene su opinión sobre el funcionamiento del SCI y los reportes de los resultados de las visitas de inspección realizadas por las Autoridades Reguladoras con las principales observaciones determinadas y medidas correctivas tomadas.

3. Informes de gestión de Auditoría Interna con los resultados de sus revisiones, principales observaciones y los avances en las medidas correctivas tomados, así como su opinión sobre la efectividad del SCI.

4. Informes del Auditor Externo Independiente incluyendo su dictamen sobre los estados financieros básicos y las principales observaciones al SCI.

5. Reportes trimestrales del Oficial en Jefe de Seguridad de la Información sobre indicadores de riesgo en esa materia.

6. Reportes trimestrales y actas de los Comités de Auditoría de las entidades relevantes y, en su caso, dictámenes de los Comisarios.

Tomando en consideración los elementos señalados, en opinión del Comité, el SCI de GFNorte y sus entidades relevantes funciona en general de manera efectiva, y las deficiencias, desviaciones o aspectos que requieren mejora corresponden a temas puntuales que fueron atendidos o cuentan con medidas correctivas.

Sobre el funcionamiento de Auditoria Interna, el Comité se aseguró que mantuvo su independencia y cumplió con el programa de trabajo que fue autorizado, realizando sus actividades de conformidad con las mejores prácticas, incluyendo el seguimiento a la implementación de las medidas para corregir las observaciones determinadas.

b) Durante el ejercicio no se realizaron investigaciones relacionadas con incumplimientos a los lineamientos y políticas de operación y de registro contable de GFNorte o de sus entidades relevantes.

c) De acuerdo con el Artículo 33 de las Disposiciones de Carácter General Aplicables a las Sociedades Controladoras de Grupos Financieros que regulan los Servicios de Auditoria Externa emitida por las Comisiones Nacionales Supervisoras, el Comité validó que el Despacho y Auditor Externo Independiente cumpliera con los requisitos personales, profesionales y de independencia, obteniendo la manifestación del Despacho sobre el cumplimiento de la Norma de Control de Calidad del ejercicio auditado.

El Comité se aseguró de la suficiencia de los recursos para ejecutar el programa de auditoria externa, validó los conocimientos y experiencia profesional del Auditor Externo Independiente, Gerente y Encargado de la auditoria, presentó para aprobación del Consejo el costo de esta y participó en la revisión de los términos del encargo.

Informó al Consejo los cambios reportados en el equipo del Auditor Externo Independiente, asegurándose que los nuevos integrantes cumplieron con los requisitos establecidos, por lo que los recursos para realizar la auditoria fueron razonables.

En opinión del Comité, el Despacho, Auditor Externo Independiente y el personal que participó en la auditoria de los estados financieros básicos mantuvieron su independencia, realizaron su trabajo de acuerdo con el plan presentado aplicando las mejores prácticas y mantuvo comunicación continua, y sus informes y opiniones son de calidad y útiles para el Comité.

d) El Comité recomendó la aprobación sobre la contratación de los siguientes servicios adicionales del Auditor Externo Independiente que fueron solicitados por la Administración, asegurándose que estos no comprometían su independencia: revisión del informe de sustentabilidad y algunas impuestas locales, estudio de precios de transferencia, y servicios de consultoria para la revisión de los criterios para clasificar las cuentas como operacionales de acuerdo con la nueva norma de liquidez y en conjunto con un grupo de Bancos grandes se le contrato para definir el vehículo a utilizar para llevar a cabo trabajos relacionados con temas de Ciberseguridad, incluyendo los perfiles de puesto del Director General y Director Operativo a cargo de ese proyecto.

Estos servicios fueron proporcionados cumpliendo los objetivos y alcances acordados, el personal asignado fue suficiente y con las competencias y experiencia adecuadas de acuerdo con su complejidad, los resultaos fueron entregados en las fechas previstas y los equipos mantuvieron una comunicación continua con la Administración.

e) El Comité revisó con la Administración y el Auditor Externo Independiente los estados financieros dictaminados al 31 de diciembre de 2022 de GFNorte y sus entidades relevantes, informando este último que realizó su trabajo conforme al plan presentado, aplicó procedimientos suficientes a los componentes significativos y asuntos relevantes, y que la evidencia de auditoría le proporcionó bases suficientes y adecuadas para emitir su opinión. El Comité también revisó los estados financieros trimestrales.

Como resultado el Auditor Externo Independiente emitió un informe sin salvedades, e informó que no identificó deficiencias significativas en su evaluación de Control Interno, ejecución de procedimientos sustantivos y evaluación de otros asuntos.

f) No se presentaron solicitudes de aprobación para modificaciones a las políticas contables durante el 2022.

g) Durante el ejercicio no se recibieron observaciones relevantes de accionistas, Consejeros, Directivos relevantes o terceros respecto de la contabilidad, controles internos, Auditoría Interna y Externa, o hechos irregulares de la Administración. De acuerdo con las mejores prácticas se cuenta con un canal para recibir denuncias y el Comité es informado de las mismas y de los resultados de su debida atención.

h) El Comité en apoyo al Consejo se aseguró, con base al informe de Auditoría Interna, que durante el ejercicio los derechos de los accionistas fueron respetados.

i) La Asamblea de Accionistas y el Consejo de Administración no solicitaron al Comité dar seguimiento a algún acuerdo en particular.

II. En materia de Prácticas Societarias:

a) En relación con los informes recibidos de Contraloría y Auditoría Internas, del Auditor Externo Independiente y los resultados de las visitas de inspección de las Autoridades, durante el ejercicio no se presentaron observaciones al desempeño de los Directivos Relevantes, lo cual se reflejó en la evaluación que realizó el Comité de Recursos Humanos para aprobar el pago de la remuneración diferida.

b) Las operaciones con personas relacionadas fueron aprobadas por el Consejo, al 31 de diciembre de 2022 y los créditos otorgados a través de Banco Mercantil del Norte ascendieron a $17,251 millones, cantidad inferior al límite establecido por la regulación aplicable, y las operaciones intercompañías se realizaron a precios de mercado, lo cual fue verificado por el Auditor Externo Independiente que no reportó hallazgos.

c) Respecto a la remuneración del Director General y Directivos Relevantes se cuenta con un Sistema de Remuneración aprobado por el Consejo de Administración, que la divide en ordinaria y extraordinaria e incluye reglas para diferir el pago de esta última con base en la evaluación de los indicadores de riesgo en un horizonte de tres años.

Como resultado de la revisión realizada por Auditoría Interna se determinó que el referido Sistema de Remuneración se aplicó de manera consistente y sin excepciones, no hubo cambios que fueran resultado de pérdidas no previstas y no se identificaron aspectos significativos que pudiesen afectar la liquidez, solvencia y estabilidad de GFNorte y sus entidades relevantes.

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d) Durante el ejercicio el Consejo de Administración no otorgó dispensas a Consejeros o Directivos Relevantes para aprovechar oportunidades de negocio.

e) El Comité fue informado de los resultados de las visitas de inspección de las Autoridades Reguladoras y se aseguró que las observaciones fueron atendidas o cuentan con medidas correctivas, dando seguimiento a estas con el apoyo de Auditoría Interna.

Recomendó para aprobación del Consejo el Manual de Emisión, Consolidación y Publicación de Información Financiera en cumplimiento a lo solicitado por la Comisión Nacional Bancaria y de Valores (CNBV) e informó sobre las observaciones de la visita de inspección a Banco Mercantil del Norte del ejercicio 2022, así como las acciones de remediación y reforzamiento de controles a implementarse.

f) Entre otras actividades relevantes del Comité destacan el seguimiento a la adopción de las nuevas Normas de Información Financiera y cambios a Criterios Contables de la CNBV.

En temas de Sustentabilidad se revisaron los avances en las iniciativas sobre factores Ambientales, Sociales y de Gobernanza (ASG) de acuerdo con la estrategia definida y el proceso de selección de un Experto Independiente para desarrollar la metodología para la medición de la huella de carbono en el portafolio de crédito.

Se revisaron aspectos de la transformación digital en GFNorte, incluyendo aspectos relevantes en materia de Ciberseguridad, y respecto a la alianza con Rappi, el Comité fue informado del desempeño del negocio en relación con las estrategias de crecimiento para la atracción de nuevos clientes, de acelerar la generación de ingresos, y del rediseño de su oferta de valor, así como de la estabilidad financiera del negocio. Durante el ejercicio de 2022, el Comité se mantuvo informado del proceso de autorización del nuevo Banco Digital.

En materia de capacitación destaca la presentación al Comité que llevó a cabo Hwan Kim, Socio Global de la Práctica de Servicios Financieros Digitales en Deloitte, en la cual se abordaron los principales retos, avances, transformaciones y ecosistemas en materia de servicios financieros a través de la Banca Digital.

Atentamente,

Thomas S. Heather Rodríguez
Presidente del Comité de Auditoría y Prácticas Societarias
Grupo Financiero Banorte

b) AUDITED FINANCIAL STATEMENTS

For the year 2024-2023

Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Grupo Financiero Banorte, S.A.B. of C.V. and Subsidiaries (the Holding), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Holding as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the accounting criteria established by the National Banking and Securities Commission (the Commission) through the "General Provisions applicable to Holding Companies of Financial Groups subject to the Supervision of the National Banking and Securities Commission "(the Accounting Criteria).

Basis of opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). 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 Holding in accordance with the International Ethics Standards Board for Accountants´ Code of Ethics for Professionals Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code with the IMCP Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying consolidated financial statements, where required, present unaudited financial information within their Notes, which is required in the Provisions established by the Commission.

The accompanying consolidated financial statement have been translated into English for the convenience of users.

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. We have determined that the matters described below are the key audit matters which should be communicated in our report.

- **Allowance for loan losses (See Notes 5 and 13 to the consolidated financial statements)**

The methodology for calculating allowance for loan losses requires that the expected loss be evaluated in accordance with the Accounting Standards issued by the National Banking and Securities Commission (the Commission). This expected loss considers 3 credit risk factors that are (i) the probability of default, (ii) the severity of the loss and (iii) the exposure to non-compliance.

To carry out the above identification, said rules establish a method, which considers a series of qualitative and quantitative factors, such as: 1) in consumer loans: payment behavior, potential losses and credit risk; 2) in mortgage loans: delinquency periods, possibility of non-payment and net potential losses of the guarantees received; and 3) in commercial credits: evaluation of the ability to repay the credit, financial risk, payment history, as well as the corresponding guarantees.

It has been considered a key audit matter due to the importance of the book value of the loan portfolio and its corresponding allowance for loan losses, and because the process for determining the estimate requires considering the completeness and accuracy of the information.

Our audit procedures to cover this key audit issue included:

a) Test the design and implementation, and operational effectiveness of the relevant controls regarding the valuation of allowance for loan losses of the Holding.

b) Reperformance the valuation on a sample of credits, considering the risk factors and the source of information used to carry out this calculation. In addition, we review the source of information used to determine and update each of the risk factors in the calculation.

c) Our tests were developed with the involvement of our team of credit risk specialists, who ensured that the models to determine the preventive estimates used by the Holding were in accordance with the stipulated and authorized models (so it corresponds to the internal models) by the Commission.

d) We validate the correct presentation and disclosure in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditors' Report

Management is responsible for the other information. The other information will include the information that will be incorporated in the annual report that the Holding Company is required to prepare in accordance with Article 33, Section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and Other Participants in the Securities Market in Mexico and the Instructions that accompany those Provisions. The annual report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information and we will 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, we will issue the statement regarding the reading of the annual report, as required by Article 33, Section I, subsection b) numeral 1.2. of the aforementioned Provisions.

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 the Accounting Standards issued by the Commission and the internal control that management deems necessary to enable the preparation of consolidated financial statements free of material misstatement, due to fraud or error.

In preparing of the consolidated financial statements, management is responsible for assessing the Holding'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 Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Holding's consolidated financial reporting process.4

Independent 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 auditor's 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Holding'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 Holding's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding to cease to continue as a going concern.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Holding to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.

Affiliate of a Member of Deloitte Touche Tohmatsu Limited

C.P.C. Fernando Nogueda

Registration in the General Administration
Of Federal Tax Audit No. 13204
Monterrey, Nuevo León, México

February 28, 2025

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos)

ASSETS	2024	2023
CASH AND CASH EQUIVALENTS	**Ps. 98,704**	**Ps. 100,230**
MARGIN SECURITIES (DERIVATIVE FINANCIAL INSTRUMENTS)	**3,998**	**4,918**
INVESTMENTS IN SECURITIES		
Trading Financial Instrument	400,772	335,756
Financial Instruments to collect or sell	201,079	222,018
Financial instruments to collect principal and interest	374,746	338,578
	976,597	**896,352**
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**4,002**	**41,606**
DERIVATIVE FINANCIAL INSTRUMENTS		
For trading purposes	21,126	28,957
For hedging purposes	1,004	4,442
	22,130	**33,399**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1		
Commercial loans		
Business loans	478,315	404,688
Financial institution's loans	39,171	25,470
Government loans	183,594	171,537
Consumer loans	200,754	172,328
Mortgage loans		
Medium and residential	267,837	248,257
Low-income housing	1	2
Loans acquired from INFONAVIT or FOVISSSTE	1,373	1,618
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1	**1,171,045**	**1,023,900**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2		
Commercial loans		
Business loans	1,645	1,406
Government loans	332	424
Consumer loans	3,152	2,936
Mortgage loans		
Medium and residential	3,407	3,193
Loans acquired from INFONAVIT or FOVISSSTE	75	68
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2	**8,611**	**8,027**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3		
Commercial loans		
Business loans	4,053	3,759
Financial institutions' loans	136	123
Government loans	4	11
Consumer loans	4,835	4,820
Mortgage loans		
Medium and residential	1,754	1,831
Loans acquired from INFONAVIT or FOVISSSTE	343	346
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3	**11,125**	**10,890**
LOAN PORTFOLIO	**1,190,781**	**1,042,817**
(Plus/Minus) DEFERRED ITEMS	3,132	2,386
(Minus) ALLOWANCE FOR LOAN LOSSES	(20,122)	(19,603)
LOAN PORTFOLIO OF INSURANCE AND BOND	**3,812**	**3,503**
(Minus) ALLOWANCE FOR LOAN LOSSES	(312)	(254)
LOAN PORTFOLIO OF INSURANCE AND BOND, (NET)	**3,500**	**3,249**
ACQUIRED COLLECTION RIGHTS, (NET)	**876**	**1,094**
TOTAL LOAN PORTFOLIO, (NET)	**1,178,167**	**1,029,943**
DEBTORS OF INSURANCE AND SURETY COMPANIES	**5,619**	**4,660**
AMOUNTS RECOVERABLE BY REINSURANCE AND COUNTER-GUARANTEE, (NET)	**5,661**	**5,773**
OTHER ACCOUNTS RECEIVABLE, (NET)	**56,229**	**44,932**
MERCHANDISE INVENTORY	**1,219**	**938**
FORECLOSED ASSETS, (NET)	**4,600**	**4,881**
ADVANCE PAYMENTS AND OTHER ASSETS, (NET)	**14,091**	**13,183**
PROPERTY, FURNITURE AND EQUIPMENT, (NET)	**31,913**	**30,551**
LEASE RIGHT OF USE ASSETS, (NET)	**4,440**	**3,903**
PERMANENT STOCK INVESTMENTS	**15,629**	**15,495**
DEFERRED INCOME TAX ASSETS, (NET)	**5,245**	
INTANGIBLE ASSETS, (NET)	**14,898**	**17,270**
GOODWILL	**28,067**	**26,825**
TOTAL ASSETS	**Ps. 2,471,209**	**Ps. 2,274,859**

LIABILITIES AND STOCKHOLDERS' EQUITY	2024	2023
DEPOSITS		
Demand deposits	Ps. 722,181	Ps. 678,923
Time deposits		
General public	363,684	332,098
Money market	1,795	8,098
Senior debt issued	41,831	33,643
Global account of deposits without movements	4,009	3,656
	1,133,500	**1,056,418**
INTERBANK AND OTHER LOANS		
Short-term loans	22,196	25,731
Long-term loans	12,865	7,411
	35,061	**33,142**
TECHNICAL RESERVES	**321,727**	**288,892**
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**459,442**	**381,012**
COLLATERAL SOLD OR PLEDGED		
Repurchase or resale agreements (creditor balance)	**52,704**	**88,145**
DERIVATIVE FINANCIAL INSTRUMENTS		
For trading purposes	22,130	21,534
For hedging purposes	3,798	2,259
	25,928	**23,793**
ACCOUNTS PAYABLE TO REINSURERS, net	**3,018**	**2,379**
LEASE LIABILITY	**4,577**	**3,947**
OTHER ACCOUNTS PAYABLES		
Creditors from settlements of transactions	30,746	13,148
Creditors from collaterals received in cash	9,903	19,747
Contributions payable	3,719	2,707
Sundry creditors and other payables	32,527	37,037
	76,895	**72,639**
FINANCIAL INSTRUMENTS THAT QUALIFY AS LIABILITY		
Subordinated debentures	**86,928**	**55,421**
INCOME TAX LIABILITIES	**9,130**	**6,933**
EMPLOYEE BENEFIT LIABILITY	**12,646**	**11,399**
DEFERRED CREDITS AND ADVANCED COLLECTIONS	**1,225**	**1,534**
TOTAL LIABILITIES	**Ps. 2,222,781**	**Ps. 2,025,654**

STOCKHOLDERS' EQUITY		
PAID-IN CAPITAL		
Common stock	14,711	14,988
Additional paid-in capital	48,161	47,648
	62,872	**62,636**
EARNED CAPITAL		
Capital reserves	22,236	33,885
Retained earnings from prior years	170,319	155,928
Other comprehensive income		
Result from valuation of securities to collect or sell	(3,240)	(1,411)
Result from valuation of instruments for cash flow hedging	(866)	181
Defined remeasurements for employees benefits	(2,805)	(1,947)
Result from valuation of reserve for unexpired risks variations in rates	428	189
Cumulative Translation Adjustment	465	(108)
	186,537	**186,717**
CONTROLLING INTEREST	**249,409**	**249,353**
NON-CONTROLLING INTEREST	**(981)**	**(148)**
TOTAL STOCKHOLDERS' EQUITY	**248,428**	**249,205**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**Ps. 2,471,209**	**Ps. 2,274,859**

"These statements of financial position were formulated in accordance with the accounting criteria for controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law Regulating the Financial Groups, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are capable of being consolidated up to the aforementioned date, which they were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

As of December 31, 2024, the stockholders' equity amounts to Ps. 9,756.

The accompanying Consolidated Statements of financial positions have been approved by the Board of Directors in accordance with the responsibility assigned to them.

"The attached Notes are an integral part of these consolidated financial statements."

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González
Managing Director – Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director – Controller

C.P.C. Mayra Nelly López López
Deputy Managing Director – Accounting

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED COMPRENHENSIVE INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of mexican pesos)

	2024	2023
Interest income	Ps. 405,433	Ps. 375,497
Interest expense	(266,073)	(248,015)
NET INTEREST INCOME	**139,360**	**127,482**
Allowance for loan losses	(19,536)	(15,942)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	**119,824**	**111,540**
Commission and fee income	41,260	35,073
Commission and fee expense	(20,956)	(18,119)
Premium revenue, (net)	55,293	48,259
Increase in technical reserves	(33,318)	(28,288)
Net cost for insurance and bond operations	(1,898)	(1,735)
Casualty rate, claims and other contractual obligations, net	(33,498)	(29,222)
Brokerage revenues	4,983	3,913
Other operating income (expenses)	(3,447)	(3,278)
Non-interest expense	(54,625)	(48,582)
	(46,206)	**(41,979)**
OPERATING INCOME	**73,618**	**69,561**
Equity in earnings of unconsolidated subsidiaries and associated companies	1,713	1,413
INCOME BEFORE INCOME TAX	**75,331**	**70,974**
Current income tax	(19,127)	(17,832)
INCOME BEFORE DISCONTINUED OPERATIONS	**56,204**	**53,142**
NET INCOME	**Ps. 56,204**	**Ps. 53,142**
Other comprehensive income:		
Financial instruments to collect or sell valuation	(1,783)	1,417
Result from valuation of instruments for cash flow hedging	(1,047)	1,725
Defined remeasurements for employees benefits	(858)	(81)
Result from valuation of reserve for unexpired risks variations in rates	239	(7)
Cumulative Translation Adjustment	573	(192)
	(2,876)	**2,862**
RESULTADO INTEGRAL	**Ps. 53,328**	**Ps. 56,004**
Attributable net income to:		
Controlling interest	56,188	52,418
Non-controlling interest	16	724
	Ps. 56,204	**Ps. 53,142**
Attributable comprehensive income to:		
Controlling interest	53,358	55,230
Non-controlling interest	(30)	774
	Ps. 53,328	**Ps. 56,004**
Earnings per ordinary share	**Ps. 19.720**	**Ps. 18.311**

“These consolidated comprehesnive income statements were formulated in accordance with the accounting criteria for the controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law Regulating the Financial Groups, of general and obligatory observance, applied in a consistent manner, reflecting all the income and expenses derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are susceptible to consolidation, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

The accompanying comprehesnive income statements have been approved by the Board of Directors in accordance with the responsibility assigned to them.

The attached notes are an integral part of these consolidated income statements.

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

(In millions of Mexican pesos)

	PAID-IN CAPITAL		OTHER CAPITAL			
	Common Stock	Additional paid-in capital	Capital reserves	Retained earnings from prior years	Result from valuation of securities to collect and sell	Result from valuation of instruments for cash flow hedging
Balances, December 31, 2022	**Ps. 14,955**	**Ps. 48,440**	**Ps. 33,342**	**Ps. 145,218**	**(Ps. 2,783)**	**(Ps. 1,544)**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	33	304	543	53	-	-
Dividends Decreed by the Ordinary General Assembly of Shareholders on June 23 and October 5, 2023	-	-	-	(37,704)	-	-
Transfer of shares between entities under common control	-	(1,141)	-	-	-	-
Total transactions approved by stockholders	**33**	**(837)**	**543**	**(37,651)**	**-**	**-**
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	45	-	(69)	(45)	-
Interest on subordinated debentures	-	-	-	(3,988)	-	-
Total	**-**	**45**	**-**	**(4,057)**	**(45)**	**-**
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	52,418	-	-
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	-	1,417	-
Cumulative Translation Adjustment	-	-	-	-	-	-
Result from valuation of instruments for cash flow hedging	-	-	-	-	-	1,725
Defined remeasurements for employees benefits	-	-	-	-	-	-
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	-	-	-
Total	**-**	**-**	**-**	**52,418**	**1,417**	**1,725**
Non-controlling interest			-	-	-	-
Balances, December 31, 2023	**Ps. 14,988**	**Ps. 47,648**	**Ps. 33,885**	**Ps. 155,928**	**(Ps. 1,411)**	**Ps. 181**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	(277)	455	(11,649)	-	-	-
Dividends Decreed by the Ordinary General Assembly of Shareholders on April 29 and December 9, 2024	-	-	-	(35,938)	-	-
Total transactions approved by stockholders	**(277)**	**455**	**(11,649)**	**(35,938)**	**-**	**-**
RESERVES TRANSACTION:						
Release of reserve for the repurchase of shares	-	-	-	-		
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	58	-	(1,992)	(46)	-
Interest on subordinated debentures	-	-	-	(3,867)	-	-
Total	**-**	**58**	**-**	**(5,859)**	**(46)**	**-**
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	56,188	-	-
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	-	(1,783)	-
Cumulative Translation Adjustment	-	-	-	-	-	-
Result from valuation of instruments for cash flow hedging	-	-	-	-	-	(1,047)
Defined remeasurements for employees benefits	-	-	-	-	-	-
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	-	-	-
Total	**-**	**-**	**-**	**56,188**	**(1,783)**	**(1,047)**
Non-controlling interest	-	-	-	-	-	-
Balances, December 31, 2023	**Ps. 14,711**	**Ps. 48,161**	**Ps. 22,236**	**Ps. 170,319**	**(Ps. 3,240)**	**(Ps. 866)**

"These consolidated statements of changes in consolidated stockholders' equity were formulated in accordance with the accounting criteria for holding and subholding companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law to Regulate Financial Groups, of general and mandatory observance, applied consistently, reflecting all movements in the stockholders' equity accounts derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are likely to be consolidated, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These consolidated statements of changes in consolidated stockholders' equity were approved by the Board of Directors under the responsibility of the executives who sign it."

The attached notes are an integral part of these consolidated statements of changes in stockholders' equity.

	OTHER CAPITAL					
	Defined remeasurements for employees benefits	Result in the valuation of unexpired risk reserves due to changes in rates	Cumulative foreign currency translation adjustment	Total Controlling interest	Total Non-controlling interest	Total stockholders' equity
Balances, December 31, 2022	**(Ps. 1,866)**	**Ps. 196**	**Ps. 84**	**Ps. 236,042**	**Ps. 2,989**	**Ps. 239,031**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	-	-	-	933	-	933
Dividends Decreed by the Ordinary General Assembly of Shareholders on June 23 and October 5, 2023	-	-	-	(37,704)	-	(37,704)
Transfer of shares between entities under common control	-	-	-	(1,141)		(1,141)
Total transactions approved by stockholders	**-**	**-**	**-**	**(37,912)**	**-**	**(37,912)**
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	-	-	(69)	-	(69)
Interest on subordinated debentures	-	-	-	(3,988)	-	(3,988)
Total	**-**	**-**	**-**	**(4,057)**	**-**	**(4,057)**
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	52,418	724	53,142
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	1,417	-	1,417
Cumulative Translation Adjustment	-	-	(192)	(192)	-	(192)
Result from valuation of instruments for cash flow hedging	-	-	-	1,725	-	1,725
Defined remeasurements for employees benefits	(81)	-	-	(81)	-	(81)
Result from valuation of reserve for unexpired risks variations in rates	-	(7)	-	(7)	-	(7)
Total	**(81)**	**(7)**	**(192)**	**55,280**	**724**	**56,004**
Non-controlling interest	-	-	-	-	(3,861)	(3,861)
Balances, December 31, 2023	**(Ps. 1,947)**	**Ps. 189**	**(Ps. 108)**	**Ps. 249,353**	**(Ps. 148)**	**Ps. 249,205**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	-	-	-	(11,471)	-	(11,471)
Dividends Decreed by the Ordinary General Assembly of Shareholders on April 29 and December 9, 2024	-	-	-	(35,938)	-	(35,938)
Total transactions approved by stockholders	**-**	**-**	**-**	**(47,409)**	**-**	**(47,409)**
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	-	-	(1,980)	-	(1,980)
Interest on subordinated debentures	-	-	-	(3,867)	-	(3,867)
Total	**-**	**-**	**-**	**(5,847)**	**-**	**(5,847)**
COMPREHENSIVE INCOME:						
Comprehensive income	-	-	-	56,188	16	56,204
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	(1,783)	-	(1,783)
Cumulative Translation Adjustment	-	-	573	573	-	573
Result from valuation of instruments for cash flow hedging	-	-	-	(1,047)	-	(1,047)
Defined remeasurements for employees benefits	(858)	-	-	(858)	-	(858)
Result from valuation of reserve for unexpired risks variations in rates	-	239	-	239	-	239
Total	**(858)**	**239**	**573**	**53,312**	**16**	**53,328**
Non-controlling interest	-	-	-	-	(849)	(849)
Balances, December 31, 2023	**(Ps. 2,805)**	**Ps. 428**	**Ps. 465**	**Ps. $249,409**	**(Ps. 981)**	**Ps. 248,428**

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González
Managing Director – Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director – Controller

C.P.C. Mayra Nelly López López
Deputy Managing Director – Accounting

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos)

	2024	2023
Operating activities		
Income before income tax	**Ps. 75,331**	**Ps. 70,974**
Adjustments for items associated with investing activities		
Depreciation of property, furniture and equipment	4,198	3,685
Amortization of intangible assets	1,053	800
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,713)	(1,413)
Adjustments for items associated with financing activities		
Interest associated with interbank and other loans	3,483	3,214
Interest associated with financial instruments that qualify as liability	3,814	2,530
	10,835	**8,816**
Changes in operating activities:		
Changes in margin accounts (derivative financial instruments)	920	560
Changes in investments in securities (net)	(81,891)	(82,540)
Changes in debtor balances under repurchase and resale agreements (net)	37,603	(18,779)
Changes in derivative financial instruments (asset)	7,831	6,744
Change in loan portfolio (net)	(148,443)	(111,664)
Changes in acquired collection rights (net)	218	(440)
Changes in debtors of insurance and surety companies	(959)	(700)
Changes in reinsurance and surety agencies (net)	112	(372)
Changes in merchandise inventory	(281)	37
Change in other accounts recivables	(11,559)	(1,834)
Change in foreclosed assets	281	(1,920)
Change in deposits	77,083	159,226
Change in technical reserves	32,835	29,731
Change in interbank and other loans	(1,563)	(7,277)
Change in creditor balances under repurchase and sale agreements	78,429	11,773
Collateral sold or pledged	(35,440)	15,583
Change in liability position of derivative financial instruments (liability)	596	(7,586)
Changes in reinsurance and surety agencies (net) (liability)	640	650
Change in hedging instruments related to operations	3,929	(2,560)
Change in assets / liabilities for employees benefits	1,247	1,848
Change in other account payable	1,508	3,497
Income tax payment	(21,179)	(21,855)
Net cash flows provided by (used in) operating activity	**28,083**	**51,912**
INVESTING ACTIVITIES:		
Payments for acquisition of property, furniture and equipment	(8,272)	(9,064)
Proceeds on disposal of property, furniture and equipment	2,905	3,940
Payment on acquisitions of subsidiaries and associated companies	(3)	(94)
Proceeds for cash dividends	1,400	954
Net cash flows provided by (used in) investment activity	**(3,970)**	**(4,264)**
FINANCING ACTIVITIES:		
Leasing liability paid	(767)	(362)
Payments associated with financial instruments that qualify as equity	(3,867)	(3,988)
Dividends paid	(35,938)	(37,704)
Repurchase of shares	(12,674)	-
Payments associated with financial instruments that qualify as liability	27,693	(13,090)
Interest of leasing paid	(387)	(379)
Net cash flow provided by (used in) financing activity	**(25,940)**	**(55,523)**
Net decrease in cash and cash equivalents	(1,827)	(7,875)
Effects from changes in the value of cash and cash equivalents	301	(149)
Cash and cash equivalents at the beginning of the year	100,230	108,254
Cash and cash equivalents at the end of the year	**Ps. 98,704**	**Ps. 100,230**

"These consolidated cash flow statements were formulated in accordance with the accounting criteria for the controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law for Regulate the Financial Groups, of general and mandatory observance, applied consistently, reflecting the cash inflows and cash outflows derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are capable of being consolidated, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions".

The attached notes are an integral part of these consolidated cash flow statements.

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023
(In millions of Mexican pesos, except exchange rates and Note 33)

1 – ACTIVITY AND REGULATORY ENVIRONMENT

Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries (the Financial Group or Holding) are authorized by Mexico's Ministry of Finance and Public Credit (SHCP) to operate as a Financial Group under the form and terms established by the Law Regulating Financial Groups, subject to the supervision and monitoring of the National Banking and Securities Commission (the Commission). Its main activities consist of acquiring and managing entities engaged in the financial services industry and supervising their activities, as defined in the above-mentioned law. The Financial Group is regulated, depending on its activities, by the Commission, the Mexican National Insurance and Bonding Commission (CNSF) (the Commissions), the Mexican Central Bank (Banco de México) and other applicable laws and regulations.

The main activity of its subsidiaries is the execution of financial operations such as the provision of services of commercial banking, brokerage, leasing, financial factoring, warehousing services in general, pensions, life and damage insurance, as well as disposal, management, collection and negotiation, in any form, with credit rights.

The main regulating aspect compels the Financial Group to maintain a minimum capitalization ratio for market and loan risks, to meet certain acceptance limits for deposits, obligations and other types of funding that may be denominated in foreign currency, as well as to establish the minimum limits for paid-in capital and capital reserves. The Financial Group complies satisfactorily with all of the above as of December 31, 2024.

By legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.

The powers of the Commission, in its capacity as regulator of the Financial Group and its subsidiaries, include reviewing the financial information and requesting modifications to such information.

The Financial Group performs its activities throughout Mexico and until March 2017, the United States of America.

The Financial Group's consolidated financial statements have been approved by the Board of Directors at its January 28, 2025 meeting in accordance with the responsibility assigned to this Organ.

2 – SIGNIFICANT EVENTS DURING THE YEAR

Issuance of bank stock certificates

On February 15, 2024, Banco Mercantil del Norte, S. A., Institución de Banca Múltiple (Banorte) placed the amount of Ps. 13,063 through the issuance of bank stock certificates, in three different issuances, under the recurring issuer program for up to Ps. 70,000 or its equivalent in Investment Units ("UDIs"), or any foreign currency, authorized on December 15, 2023 by the Commission.

The characteristics of the issuances are the following:

• BANORTE 24X for an amount of Ps. 4,172 for a term of 4 years and TIIE rate plus spread of 0.33%.

• BANORTE 24-2X for an amount of Ps. 3,642 for a term of 7 years a fixed rate of 9.74%.

• BANORTE 24UX for an amount of UDIs 648 (equivalent to Ps. 5,249) for a term of 10 years and fix rate of 4.90%.

Amortization of structured bank bonds BANORTE 3-23

On March 21, 2024, Banorte exercised the right to fully redeem the BANORTE 3-23 bank stock certificates, issued on April 12, 2023, the amount of the amortization was Ps. 202.

Amortization of BANORTE 23-6 bank stock certificates

On July 5, 2024, Banorte exercised the right to fully redeem the BANORTE 23-6 bank stock certificates, issued on November 9, 2023, the amortization amount was Ps. 10,000. Issuance expenses of Ps. 2 were also amortized against results.

Acquisition of More Payment Evolution

On August 13, 2024, Uniteller Financial Services, Inc. (UniTeller) completed the acquisition of More Payment Evolution (More). The acquisition price was USD 59 million and resulted in a goodwill of USD 55 million.

Amortization of subordinated obligations BANOA64

On September 27, 2024, Banorte exercised the right to fully amortize the preferred subordinated obligations that cannot be converted into shares BANOA64, issued on June 27, 2019, the amortization amount was USD 600 million. Issuance expenses of Ps. 9 were also amortized against results.

Issuance of capital notes (Tier 1) for USD 1,500 million (Subordinated Notes)

On November 20, 2024, the Institution successfully concluded the issuance of Perpetual, Non-Preferred, Non-Convertible Capital Notes (Tier 1) for a global amount of US$1,500 million.

The issuance of the Capital Notes (Tier 1) was carried out in two series:

- NC6.5 Notes PERP for $750 million US dollars, prepayable in the sixth year and a half, with a coupon rate of 8.375% and;
- NC6.5 Notes PERP for $750 million US dollars, prepayable in the sixth year and a half, with a coupon rate of 8.375%.

The ratings given to both series by the rating agencies Moody's and S&P were Ba2 and BB-, respectively. It should be noted that the Subordinated Notes issued comply with the Basel III regulation.

The proceeds from the issue will be used for general corporate purposes.

Amortization of BANORTE 23-6 bank stock certificates

On December 10, 2024, the Institution exercised the right to fully redeem the BANORTE 23-6 bank stock certificates, issued on August 28, 2024, the amortization amount was Ps. 3,000.

3 – BASIS OF PRESENTATION

Presentation of consolidated financial statements

The consolidated financial statements as of December 31, 2024 and 2023, which are accompanied, have been prepared by Management assuming that the Holding will continue to operate as a going concern due to the

uncertainty and duration of the pandemic in accordance with the accounting criteria established by the Commission.

Monetary unit of the consolidated financial statements

The consolidated financial statements and notes for the years ended as of December 31, 2024 and 2023 include balances and transactions in Mexican pesos of purchasing power of such dates.

As of December 31, 2024 and 2023, the registration currency and functional currency of the Parent Company is the Mexican peso.

Recognition of the effects of inflation in financial consolidated information

Inflation recognition is done pursuant to MFRS B-10, "Inflation Effects," which considers two types of economic environments: a) inflationary, when the accumulated inflation of the three previous years is 26% or over, in which case the inflation effects must be acknowledged; b) non-inflationary, when in the same period inflation is less than 26%; in this case the effects of inflation should not be recorded in the consolidated financial statements.

The cumulative Mexican inflation over the three years prior to 2024 and 2023 was 20.83% and 19.50%, respectively. Therefore, the Mexican economy is considered as non-inflationary. However, assets, liabilities and stockholders' equity as of December 31, 2024 and 2023 include the restatement effects recorded up through December 31, 2007. The cumulative Mexican inflation over the three years including the year ended December 31, 2024 was 17.34%.

The Mexican inflation rates for the years ended December 31, 2024 and 2023 were 4.50% and 4.38%, respectively.

Going concern

The consolidated financial statements have been prepared by Management on the assumption that the Holding Company will continue to operate as a going concern.

Consolidation of financial statements

The accompanying consolidated financial statements include those of Grupo Financiero Banorte, S.A.B. de C.V. and its subsidiaries mentioned below. All significant intercompany balances and transactions have been eliminated in consolidation.

As of December 31, 2024 and 2023, the Grupo Financiero Banorte S.A.B. de C.V.'s consolidated subsidiaries and its equity ownership is as follows:

Entity	2024	2023
Banco Mercantil del Norte, S.A. y Subsidiarias (Banorte)	98.26%	98.26%
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, ER y Subsidiarias (AyF)*	99.92%	99.90%
Almacenadora Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%
Banorte Ahorro y Previsión, S.A. de C.V. y Subsidiarias	99.99%	99.99%
Casa de Bolsa Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%
Operadora de Fondos Banorte, S.A. de C.V.	99.99%	99.99%
Banco Bineo, S.A. de C.V., Institución de Banca Múltiple	99.99%	99.99%

Equity investments in mutual funds and investments in associated companies are valued under the equity method according to the accounting principles established by the Commission.

* The permanent investment in AyF includes the participation in the Trusts created in conjunction with GEO, URBI and HOMEX, constituted for the construction of real estate developments (the Trusts). As of December 31, 2024 and 2023, AyF consolidated the financial statements of said trusts.

Conversion of financial statements of foreign subsidiary

In order to consolidate the financial statements of Banorte Financial Services, INC., they are first adjusted to the recording and functional currency (U.S. dollar) to conform to the accounting criteria established by the Commission. The financial statements are then converted to the reporting currency (Mexican pesos) according to the following methodology:

Foreign operations whose recording and functional currency are one and the same convert their financial statements using the following exchange rates for the year-end rate for assets and liabilities (20.8829 for 2024), historical rate for non-monetary assets and liabilities as well as stockholders' equity, and the weighted average rate of the period for income, costs and expenses (18.3378 for 2024). The conversion effects are presented in the Institution's stockholders' equity.

Comprehensive Income

This is the change in stockholders' equity during the year, for items other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity and do not affect the Consolidated Income Statements, in accordance with the accounting practices established by the Commission. In 2024 and 2023, comprehensive income includes the net income of the year, the result from valuation of securities to collect and sell; the effect of subsidiaries, affiliates and mutual funds; the cumulative conversion effect; remeasurements for employee benefits; Interest on subordinated debentures, Commission special accounting criteria and the result from valuation of cash flow hedging instruments.

4 – CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES FOR THE ESTIMATION OF UNCERTAINTIES

In applying the Financial Group's accounting policies, which are described in note 5, management must make judgments, estimates and assumptions about the book values of assets and liabilities in the consolidated financial statements. Estimates and relative assumptions are based on experience and other factors considered relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the change is made and future periods if the change affects both the current period and subsequent periods.

a. Critical judgments when applying accounting policies

Below are critical judgments, apart from those involving estimates, made by management during the process of applying the Financial Group's accounting policies and that have a significant effect on the consolidated financial statements.

- *Business model evaluation*

The classification and evaluation of financial assets depend on the result of the SPPI tests (only principal and interest payments) and the business model test. The Financial Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular objective. This task includes judgments that reflect all relevant evidence including how the performance of the assets is evaluated and how their performance is measured, the risks that affect the performance of the assets and how the assets are managed and how the managers of the assets are compensated. The Financial Group monitors the financial assets evaluated at amortized cost and at fair value through other comprehensive income that were derecognized before their maturity, to understand the reason for their derecognition and if the reasons are consistent with the objective of the business for which assets are held. Monitoring is part of the Holding Company's ongoing assessment of whether the business model for the remaining financial assets is appropriate and if it is not appropriate, whether there has been a change in the business model and a prospective change should be made to those assets. These changes were not necessary during the periods presented

- *Significant increase in credit risk*

As explained in note 5, ECP (expected credit loss) is measured as an allocation equal to 12 months of the total expected loss for stage 1 assets, the total life of the total expected loss for stage 2 or 3 assets. An asset is moved to stage 2 when the credit risk has increased significantly since initial recognition. MFRS C-16 "Impairment of financial instruments" does not define what constitutes a significant increase in credit risk. In assessing whether credit risk has significantly increased, the Financial Group considers prospective quantitative and qualitative information.

- *Technical reserves*

The current risk reserve is determined as the sum of the best estimate and a risk margin, where the best estimate will be equal to the expected value of future flows of obligations, understood as the probability-weighted average of those flows, considering the time value of money based on the market risk-free interest rate curves for each currency or monetary unit provided by the price provider. The amount of the reserve for unfulfilled obligations is determined as the sum of the best estimate and a risk margin, where the best estimate will be the amount that corresponds to each of the known obligations at the time of valuation. As indicated in note 5 to the consolidated financial statements, the Financial Group annually reports on its technical reserves by independent actuaries.

b. Key sources of uncertainty in estimates

Key forward-looking assumptions and other key sources of uncertainty in estimates at the end of the period, which have a significant risk of resulting in significant adjustments to the carrying amounts of assets and liabilities during the coming year, are explained below.

Discount rate used to determine the book value of the defined benefit obligation

The determination of the benefits of the borrowed obligations depends on some assumptions, which include the selection of the discount rate. The discount rate is set by reference to the market return at the end of the period in corporate bonds. Significant assumptions need to be made when setting the criteria for the bonds and must be included in the yield curve. The most important criteria to consider for bond selection include the current size of corporate bonds, quality, and identification of exclusionary guidelines.

5 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Holding are in conformity with practices prescribed by the Commission through issued accounting standards and other applicable laws, which require Management to make certain estimates and use certain assumptions to determine the valuation of certain items included in the consolidated financial statements and make the required disclosures therein. Even though they may differ in their final effect, management considers the estimates and assumptions to have been adequate under the current circumstances.

Pursuant to accounting criteria A-1, “Basic Framework of the Accounting Criteria Applicable to Banking Institutions", prescribed by the Commission, the Institutions’ accounting will adhere to Mexican Financial Reporting Standards, (MFRS or individually referred to as Normas de Informacion Financiera (MFRSs)) defined by the Mexican Board of Financial Reporting Standards (previously the Mexican Board for Research and Development of Financial Reporting Standards (CIMFRS)), except when the Commission deems it necessary to apply a specific accounting standard or Circular, considering the fact that financial institutions perform specialized operations.

Explanation for translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for the convenience of users. These consolidated financial statements are presented on the basis of accounting practices prescribed by the Commission. Certain accounting practices applied by the Institution may not conform to Mexican Financial Reporting Standards (“MFRS”) or other accounting principles generally accepted outside of Mexico.

Arithmetical translation of the consolidated financial statements from Mexican pesos into United States of America (U.S.) dollars for the year ended December 31, 2024

The consolidated financial statements are stated in millions of Mexican pesos ("Ps.") the currency of the country in which the Institution is incorporated and has its principal operations. The translations of Mexican pesos into U.S. dollars ("USPs. ") are included solely for the convenience of the readers and have been made at the rate of Ps. 20.8829 per one U.S. dollar on December 31, 2024, as issued by Banco de México. Such translation should not be construed as representations that the Mexican peso amounts have been, could have been, or could in the future, be converted into U.S. dollars at this rate or at any other rate, if at all.

Changes in accounting policies

Improvements to the NIF 2024 – The following improvements were issued with entry into force as of January 1, 2024, that do not generate accounting changes.

NIF C-10.- converges with the provisions of IFRS 9, Financial Instruments; therefore, in the case of a of a foreign currency risk, a non-derivative financial instrument denominated in that currency may be designated as a hedging instrument, provided that it is not an equity instrument for which an entity has chosen to present at fair value in Other Comprehensive Income in accordance with IFRS C-2.

NIF B-17, Determination of fair value; NIF C-2, Investment in financial instruments; NIF C-16, Impairment of financial instruments receivable; NIF C-20, Financial instruments receivable principal and interest; INIF 24, Recognition of the effect of the application of the new reference interest rates - In terms of NIF C-2, An entity will classify financial assets based on its business model, among others, as instruments financial receivables or to be sold (IFCV). The term "financial instruments for collection or sale" is replaced by the term "financial instruments to collect and sell" because the main purpose of these must be obtain a profit from its sale, which will be carried out when the optimal market conditions are met, and meanwhile, collect contractual cash flows; that is, they have to collect and sell.

Special accounting treatment of the support programs granted by the Holding Company derived from Hurricane Otis

Given the negative impact generated by the hydrometeorological phenomenon with severe impact in the state of Guerrero, Mexico, the Holding Company has determined to support its clients by implementing various support programs that will be applicable to all clients located in the aforementioned state. and subscribe to the program from October 24, 2023 until April 30, 2024, in accordance with the following:

Credit card:

• The support consists of maintain interests from the October 2023 cutoff and recommence interests in May 2024. This applied to the entire State of Guerrero. The accounts that were included were accounts with up to 2 payments due as of October 24, 2023.

Non-revolving consumer credit, housing credit and Pymes

• The support consists of a 6-month deferral without capitalization of interests, during which no payment of capital or interest is required and the term is extended by 6 months. Those credits are considered for all clients domiciled in the State of Guerrero, whose credit risk corresponds to stage 1 and stage 2 as of October 24, 2023.

By virtue of the above, on October 27, 2023, through official letter P307/2023, the Commission issued the Special Accounting Criteria, applicable to credit institutions for the period from October 24, 2023 to April 30, 2024, according to the following:

Those loans with the schemes of single payment of principal at maturity and periodic payments of interest, single payment of principal at maturity and interest at maturity, periodic payments of principal and interest, as well as

revolving credits, which are renewed or restructured, were not transferred to the next immediate category with the highest credit risk in terms of what is established in paragraphs 98 to 112 of criterion B-6, the special accounting criterion applied only to credits that as of October 24, 2023 were registered as a credit portfolio with stage 1 and stage 2 credit risk and that the new maturity period does not exceed six months from the expiration date of the original contract.

Additionally, the credits subject to the special accounting criterion were not considered as restructured in accordance with the provisions of paragraph 35 of Criterion B-6, nor were they reported as overdue credits before to the credit information institutions.

The amounts that would have been recorded and presented both in the statement of financial position and in the statement of comprehensive income by type of portfolio, if the special accounting criteria had not been applied, as well as the details of the concepts and amounts by type of portfolio, for which the accounting impact has been made due to the application of the special accounting criterion as of December 31, 2024, are shown below:

Concept	Balances with special accounting criteria	Effects on portfolio and allowance	Balances without special accounting criteria
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1			
Commercial loans	Ps. 701,080	Ps. -	Ps. 701,080
Consumer loans	200,754	(1,019)	199,735
Mortgage loans	269,211	(1,739)	267,472
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1	**1,171,045**	**(2,758)**	**1,168,287**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2			
Commercial loans	1,977	(2)	1,975
Consumer loans	3,152	-	3,152
Mortgage loans	3,482	(2)	3,480
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2	**8,611**	**(4)**	**8,607**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3			
Commercial loans	4,193	2	4,195
Consumer loans	4,835	1,019	5,854
Mortgage loans	2,097	1,741	3,838
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3	**11,125**	**2,762**	**13,887**
LOAN PORTFOLIO	**1,190,781**	**-**	**1,190,781**
(+/-) DEFERRED ITEMS	3,132		3,132
(Minus) ALLOWANCE FOR LOAN LOSSES	20,122	3,103	23,225
LOAN PORTFOLIO OF INSURANCE AND BOND	3,812	-	3,812
(Minus) ALLOWANCE FOR LOAN LOSSES	(312)	-	(312)
LOAN PORTFOLIO OF INSURANCE AND BOND	3,500	-	3,500
ACQUIRED COLLECTION RIGHTS, (NET)	876	-	876
LOAN PORTFOLIO	**1,178,167**	**(3,103)**	**1,175,064**
TOTAL ASSETS	**2,471,209**	**(3,103)**	**2,468,106**
Allowance for loan losses (Net income)	**19,536**	**3,103**	**22,639**
NET INCOME	**56,204**	**(3,103)**	**53,101**
TOTAL STOCKHOLDERS' EQUITY	**248,428**	**(3,103)**	**245,325**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**Ps. 2,471,209**	**(Ps. 3,103)**	**Ps. 2,468,106**

As of December 31, 2024, the balance of credits subject to support program is Ps. 2,916.

Offsetting of financial assets and financial liabilities

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

Recording of operations

Transactions with securities and repurchase agreements, among others, for its own account or for the account of third parties, are recorded on the date they are agreed, regardless of the date of their settlement.

Financial instruments valuation

To determine the fair value of the positions in financial instruments, both its own and those of third parties, the Financial Group uses the prices, rates and other market information provided by a price provider authorized by the Commission, except for what refers to the operations with futures, which are valued with the market prices determined by the clearing house of the stock exchange in which they are operated.

Cash and cash equivalents

Cash and cash equivalents are stated and valued at nominal value, except for precious metal coins, which are stated at fair value at the end of the period. Cash and cash equivalents available in foreign currency are valued at the closing of the day exchange rate published by Banco de México at the Consolidated statement of financial position.

Margin securities

Margin securities on cash in transactions with derivative financial instruments in recognized markets are recorded at nominal value.

The cash is intended to ensure the compliance with the obligations corresponding to derivatives held in recognized markets and correspond to the initial margin, to partial or total settlements, additional contributions or withdrawals, returns generated by the account itself, as well as commissions that correspond to charge in the validity of the corresponding contracts.

Partial or total settlements deposited and withdrawn by the clearing house due to fluctuations in the prices of derivatives must be recognized within the margin account, affecting as a counterpart a specific account that may be of a debtor or creditor nature, and that It will reflect the effects of the derivative valuation prior to its liquidation. The counterpart of a debtor or creditor nature will represent an advance received, or, a financing granted by the clearing house prior to the liquidation of the derivative.

The amount of margin accounts granted and received in cash in derivative transactions not carried out in recognized markets or exchanges will be presented under other accounts receivable, while the account payable generated by the receipt of cash collateral It will be presented in other accounts payable.

Collaterals granted in such operations, other than restricted cash must remain in the same area from which they originate. The payable account, which represents the obligation of the assignee to return to the transferor the collateral other than cash that has been sold must be presented in the statement of financial position, on collaterals sold or given as collateral. The amount of the collateral other than cash on which the right to sell or give as guarantee has been granted shall be presented in memorandum accounts in a specific item.

As of December 31, 2024 and 2023, the Financial Group maintained standardized derivative and future operations, so cash collateral (cash margin calls) were recognized to ensure compliance with the obligations corresponding to the operations held in markets recognized for the purpose to mitigate the default risk.

Investments in securities

Business model

Pursuant to MFRS C-2, the Financial Group determined a business model consistent with the management of its investments in financial instruments, in order to classify them properly. The business model is based on the way in which financial instruments are managed to generate cash flows for the Financial Group when carrying out its activities and not on a particular intention to hold an instrument.

The Financial Group's business model is determined at a level that reflects how the groups of financial instruments are managed as a whole to achieve a business objective and not based on management's intentions regarding a particular instrument.

The business model for managing financial instruments is based on facts and not on intention. It is typically observable through the activities carried out to achieve the business objective and judgment is applied to determine the business model, since it is not based on a single factor or activity, therefore all the evidence available at the time is considered to do the evaluation.

Derived from the analysis that the Financial Group carried out to determine the business model, financial instruments are classified as follows:

a) financial instruments to collect principal and interest (IFCPI), whose objective is to collect the contractual cash flows and the terms of the contract consider cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount payment. Due to the above, the IFCPI has loan characteristics and are managed based on its contractual performance. These instruments are valued after their initial recognition at their amortized cost, as established in MFRS C-20.

b) financial instruments to collect or sell (IFCV), the objective is to obtain a possible profit in their sale when it is convenient or to collect the contractual cash flows to obtain a profit for the contractual interest that they generate. These instruments are valued at their fair value through Other Comprehensive Income (OCI); or

c) trading financial instrument (IFN), which are all those investments in financial instruments that do not have the characteristics mentioned in the two previous paragraphs, and are made up of debt or capital financial instruments, whose objective is to obtain a profit between the purchase price and the sale price and not to collect principal and interest, that is, its administration is based on the market risks of said instruments, which are valued at their fair value through results.

For the application of the business model, the Financial Group performs SPPI tests (Only payments of principal and interest) to the investments in financial instruments, which consist of testing whether the recovery of the flows is represented only by concept of principal and interest.

Trading financial instruments

Trading financial instruments are securities owned by the Financial Group, acquired with the intention of selling them for a profit derived from the price differences in short-term purchase and sale operations made by the Financial Group as a market participant.

At the time of the acquisition they are initially recorded at fair value, which may include either a discount or premium.

These securities (including both capital and accrued interest) are stated at fair value, which is determined by the price vendor contracted by the Financial Group.

The trading financial instruments valuation result is recorded in the results of the period.

Financial instruments to collect or sell

Financial instruments to collect or sell are debt or equity securities that are neither classified as trading nor held to maturity, therefore they represent a residual category, which means that, they are purchased with an intention different from trading or collect principal and interest.

They are valued in the same way as trading financial instruments, but with unrealized gains and losses recognized in other comprehensive income in consolidated stockholders' equity.

Financial instruments to collect principal and interest

Financial instruments to collect principal and interest consist of debt instruments whose payments are fixed or can be determined with a set maturity, which are acquired with the intent and capability to hold them to maturity.

They are initially recorded at fair value and valued at amortized cost, which means that the amortization of the premium or discount (included in the fair value at which they were initially recorded), is part of the earned interest.

The provisions of paragraph 41.1.1 numeral 4 of MFRS C-20 regarding the use of the market rate as the effective interest rate in the valuation of the financial instrument to collect principal and interest when both rates are substantially different are not applicable.

The option to irrevocably designate a financial instrument to collect principal and interest upon initial recognition, to be subsequently valued at fair value with effect on net income referred to in paragraph 41.3.4 of MFRS C-20, is not applicable.

General valuation standards

Upon the sale of trading financial instruments, the valuation result previously recorded in the year's results is reclassified as part of the gain or loss on the sale. Similarly, upon the sale of financial instruments to collect or sell, the cumulative valuation result recorded in other comprehensive income in stockholders' equity is reclassified as part of the gain or loss on the sale.

Accrued interest on debt instruments is determined using the effective interest method and is recorded in the corresponding category of investments in securities and in the year's results.

Dividends on equity instruments are recorded in the corresponding category of investments in securities and in the year's results when the right to receive such dividends is established.

The foreign exchange gain or loss on investments in securities denominated in foreign currency is recorded in the year's results.

In the event of reclassifications under section 44 of MFRS C-2 among the different categories of investments in financial instruments, they may be made due to changes in the business model, which must be reported in writing to the Commission within the 10 business days following the authorization issued for such purposes by the Risk Committee, detailing the change in the business model that justifies them.

If securities to collect principal and interest are reclassified as securities to collect and sell, the corresponding valuation result on the reclassification date is recorded in other comprehensive income within stockholders' equity.

In the case of debt instruments reclassified from securities to collect and sell to securities to collects principal and interest, the valuation result on the transfer date continues to be reported in stockholders' equity, and it is amortized based on such instrument's remaining life.

Regarding authorized reclassifications from trading financial instreuments to any other category, the valuation result on the reclassification date is already acknowledged in the year's results.

An impairment loss on a security is recorded against the year's results if there is objective evidence of such impairment as a result of one or more events, occurring after the initial recording of the security, that have had an impact on the estimated future cash flows that can be reliably determined. The effect of recording the impairment of securities is shown in Note 7.

A previously recorded impairment loss is reversed against the year's results if, in a later period, the amount of the loss decreases and such decrease is objectively associated with an event occurring after the impairment was recorded.

The Financial Group periodically assesses whether its financial instruments to be collected or sold and its financial instruments to be collected principal and interest present impairment under the expected credit loss method (PCE), in accordance with MFRS C-16, considering the credit risk of them. The PCEs are estimated based on all possible default events in the entire life of the IFCVs and IFCPI.

The PCE are the losses accrued in the IFCV and IFCPI that can be evidenced later in view of their probability of default and their severity of loss. Therefore, its recognition begins from the time the IFC is generated, since there is already a risk of uncollectibility, even if it is minimal at that time.

The Financial Group evaluates the PCE on the IFCV and IFCPI considering the following:

a) The PCE are not the losses verified at the date of the financial statements, but the losses accrued in the IFCV and IFCPI that could be evidenced later in view of their probability of default and their severity of loss. Therefore, its recognition begins when the IFCV and IFCPI are generated, since there is already a risk of uncollectibility, even if it is minimal at that time.
b) The time value of money; and
c) Reasonable and supported information that is available without any undue effort or cost at the date of analysis, about past events, current conditions and forecasts of future economic conditions.

In accordance with MFRS C-16, the Financial Group determines the stage of default of IFCV and IFCPI as follows:

Stage 1: They are all those for which their risk of default has not increased significantly since their initial recognition, up to the date of the financial statements. The Probability of Default (PI) is determined at 12 months

Stage 2: Includes those that have already shown a significant increase in credit risk from their initial recognition to the date of the financial statements. The PI is determined by the total term.

Stage 3: They are those for which one or more events have occurred that have a detrimental impact on future cash flows. The IP considered for these investments is 100%.

Based on the identification of the three stages of default described, the amount of the allowance for PCE is determined. For this, the following steps are applied

4) The investments with non-compliance of each of the three previous stages are determined, considering the IP applicable to each stage

5) Based on the severity of loss (SP), the recoverable amount (MR) of the defaulted investments is determined, valuing the cash flows that are estimated to be recovered at their present value, with the original effective interest rate; and

6) The recoverable amount is compared against the defaulted portfolio determined in step 1 above.

The PCE allowance is recognized in the income statement at the time it is determined.

Customer repurchase agreements (repos)

This is a transaction through which the purchaser acquires ownership of credit securities for a sum of money and is obliged to transfer the property of another amount of securities of the same kind to the seller of the securities within the agreed term and in exchange for the same price plus a premium. The purchaser keeps the premium unless agreed otherwise.

Repurchase transactions are recorded according to their economic substance, which is financing with collateral, through which the Financial Group, acting as the purchaser, provides cash as financing in exchange for financial assets as guarantee in case of non-compliance.

On the repurchase agreement transaction contract date, the Financial Group, acting as the seller, records the cash inflow, or else a settlement debtor account as well as a payable account at its fair value, initially at the agreed price, which represents the obligation to reimburse the cash to the purchaser. The account payable is subsequently valued over the term of the repurchase agreement at amortized cost by recognizing the interest from the repurchase agreement in the year's results using the effective interest method.

As to the collateral granted, the Financial Group reclassifies the financial asset in the Consolidated statement of financial position as restricted and values it according to the criteria mentioned earlier in this note until the maturity of the repurchase agreement.

The Financial Group, acting as the purchaser, on the repurchase transaction contract date records cash and cash equivalents or a creditor settlement account, with an account receivable at its fair value, initially at the agreed price, which represents the right to recover the cash that was delivered. The receivable is subsequently valued over the life of the repurchase agreement at amortized cost by recognizing the repurchase agreement interest in the year's results using the effective interest method.

As to the collateral received, the Financial Group records it in off statement of financial position memorandum accounts until the repurchase agreement's maturity, following the guidelines of Circular B-9, "Asset Custody and Management", issued by the Commission.

When the Financial Group sells the collateral or delivers it as a guarantee, the proceeds from the transaction are recognized, as well as an account payable for the obligation to return the collateral to the reported (initially measured at the agreed price), which is valued, to the case of its sale at fair value or, in the event that it is given as collateral in another repurchase agreement, at its amortized cost (any difference between the price received and the value of the account payable is recognized in the results of the year). For presentation purposes, said account can be offset with the account receivable "Repo debtors" in accordance with the provisions of MFRS B-12.

Derivative financial instruments

The Financial Group is authorized to perform two types of transactions involving derivative financial instruments:

Transactions to hedge the Financial Group's open risk position: Such transactions involve purchasing or selling derivative financial instruments to mitigate the risk resulting from one or a group of given transactions.

Transactions for trading purposes: The Financial Group enters into such transactions as a market participant for reasons other than to hedge its exposed position.

Transactions with derivative financial instruments are presented in assets or liabilities, as applicable, under the heading "Derivative financial instruments", separating derivatives for trading purposes from those for hedging purposes.

When entering into transactions involving derivative financial instruments, the Financial Group's internal policies and norms require an assessment and if necessary, determination of different risk exposures for each counterparty in the

financial system that have been authorized by Banco de México to enter into these types of transactions. Regarding corporate customers, a preauthorized credit line by the National Credit Committee must be granted or liquid guarantees must be given through a securitized collateral contract before entering into these types of transactions. Medium and small sized companies and individuals must provide liquid guarantees established in securitized collateral contracts with this type of transactions.

The recognition or cancellation of assets and/or liabilities resulting from transactions involving derivative financial instruments occurs when these transactions are entered into, regardless of the respective settlement or delivery date of the goods.

Forward and futures contracts

Forward and futures contracts with trading purposes establish an obligation to buy or sell a financial asset or an underlying at a future date in the quantity, quality and prices pre-established in the contract. Future contracts are recorded initially by the Financial Group in the Consolidated statement of financial positions as an asset and a liability at fair value, which represents the price agreed in the contract in order to acknowledge the right and obligation of receiving and/or delivering the underlying, as well as the right and obligation of receiving and/or delivering the cash equivalent to the underlying, object of the contract.

The derivatives are presented in a specific item of the assets or liability depending on whether their fair value (as a consequence of the rights and/or obligations it establishes) corresponds to the debtor balance or creditor balance Such debtor or creditor balances in the Consolidated statement of financial positions are offset when the Financial Group has the contractual right to offset the stated amount, the intention of liquidating the net amount or to realize the asset and cancel the liability simultaneously.

In the case of transactions for trading purposes, their balance represents the difference between the fair value of the contract and the established "forward" price.

Option contracts

Through paying a premium, options contracts grant the right but not the obligation to buy or sell a financial asset or underlying instrument at a given price within an established term.

Options are divided into: options to buy (calls) and options to sell (puts). Both can be used as trading or hedging instruments.

Options can be executed on a specific date or within a certain period of time. The price is agreed in the option and may be exercised at the discretion of the buyer. The instrument used to establish the price is the reference or underlying value.

The premium is the price the holder pays to the issuer for the option rights.

The holder of a call option has the right, but not the obligation, to purchase from the issuer a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The holder of a put option has the right, but not the obligation, to sell a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The Financial Group records the option premium as an asset or liability at the transaction date. The fluctuations resulting from market valuation of the option’s premium are recorded by affecting the Consolidated Income Statement in the account "Trading results” and the corresponding Consolidated statement of financial position account.

Swaps

These are two-party contracts through which a bilateral obligation is established to exchange a series of cash flows for a certain period on pre-set dates at a nominal or reference value.

They are recorded at fair value which corresponds to the net amount between the asset and liability portion for the rights and obligations agreed upon; they are subsequently valued at fair value using the present value of the future flows to receive or grant according to the projections for future implicit applicable rates, discounting the market rate on the valuation date with yield curves given by the price provider. The result of such valuation is recorded in the year's results.

Management's risk policy regarding hedging contracts is to protect the Financial Group's Consolidated Statement of financial positions and to anticipate interest and exchange rate fluctuations, thereby protecting the stockholders' equity.

For hedging derivatives, the Financial Group applies the fair value and cash flow hedging methods and the accumulated compensation method to measure effectiveness. Such methods are approved by current accounting standards. In case ineffective hedges are detected, they are recorded in the year's results.

The Financial Group documents hedging transactions from the date on which the derivatives are designated as coverage. The documentation is carried out by drawing up a file for each operation, leaving the evidence as required in NIF C-10 "Derivative Financial Instruments and Hedging Relationships" (NIF C-10), which sets out the conditions for the use of hedge accounting.

Accordingly, the Financial Group documents its cash flow's hedging transactions based on the following guidelines:

a. The effective portion of the hedging instrument's gain or loss is recorded as a component of other comprehensive income in stockholders' equity using an asset or liability account called derivative financial instruments'' with an offsetting account in liquid assets or liabilities. The portion determined as ineffective is measured through retrospective testing, and when it results in over-hedging, it is immediately recognized in the period's results under "Trading results".

b. The effective hedging component recognized in stockholders' equity associated with the hedged item is adjusted to equal the lowest (in absolute terms) of:

   i. The accumulated gain or loss of the hedging instrument from its inception.
   ii. The accumulated change in fair value (present value) of the hedged expected future cash flows from the beginning of the transaction.

Valuation techniques

Since the derivatives used by the Financial Group are considered as conventional (''Plain Vanilla'') standard valuation models contained in the derivative transaction systems and the Financial Group's risk management are used.

All of the valuation methods that the Financial Group uses result in fair value of the transactions and are periodically adjusted. Furthermore, they are audited by internal and external auditors as well as by the financial authorities.

Valuation of the positions is done on a daily basis and a price provider generates the input used by the transaction and risk management systems. The price provider generates these valuations based on daily market conditions.

The valuation methods are based on the principles accepted and commonly used by the market. As of 31 December 2024, and 2023, derivatives are valued using the Present Value of Flows method, with the exception of the options. This method consists of estimating the future flows of derivatives, using the difference between the level of and the forward curves of the market at the valuation date, and then discount these flows and bring them to present value. The options are evaluated under the Black and Scholes method, which, in addition to the value The present of the

flows involves the volatility and probability of occurrence for the calculation of the premium. Once the market value of the option is obtained, it is compared against the original premium accrued on the date of the valuation.

Cancellation of hedging accounting

A cash flow hedging relation is cancelled when:

1. The hedging instrument expires or is sold, terminated or enforced;
2. The hedging fails to meet the requirements of documentation, evaluation and effectiveness measuring;
3. The projected transaction is not expected to occur;
4. The hedging designation is revoked.

For cases 1 and 2, the profit or loss recorded in net income stays in that account until the projected transactions occurs. For case 3, the profit or loss recorded in net income should be immediately restated in results; and for case 4, if the hedging is on a projected transaction, the loss or profit stated in net income should stay in that account until the projected transactions is realized. Otherwise, it should be immediately restated in results.

A fair value hedging relation is canceled when:

1. The hedging instrument expires or is sold, terminated or enforced;
2. The hedging fails to meet the requirements of documentation, evaluation and effectiveness measuring;
3. The hedging designation is revoked.

Any adjustment to the result from the valuation adjustment of the hedged item attributable to the covered risk, should be amortized in the period's results. The amortization begins as soon as the adjustment turns up, and under no circumstance after the hedged item is no longer adjusted due to changes in the fair value attributable to the risk covered. The adjustment should be amortized in full on the due date of the hedged item.

Operation strategies

Trading

The Financial Group participates in the derivatives market with trading purposes, and the risk exposures generated are computed within its overall VaR limit.

The trading strategy is submitted on a weekly basis to the Financial Group's Treasury Committee, which analyzes the current risks and takes any necessary decisions.

The trading strategy is carried out according to market levels and expectations, maximizing the circumstances to obtain a benefit by trading, margin and volatility. Each trading strategy is submitted to the Treasury Committee on a weekly basis for its consideration. The Risk Policies Committee analyzes the risks and then decides accordingly.

Hedging

The hedging strategy is determined annually and when market conditions require it. Hedging strategies are submitted to the Risk Policies Committee.

Hedging transactions comply with the applicable norm set forth in NIF C-10. This implies among other things that the effectiveness of the coverage be evaluated both prospectively (prior to its agreement) and in a prospective manner retrospectively (after its agreement). These tests must be performed on a monthly basis.

The hedging strategy is determined annually and each time the market conditions require. Hedges are used to reduce foreign exchange risks, through both, exchange rate forwards and currency swaps, as well as interest rates by means of interest rate swaps. This is done with the purpose of setting the rates paid on debt issued by the Financial Group, thereby ensuring the debt servicing, as well as to make investments that generate greater value for the customers. The main strategy is to ensure that the Financial Group's future income and expenses are covered, maximizing its profitability.

Hedging derivatives can be restated whole or partially due to hedging inefficiencies, maturity or sale of primary position.

Contingencies

To enter the derivatives market, the Financial Group is bound by agreement to deliver its financial information in a timely manner and to abide by the applicable laws, regulations and provisions, as well as to provide written notice to the affected parties in case that an event arises that could be considered as early termination, which could lead to a credit contingency. These include the following: bankruptcy filing, payment suspension, restructuring, intervention, liquidation, dissolution or other similar judicial or extra-judicial proceedings that affect the Financial Group; if the statements stipulated in the contract are incorrect; the Financial Group's failure to fulfill its obligations and/or payments; breach of contract; the Financial Group's consolidates or merges with another entity thereby transferring a substantial portion of its assets; failure to provide the guarantees that were agreed in the event of noncompliance with obligations or if such guarantees expired or diminished in value; the Financial Group's falls into insolvency, lower credit quality or illegality due to changes in the tax or legal legislation; the existence of a ruling, proceeding or embargo against the Financial Group that could substantially affect its ability to fulfill its obligations in a timely manner; or general noncompliance with obligations. Each ground for early termination is subject to the counter-party's consideration to determine its importance and substantiality regarding the Financial Group's ability to comply.

As of December 31, 2024 and 2023, there have been no contingency situations.

Embedded derivatives

Embedded derivatives are those contract components that do not intend to explicitly originate a derivative financial instrument but rather that the implicit risks generated or hedged by those components differ in their economic and risk features from those of the contract, and therefore display a behavior and features similar to those of a common derivative.

Identified embedded derivatives are separated from the host contract for valuation purposes and are treated as a derivative when they meet the features outlined in NIF C-10, unless the embedded derivative is denominated in a currency commonly used for the purchase and sale of non-financial items in the economic environment where the transaction takes place. The main embedded derivatives recognized by the Financial Group prior to January 2011 are from service and leasing contracts established in US dollars.

Loan portfolio

Business model

In accordance with criterion B-6 "Loan Portfolio", the Financial Group has implemented a business model in accordance with the provisions of MFRS C-2 based on the administration and management of the loan portfolio to generate cash flows, with this business model the Financial Group determines whether the cash flows will come from obtaining contractual cash flows, from the sale of the credit portfolio, or from both.

The business model to administer and manage the loan portfolio is a matter of facts, not an intention or statement. It is typically observable through the activities carried out to achieve the business objective and judgment is applied to determine the business model, since it is not based on a single factor or activity, therefore all the evidence available at the time is considered to do the evaluation.

The loan portfolio is recognized if the objective of the business model is to hold it to collect the contractual cash flows and the terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount payment, in this case the portfolio is valued at amortized cost in accordance with criterion B-6, if the above is not met, it is valued in accordance with the provisions of MFRS C-2.

Loans or loan portfolios previously evaluated, whose contractual conditions are modified and in the case of new products, are submitted to the SPPI tests and are authorized by the Credit Committee of the Financial Group, it is also communicated in writing to the Commission within the 10 calendar days prior to its application, stating in detail the justification for its classification within the business model for collection of principal and interest, to negotiate or to collect or sell.

The Financial Group evaluates periodically the business model, in accordance with its established policies for the classification of the portfolio based on the business model. The aforementioned policies are duly documented.

Loan portfolio represents the balance of the amounts actually delivered to borrowers plus accrued interest not collected, less interest collected in advance. The allowance for loan losses is presented by deducting the balances of the portfolio. Transaction costs and commissions charged at the beginning of the loan are recognized separately as a deferred charge or credit, and are presented net in deferred items, as part of the loan portfolio.

Interest collected in advance is recognized as a deferred credit and is presented net of the loan portfolio that originated it.

The unpaid loan balance is classified as stage 1 as follows:

- Loans with single amortization at maturity of principal and interest that accumulate from 0 to 29 calendar days after payment overdue.
- In the case of loans with a single amortization of principal at maturity, but with periodic interest payments, when they accumulate between 0 and 29 days after payment overdue of principal, or between 0 and 30 days after payment overdue in interest payments.
- Commercial loans whose amortization of principal and interest have been agreed in partial periodic payments, when the first amortization is 0 to 30 calendar days after payment overdue, in the case of consumer credits when they accumulate zero arrears or the equivalent of 1 arrears or less.

The unpaid loan balance is classified as stage 2 as follows:

- In the case of commercial loans with a single amortization of principal at maturity, but with periodic interest payments, when interest accumulates from 31 to 89 calendar days after payment overdue.
- Loans whose amortization of principal and interest have been agreed in partial periodic payments, when they are 31 to 89 calendar days after payment overdue in their amortizations, in the case of consumer loans when they accumulate more than 1 arrears or the equivalent of 3 arrears or less.

The unpaid loan balance is classified as stage 3 as follows:

- Loans with single amortization at maturity of principal and interest, 30 calendar days after maturity occurs
- In the case of loans with a single amortization of principal at maturity, but with periodic interest payments, the total principal and interest at 30 and 90 calendar days after payment overdue, respectively.
- Loans whose amortization of principal and interest have been agreed in partial periodic payments, 90 calendar days after payment overdue in their amortizations, in the case of consumer loans when they accumulate more than 3 arrears or 90 or more days after payment overdue in their payments, whichever comes first.
- In the case of revolving loans, when payment has not been made for two periods or they are 90 or more days after payment overdue, in the case of consumer loans when they accumulate more than 3 arrears or 90 or more days in arrears in their payments.
- In the case of overdrafts in customer checking accounts, they are considered as a stage 3 portfolio at the time the overdraft occurs.

Interest is recognized and accrued as income when earned. The accrual of interest income is suspended when loans are transferred to stage 3.

The commissions collected for the initial granting, restructuring and renewal of loans, interest collected in advance, as well as the loss from renegotiation, are recorded as a deferred crédit, which is amortized against the results of the year as interest income, under the effective interest method, through the application of the effective interest rate, during the life of the credit, except those originating from credit cards that are recognized directly in results.

Annual credit card fees, whether the first annual charge or subsequent of a renewal, are recorded as a deferred credit and amortized over a 12-month period against the year's results in the commission and fee income line item.

The costs and expenses associated with the initial granting, restructuring and renewal of a loan, as well as the profit from renegotiation, are stated as a deferred charge, which is amortized against the results of the year as interest income, under the effective interest method, through the application of the effective interest rate, during the life of the credit, except those originating from credit cards that are recognized directly in results.

When a loan is considered to have stage 3 credit risk, the balance pending amortization of transaction costs, as well as commissions charged for the initial granting, restructuring and renewal of credits, and interest collected in advance are recognized in results and, if applicable, the effect of the profit or loss in renegotiation pending amortization against the results of the year.

The restructured or renewed loans that have been transferred to the next immediate risk stage, until the moment in which there is evidence of sustained payment, which is considered when the Financial Group receives the collection without delay and in its entirety of three consecutive amortizations, in the case of loans with amortizations that cover between 61 and 90 days, the payment of two amortizations, or, the collection of an exhibition in the cases in which the amortization covers periods greater than 90 days.

The restructured credits are renewed with single payment of principal at maturity, regardless of whether the payment of interests is periodic or at maturity, it is considered that there is sustained payment of credit when, The accredited has covered at least 20%t of the original amount of the loan at the time of the restructuring or renewal, Or, has covered the amount of accrued interest in accordance with the scheme of payments by restructuring or renewal for a period of 90 days and this period has passed.

When a loan is restructured in stage 1 or 2 and remains in one of those stages, the effect of renegotiation is determined as follows:

a) The book value of the loan is determined, which corresponds to the amortized cost at the date of the renegotiation,
b) The new future cash flows are determined on the partially restructured or renewed amount, discounted at the original effective interest rate,
c) The difference between the book value and the cash flows determined in subparagraph b) above is determined and recognized as a deferred charge or credit against the profit or loss from loan portfolio renegotiation in the statement of comprehensive income.

The determination of profit or loss from renegotiation is not applicable to credit cards, or to credits with stage 3 credit risk.

If the Financial Group renews a loan, it is considered that there is a new loan, therefore the previous loan is canceled in the event of a total renewal.

Accrued interest during the period in which the loan was included in stage 3 is recognized as income when collected.

The recognition of interest income is renewed when the portfolio is no longer considered stage 3, which occurs when the outstanding balances, including the principal, interest and any other item, are paid in full.

Restructured loans are those whose terms have been modified due to the borrowers' financial difficulties, and it was decided to grant them a concession. Such modifications may include reductions in the interest rate, debt discount or term extensions.

The Financial Group regularly evaluates whether a stage 3 loan should remain in the statement of financial position or be written off. Such write-offs are done by canceling the outstanding loan balance against the allowance for loan losses. The Financial Group may opt to eliminate from its assets those stage 3 loans that are 100% provisioned according to the following parameters:

- Commercial loans – Must be classified in stage 3 loans, with an E risk rating, 100% reserved, unsecured by any fund.
- Consumer loans – 180 days or more overdue.
- Mortgage loans – 270 days or more overdue.

Write-offs and discounts, that is, the amount forgiven for the payment of the loan partially or totally, is recorded with a charge to allowance for credit risks. In the event that the amount of these exceeds the balance of the estimate associated with the loan, estimates are made up to the amount of the difference.

When the balance of the allowance for credit risks exceeds the amount required under the Provisions, the differential is canceled in the period in which said excesses occur, against the results of the year, affecting the allowance for loan losses.

Allowance for loan losses

As of January 1, 2022, regulatory modifications of the Commission entered into force, regarding the classification and registration of the loan portfolio (Accounting Criterion B-6) for the implementation of the MFRS C-16 (IFRS 9), modifications to the standard methodologies for rating and calculating allowance for loan losses, recalibration of the standard methodologies for calculating the probability of default of the commercial portfolio and changes in the requirements to certify internal models and methodologies for calculating capital requirements for credit risk and estimate of preventive reserves.

Within these modifications, loans are classified into three "Stages" based on their risk: those cataloged within Stage 1 are considered to have no significant increase in credit risk, Stage 2 are considered those that have a significant increase in credit risk, but without objective evidence of impairment. Stage 3 classifies those loans where there is objective evidence of impairment. With the above description, for loans classified in Stage 1 and 3, the expected loss was calculated over a 12-month time horizon, while for those loans classified in Stage 2, expected losses were recognized throughout the life of the loan.

Among the most relevant regulatory changes in standard portfolio rating methodologies and in the requirements to certify internal models and methodologies, the following stand out:

<u>Standar methodology</u>

- All portfolios
    - In loans classified as Stage 2, allowances are estimated considering the higher of the expected loss with a 12-month horizon or the expected loss considering the remaining term of the loan.
- Comercial loans

- The methodologies for determining the Probabilities of Default of all types of borrowers (Governments loans, Financial Holding Companies and Business with Sales of less than 14 million udis) are replaced.
- The methodology for determining the percentage of reserves in loans granted to Investment Projects with their own source of payment is modified, where in addition to the cash flow, a series of qualitative factors specific to each type of project are evaluated.
- The Severity of the Loss of unsecured credits is modified to differentiate the factor according to the type of borrower, and additionally, the evolution of said Severity of the Loss of credits classified in Stage 3 is modified, which will gradually increase to reach 100% in a period of 36 months after its classification in Stage 3
- The formulas for estimating the Exposure at Default in committed lines of credit are adjusted
- In certain exposures, Rebuttal of Stage 2 is allowed when the borrower's delay event is due to an operational issue, a quantitative and qualitative analysis is carried out, and it is also approved by a collegiate body.

In the event of impairment in the credit quality of the borrower, in certain exposures the deterioration to a Stage of higher risk is allowed after a quantitative and qualitative analysis, and that is also approved by a collegiate body.

Internal models

In October 2016, the Board of Directors approved the implementation plan for the internal models for calculating reserves and capital requirements for all modelable portfolios, which was sent to the Commission that same year. Pursuant to this implementation plan, the models for the Credit Card, Business and Personal Automotive portfolios were certified.

At the end of 2018, the Commission released the project to migrate standard and internal methodologies under the IFRS 9 approach, but it was not until March 2020 that the definitive rules for Internal Methodologies on the Official Gazette of the Federation (DOF). reserves based on MFRS C-16 (IFRS 9), effective as of January 2021, however, derived from the Covid-19 pandemic, the Commission issued a statement in April 2020, indicating that the rule would be effective as of January 2022.

Due to the foregoing, the Financial Group adhered to the new regulation and adopted the Internal Reserve Methodologies based on MFRS C-16, requesting in April 2021 the CPR and the Board of Directors, the approval of the new Implementation Plan (Capital and Reserves), which was authorized by the Commission in January 2022 through Official Letter No. 111-2/852/2022.

Therefore, as of January 2022, when the MFRS C-16 (IFRS 9) standard came into force, it is being used to calculate preventive reserves for credit risks, both in the Standard Approach and in the Internal Models. Consequently, for the Internal Models there will be estimates for the risk parameters under two approaches: IRB for calculating the capital requirement and IMFRS9 for calculating reserves:

- The approach for equity will maintain long-term estimates under Annex 15 of the CUB2.

- The approach for reserves captures current behaviors and with a prospective approach (future macroeconomic environment), under Annex 15 Bis of the CUB. In addition, the new methodology indicates that the portfolio must be classified into 3 risk stages, being necessary for stage 2 a reserve calculation for the remaining term.

Given the new guidelines of the CUB on Internal Models, the Commission will only issue an official letter of approval for the use of the methodology for the Calculation of Equity, for a maximum period of 18 months. The use of the internal reserve methodology is authorized by the Board of Directors with the support of the Technical Evaluation made by the Independent Evaluator that guarantees compliance with the model under the standards established in

Annex 15 Bis. It should be noted that the Technical Evaluation Report is sent to the Commission for its review, the validity of this model is also for a maximum period of 18 months.

Advanced Internal Model for Credit Card

On November 15, 2017, the Financial Group obtained approval from the Commission for the use of Internal Models (IM) for Credit Card (TDC) qualification for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official 111-3/706/2017). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on December 17, 2021, the Commission granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months. (Official Letter 111-2/272/2021) and the Board of Directors authorized the use of the reserve methodology based on MFRS C-16 at its meeting held on October 21, 2021. The maximum period of use of the reserve model is also for 18 months.

These internal models improve comprehensive credit risk management, estimating risk parameters through the Institution's experience, and have been applied as of February 2018 (with January figures). The aforementioned parameters are:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

- Loss severity (SP). Measures the intensity of the loss at default expressed as a percentage of the Exposure at Default (EI)

- Exposure at Default (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

Advanced Internal Model for Individual Auto Loan

On November 25, 2019, the Financial Group obtained approval from the Commission for the use of Internal Models (IM) for the qualification of Individuals Auto Loans (Auto PF) for the constitution of regulatory reserves and capital for credit risk with a focus advanced (Official 111/678/2019). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on September 29, 2022, the Commission (Official 111-2/272/2021) granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months, and the Board of Directors authorized the use of the reserve methodology based on MFRS-C16 at its meeting on July 21, 2022. The maximum period of use of the reserve model also is for 18 months.

These internal models improve comprehensive credit risk management, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

- Loss severity (SP). Measures the intensity of the loss at default expressed as a percentage of the Exposure at Default (EI)

- Exposure at Default (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

Basic Internal Model for Business

The Financial Group obtained on November 30, 2018 from the Commission the approval for the use of the Internal

Model for business for the constitution of reserves and regulatory capital requirement for credit risk with a basic approach (Official Letter 111-3/1472/ 2018) in Banorte, and on March 1, 2019 for AyF (Oficios 111-1/160/2019 and 111-1/161/2019). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on December 17, 2021, the Commission granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months. for Banorte (Official 111-2/269/2021) and AyF (Official 111-2/267/2021). Likewise, the Board of Directors authorized the use of the reserve methodology based on MFRS C16 at its meeting held on October 21, 2021 for Banorte and on October 20, 2021 for AyF. The maximum period of use of the reservation model is also for 18 months.

The positions subject to those qualification are Business Entities (other than federal entities, municipalities and financial entities) and individuals with business activity, both with annual sales greater than or equal to 14 million UDIs.

The Internal Model improves comprehensive credit risk management, estimating risk parameters through the Institution's experience, and has been applied as of February 2019 (with figures as of January) at Banorte; and as of March 2019 (with figures as of February) in AyF. The authorized parameter under the Basic Internal Model of Companies is:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

Acquired collection rights

Are represented by the acquisition cost of the various packages of credit assets acquired by the Financial Group and are valued at amortized cost through the effective interest method with the effective interest rate.

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

The collection rights acquired by the Financial Group are considered as financial instruments receivable with high credit risk (stage 3), and cannot be transferred to another stage for any subsequent effect.

Impairment of credit assets.- The Financial Group performs an evaluation of the expected cash flows periodically during the term of the collection rights, discounts them based on the effective interest rate of each portfolio in accordance with the provisions of the MFRS C-16, in the event that, based on events and information, it is determined that said discounted cash flows will decrease, it constitutes an estimate for irrecoverability or difficult collection against the results of the year, for the amount by which said discounted cash flows are less to the book value of the account receivable.

Premium receivables

This balance represents the premiums pending collection on the statement of financial position date. Pursuant to the provisions of the General Law of Institutions and Mutual Insurance Companies (the Law) and the Mexican National Insurance Commission CNSF, premiums over 45 days old should be cancelled against the year's earnings including, if applicable, the technical reserves, acquisition cost and relative reinsurance granted, and should not be considered in the coverage of technical reserves.

Based on the internal policy approved by the CEO, where it establishes that the policies will be protected based on the payment agreement on the 2024 and 2023, premiums older than 45 days that have not been paid amount to approximately Ps. 112 and Ps. 217, respectively, excluding maturities of less than 45 days and even receipts that were not yet in force on the indicated date, a situation that arises when considering the total debit balance of the policy if it has at least one receipt older than 45 days, as well as debts in charge of dependencies and entities of the

federal public administration, amount to which the net unearned premium, commissions and corresponding reinsurance must be reduced to determine its net effect on results. Said amount was not computed for the coverage of technical reserves.

Reinsurance

According to the rules of the CNSF, a portion of the insurance contracted by the Financial Group is ceded in reinsurance to other insurance or reinsurance companies. Therefore they are part of both the premiums and the casualty rate cost.

Other accounts receivable and payable

The Financial Group performs a study to quantify the different future events that could affect the amount in accounts receivable over 90 days and thus determine the percentage of non-recoverability in order to calculate its allowance for doubtful accounts, as per the provisions. The remaining balance of accounts receivable is reserved at 90 calendar days from the initial recognition.

The balances of asset and liability settlement accounts represent transactions involving the sale and purchase of currency and securities, recorded when entered into and are settled within 48 hours.

The investment projects' balances represent financing to investment projects' trusts (especially in the development of social housing). The Financial Group acknowledges a yield from the trust financing disposal, which is related to the construction project's progress compliance and/or sale as stated in each trust's agreement. Failure to meet the construction project's progress and/or sale as stipulated in the agreement, the Financial Group stops recording the funding yield.

To assess investment projects, each project's expected value is determined according to the expected flow of the sale of investment project's potential inventory or that of a portfolio of investment projects of the Financial Group based on the current business plan.

The impairment of investment projects will be determined based on the projection of cash flows to be recovered discounted at present value using a corresponding interest rate, in accordance with the policy mentioned in note 5.

Merchandise inventory

This is comprised mainly of finished goods and is restated to the lower of replacement cost or market. Cost of sales, included in "Other Operating Income (expenses)" in the Consolidated Income Statements is restated using the replacement cost at the time of the sale.

Impairment of the value of long-lived assets and their disposal

The Financial Group has established guidelines to identify and, if applicable, record losses derived from the impairment or decrease in value of long-lived tangible or intangible assets, including goodwill.

Foreclosed assets, net

Foreclosed property or property received as payments in kind are recorded at the lower of their cost or fair value minus the strictly necessary costs and expenses disbursed in the foreclosure. Cost is determined as the forced-sale

value established by the judge upon foreclosure or, in the case of payments in kind, the price agreed between the parties involved.

The recognition of the awarded asset will be the lower between the gross book value of the asset that gave rise to the award (without deducting the reserve), and the net realizable value of the assets received, when the entity's intention is to sell said assets. to recover the amount to be collected. The net realizable value is the estimated amount of what you expect to receive from the sale of the asset less disposal costs.

When the gross value of the asset or the accrued or past due amortizations leading to the foreclosure, is higher than the foreclosed property, the difference is recorded in the period's results under "Other operating income (expenses)".

When the value of the asset or the accrued or past due amortizations leading to the foreclosure, estimates, is lower than the foreclosed property, its value is adjusted to the asset's value.

The carrying value is only modified when there is evidence that the fair value is lower than the recorded carrying value. Reductions in the carrying value of the loan are recorded in the current earnings as they occur.

The provisions applicable to the new valuation methodology for the allowance for loan losses mentioned above define the valuation methodology for reserves related to either foreclosed property or those assets received as payment in kind, establishing that additional quarterly provisions must be created to recognize the potential decrease in value over time of property awarded under legal proceedings, out-of-court or received as payment in kind and the investments in financial instruments received as foreclosed goods or payment in kind, based on the following guidelines:

I. In the case of collection rights and movable property, the provisions referenced in the preceding paragraph must be treated as follows:

Movable property reserves	
Time elapsed as of award date or receipt as payment in kind (months)	**Reserve percentage**
Up to 6	-%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the value of collection rights or foreclosed property, received as payment in kind or awarded in a court proceeding.

II. Investments in financial instruments must be valued in accordance with the provisions of the MFRS C-2 or MFRS C-20, using annual audited financial statements and monthly financial information of the issuer.

Following the valuation of foreclosed assets or those received as payment in kind, the reserves resulting from applying the percentages established in the table of Section I above to the estimated value, must be created.

III. In the case of real estate property, provisions must be created as follows:

Real estate property reserves	
Time elapsed as of award date or receipt as payment in kind (months)	**Reserve percentage**
Up to 12	-%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%

More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the awarded value of the property based on the accounting criteria. Furthermore, when problems are identified regarding the realization of the value of the foreclosed property, the Financial Group records additional reserves based on management's best estimates. On December 31, 2024 and 2023, there were no reserves other than those created by the percentage applied based on the accounting criteria that could indicate realization problems with the values of the foreclosed properties.

If appraisals subsequent to the foreclosure or payment in kind result in the recording of a decrease in the value of the collection rights, securities, movable or real estate property, the reserve percentages contained in the preceding table can be applied to the adjusted value.

Property, furniture and equipment

Property, furniture and equipment are recorded at acquisition cost. The balances of acquisitions made up to December 31, 2007 are restated using factors derived from the value of the UDI of that date.

Depreciation is calculated using the straight-line method based on the useful lives of the assets as estimated by independent appraisers.

Lease right of use assets / Lease liability

Asset for rights of use.

It represents the initial valuation amount of the lease liability, plus the lease payments made in advance, plus the initial direct costs incurred. Subsequently, the right-of-use asset is depreciated monthly in accordance with MFRS C-6 during the life of the lease.

Lease liability.

It represents the present value of future lease payments. Future payments are discounted using a risk-free rate, which is maintained until the end of the lease. The subsequent valuation of the lease liability is at amortized cost.

Permanent stock investments

The Financial Group recognizes its investments in associated companies where it has significant influence but not control using the equity method, based on the book values shown in the most recent financial statements of such entities.

Income taxes

Income tax (ISR) is recorded in the year it is incurred. Deferred income taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. The deferred income tax assets are recorded only when there is a high probability of recovery.

The net effect of the aforementioned items is presented in the Consolidated Statement of Financial Position under the "Deferred Income taxes, net" line.

Intangible assets

Intangible assets are recognized in the Consolidated Statement of Financial Position provided they are identifiable and generate future economic benefits that are controlled by the Financial Group. The amortizable amount of the intangible asset is assigned on a systematic basis during its estimated useful life. Intangible assets with indefinite lives are not amortized and their value is subject to the annual impairment tests.

Goodwill

The Financial Group records goodwill when the total fair value of the acquisition cost and the Non-controlling interest is greater than the fair value of the net assets of the acquired business, pursuant to MFRS B-7, “Business acquisitions.” As goodwill is considered an intangible asset with an indefinite life, it is subject to impairment tests at least annually according to MFRS C-15, “Impairment in the value of long-lasting assets and their disposal.” No indicators of impairment of goodwill have been identified as of December 31, 2024 and 2023.

Deposits

Liabilities derived from deposits, including promissory notes settled at maturity, are recorded at their funding or placement cost plus accrued interest, determined according to the number of days elapsed at each monthly close, which are charged against results when accrued as an interest expense.

Interbank and other loans

These loans are recorded based on the contractual value, recognizing the interest in the year’s earnings as accrued. The Financial Group records in this item the direct loans obtained from domestic and foreign banks, loans obtained through bids with Banco de Mexico and development funds’ financing. Furthermore, this includes discounted loan portfolios from funds provided by banks specializing in financing economic, productive or development activities.

Technical reserves

According to the Commission, all technical reserves must be audited by independent actuaries on a yearly basis. On February 9, 2024 and February 10, 2023, the actuaries have confirmed that in their opinion, the amounts of the reserves recorded by the Financial Group as of December 31, 2024 and 2023, respectively, are reasonably acceptable based on its liabilities, and are within the parameters that the actuarial practice indicates and comply with the criteria considered by the authorities in the matter.

Technical reserves are constituted pursuant to the terms set forth by the Law, as well as to the provisions issued by the CNSF. To value the technical reserves, the Insurance Company used the valuation methods of the provisions set forth in Chapter 5, “Technical Reserves” in the CUSF published in the Official Gazette on December 19, 2014.

1) Unexpired risk reserve:

In terms of the provisions of section I of article 217 of the LISF, the unexpired risk reserve is intended to cover the expected value of future liabilities arising from the payment of claims, benefits, guaranteed securities, dividends, acquisition and administrative costs, as well as any future liability arising from insurance contracts.

The unexpired risk reserve will include the amount of premiums issued in advance, understanding that a premium issued in advance is when it is ssued on a date prior to the effective date of the policy to which said premium corresponds.

The reserve for insurance operations is determined in accordance with actuarial formulas, considering the characteristics of policies in force, reviewed and approved by the Commission.

The unexpired risk reserve is valued in accordance with the following:

I. The amount of the unexpired risk reserve shall be equal to the sum of the best estimate and a risk margin, which shall be calculated separately.

II. The best estimate will be equal to the expected value of the future flows of liabilities, understood as the weighted average probability of these flows, considering the time value of t money based on the risk-free market interest rate curves for each currency or monetary unit provided by the price provider with which they maintain a contract.

III. The calculation of the best estimate shall be based on timely, reliable, homogeneous and sufficient information as well as realistic assumptions and shall be made using actuarial methods and statistical techniques based on the application of the actuarial practice standards referred to in Chapter 5.17 of the CUSF. For these purposes, when an Insurance Institution or Mutual Society does not have reliable, homogeneous and sufficient information of its own, it must use the corresponding market information.

IV. The projection of future flows used in the calculation of the best estimate will consider the total of gross revenues and expenses (without deducting Reinsurance Recoveries), which are necessary to meet the obligations of the insurance and reinsurance contracts throughout their period of validity, as well as other liabilities that the Insurance Institution or *Sociedad Mutualista* assumes in relation to them.

V. The future income flows will be determined as the best estimate of the expected value of the future income that the Insurance Institution or *Sociedad Mutualista* will have for premiums that, according to the payment method established in the contracts that are in force at the time of valuation, will mature in the future time of validity of such contracts, as well as recoveries and adjustments of less than the estimates of claims. Future premiums for these effects will not be considered as premiums due and unpaid at the time of valuation, or the fractional payments that are accounted for under the concept of debtor for the premium.

VI. Future outflows will be determined as the best estimate of the expected value of future payments and expenses to be incurred by the Insurance Institution or *Sociedad Mutualista* as a result of claims and adjustments of having more derivatives vs. the risks covered, dividend payments, redemptions, administrative and acquisition costs for contracts in force at the time of valuation. Future outflows must also consider all other payments to the insured and beneficiaries, as well as the expenses that the Insurance Institution or *Sociedad Mutualista* will incur in order to meet the obligations of the insurance and reinsurance contracts, as well as the effect of the exchange rate and inflation, including that relating to expenses and claims.

VII. In the constitution and valuation of the unexpired risk reserve, the amount of the guaranteed assets, as well as the possible options for the insured or beneficiary included in the insurance contracts, should be considered. Any hypothesis used by the Insurance Institution or *Sociedad Mutualista* with respect to the likelihood that the insured or beneficiaries will exercise the contractual options, including those related to resolution, termination and redemption, must be realistic and based on timely, reliable, homogeneous and sufficient information. The assumptions must consider, explicitly or implicitly, the consequences that future changes in financial and other conditions may have on the exercise of such options;

VIII. The risk margin will be calculated in accordance with the provisions of Chapter 5.4 of the CUSF.

IX. In the valuation and constitution of unexpired risk reserves, the liabilities should be segmented into homogeneous risk groups.

X. The short-term and long-term liabilities should be segmented in the valuation and constitution of the unexpired risk reserve so that the Institutions maintain an adequate balance in the investments of resources in the short and long term, and these hold are coherent with the nature of the liabilities to which they are related, and

XI. Processes and procedures should be established to ensure that the best estimate, as well as the assumptions underlying its calculation, is periodically compared with its previous experience. When such a comparison reveals a systematic deviation between the experience and the best estimate, the Insurance Institution or *Sociedad Mutualista* shall make the necessary adjustments to the actuarial methods or assumptions used. For these purposes, it will be understood that there is a systematic deviation when, in a given class or type of insurance, it is observed that the best estimate of the obligations differs by a reasonable amount from the actual value that the liabilities have attained, in a number of times Such that, by statistical criteria, it is determined that such number of times exceeds the maximum number of times that such estimate could have been deferred. The methodology for the estimation of Reinsurance Recovery should be included as part of the actuarial method.

2) Contractual obligations:

a) Claims and expirations - Claims for life, accidents, health and damage are recorded as soon as they are reported. Life insurance claims are based on the insured sums. Accident, illness and damage claims are adjusted based on the estimate of the amount of the obligations, and, at the same time, the pay back is recorded in the ceded reinsurance. Expirations are payments for expired endowments set forth in the insurance contract.

b) Unreported claims – This reserve is intended for recognizing the amount of actual claims not yet reported to the Financial Group. The estimate is based on prior years' casualty rate, adjusting the actuarial calculations on a quarterly basis, pursuant to the methodology approved by the cap.5.4 CNSF.

c) Dividends on policies - This reserve is determined based on actuarial studies, considering the casualty rate. The dividends are established in the insurance contract.

d) Insurance funds under management - These are the dividends on policies earned by the insured and withheld by the Financial Group to manage, as established in the insurance contract.

e) Security premiums - They are the amounts of segmented collections on the policies.

3) Catastrophic reserve:

The reserve for catastrophic risks is intended to cover the Financial Group's obligations assumed under insurance policies for earthquakes or other catastrophic risks. This reserve is increased as per the bases and percentages established by the CNSF. CNSF authorization is required to release this reserve.

4) Special Technical Reserve

In the operation of insurance that, due to its nature, special characteristics or lack of experience, experimental rates are used, the Insurance Institutions and Mutual Societies must constitute, by indication or prior authorization of the Commission, a technical reserve special for use of experimental rates.

Provisions

Provisions are recognized when the Financial Group has a current obligation resulting from a past event and is likely to result in the use of economic resources and can be reasonably estimated.

Employee benefits labor obligations

According to Mexican Federal Labor Law, the Financial Group has obligations derived from severance payments and seniority premiums payable to employees that cease to render their services under certain circumstances.

Defined benefit plan

The Financial Group records a liability for seniority premiums, pensions and post-retirement medical services as incurred based on calculations by independent actuaries using the projected unit credit method, using nominal interest rates. Accordingly, this recognizes the liability whose present value will cover the obligation from benefits projected to the estimated retirement date of the Holding overall employees, as well as the obligation related to retired personnel.

At the end of December 2024 and 2023, actuarial (earning) / losses were generated in all benefits, these amounts are integrated into the other comprehensive income account and will be recycled to results during the future working life of the workers according to the benefit.

The Financial Group applies the provision of MFRS D-3 related to the recognition of the liability for severance payments for reasons other than restructuring, which is recorded using the projected unit credit method based on calculations by independent actuaries.

Defined contribution plan

As of January 2001, the Holding provided defined contribution pension plan in place. The participating employees are those hired as of this date as well as those hired prior to such date that enrolled voluntarily. The pension plan is invested in a fund, which is included in “Other assets”.

Employees who were hired prior to January 1, 2001 and who decided to enroll voluntarily in the defined contribution pension plan received a contribution from the Financial Group for prior services equivalent to the actuarial benefit accrued in their previous defined benefit plan that was cancelled. The initial contribution was made from the plan assets that had been established for the original defined benefit plan and participants were immediately assigned 50% of such amount with the remaining 50% to be assigned over 10 years.

The initial payment to the defined contribution plan for past services was financed with funds established originally for the defined benefit plan as a result of the early termination of its obligations and recognized in accordance with the provision guidelines.

The labor obligations derived from the defined contribution pension plan do not require an actuarial valuation as established in MFRS D-3, because the cost of this plan is equivalent to the Financial Group’s contributions made to the plan’s participants.

Provisions for PTU are recorded in the results of the year in which they are incurred as administrative expenses. The Financial Group determines employee statutory profit sharing based on the criteria established in the guidelines set forth by the Mexican Constitution.

Foreign currency conversion

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate at the close of each period. The exchange rate used to establish Mexican peso equivalence is the FIX exchange rate published by Banco de México. Foreign exchange fluctuations are recorded in the results of operations.

Interest from outstanding subordinated debentures

Accrued interest from outstanding subordinated debentures is recognized as it is accrued and translated according to the exchange rate in effect at each monthly close.

Transfer of financial assets

The Financial Group can act as the assignor o assignee, as applicable, in this type of transactions. Moreover the Financial Group evaluates whether or not to retain the risks and benefits associated with the asset property to determine whether or not there was a transfer of property in a transaction. In transactions involving the transfer of ownership in financial assets, the assignor yields control and substantially transfers all the risks and benefits over such assets. Therefore, the assignor derecognizes such assets and records the consideration received from the transaction. Conversely, the assignee recognizes such financial assets and the transfer consideration in its accounting records.

Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of MFRS D-8, “Share-based payments.” The compensation expense is recorded at fair value as of the date the stock options are granted. Pursuant to MFRS D-8 and given that the Financial Group grants its own stock options, the Financial Group records the expense as if the plan were payable in cash. This expense is then restated at a fair value in each reporting period as per the provisions known on such date.

In accordance with MFRS D-8 and given that the Holding Company grants shares of the Financial Group, the Holding Company recognizes the expense as a capital contribution by the Financial Group.

Memorandum accounts

Memorandum accounts are used to record assets or commitments that are not part of the Financial Group’s general statement of financial position, as no rights are acquired on the assets and such commitments are not acknowledged as liabilities until they materialize, respectively. The accumulated amounts in the memorandum accounts have only been subject to audit tests when their information is derived from an accounting record. The memorandum accounts not audited are indicated in each case:

- Contingent assets and liabilities:

  It records the amount of economic penalties imposed by the administrative or judicial authorities until such payments are made, as a motion for revocation has been filed. It also records the exposure to risk line item for its participation in the Expanded Use Electronic Payments System.

- Loan commitments:

  The balance represents the amount of the letters of credit granted by the Financial Group that are considered as irrevocable commercial loans not disposed by the borrowers. It includes the lines of credit granted to clients that were not disposed.

- Assets in trust or mandate:

  For the assets in trust, the value of the goods is recorded and any information related to their individual administration is recorded independently. For assets under mandate, the declared value of the assets, subject to the mandates executed by the Financial Group is recorded.

- Assets in custody or under management:

  This account records the movement of others' assets and securities that are received in custody or are to be managed by the Financial Group.

- Collateral received:

  The balance represents all the collateral received in securities repurchase agreement operations when the Financial Group is the buyer.

- Collateral received and sold or given as a pledge:

  The balance represents all the collateral received in securities repurchase agreements when the Financial Group is acting as the buyer, and which in turn are sold by the Financial Group acting as the seller.

Main subsidiaries' income recognition

Banorte

- Income from cash and cash equivalents, financial instruments, repurchasing operations, hedging transactions and loan interest is recorded as income when accrued.

- The fees charged for the initial granting, restructuring and renewal of loans will be recorded as a deferred credit, which will be amortized as interest income.

- Securities purchase-sales results are recorded when performed.

- Permanent stock investments in affiliates are originally recorded at their acquisition cost and are valued using the equity method based on the last available financial statements.

Casa de Bolsa Banorte

- Recognition of income from services, financial advisory and securities intermediation fees and commissions generated by customer securities' operations are recorded as they are performed.

- Income from financial advisory is recorded when accrued as per the contract.

- Securities intermediation results are recorded when performed.

- Income and expenses - are recorded as generated or accrued as per the relative contracts.

- Share dividends - share dividends are recorded at zero value in investments; therefore they only affect the results when the shares are sold.

- Permanent stock investments in affiliates – they are originally recorded at their acquisition cost and are valued using the equity method based on the last available financial statements.

Arrendadora y Factor Banorte

- Credit from financial leasing operations, net – financial leasing operations are recorded as direct financing, wherein the account receivable is the total amount of the settled rents, and potential profit is the difference between such amount and the cost of the leased properties. Net financed capital is recorded on the Consolidated

Statement of financial position, deducting the total of rents from the potential profit.

- Loans from operating leasing operations – represent company assets given to a third party for the latter's temporary use and enjoyment for a given term equal to or over six months. The operating leasing contract rents are recorded as revenues when accrued.

- Loans from factoring operations, net – funded or non-funded factoring is recorded as follows:

    - Ceded portfolio – the amount is recorded in loan portfolios, minus the difference between loans and the financed amount.

    - Profit from acquired documents (interest) - calculated in advance, per month completed and upon maturity, recorded in factoring, and both are applied to results when accrued.

- Recognition of income – interest from leasing and financial factoring is recognized as income when accrued; however the accumulation of interest is suspended whenever the uncollected interest and/or total loan is transferred to past-due loans. Accrued, normal and past-due interest during the period the loan is considered past-due is recognized as income when collected.

- Profits to be realized from financial leasing are recognized as income when accrued. The final value of the good in financial leasing is recognized as income when purchased.

- The fees for credit opening in leasing and factoring operations are recognized as income as accrued.

Banorte Ahorro y Previsión (Seguros y Pensiones)

Income from premiums – Recognized as follows:

- The premium revenue for group and collective life insurance is recorded in income as the segmented payment receipt is issued, deducting the premiums ceded in reinsurance.

- Premium revenue for accidents, health and damage is recorded in terms of the policies contracted in the year, even though their term is for over one year, deducting the premiums ceded in reinsurance.

- The rights on premiums are recognized in the income at the time of issuance except for the policies that the Insurer agrees with the insured, where the right policy is fractioned in each of the receipts in this scheme, the right policy is recognized in income as it accrues. Revenue from surcharges on policyholders is recognized in income at the time of accrual and the unearned portion is recorded as deferred credits.

- Premium income is recorded at the time premiums are settled.

6 - CASH AND CASH EQUIVALENTS

As of December 31, 2024 and 2023, cash and cash equivalents are as follows:

	2024	2023
Cash	Ps. 31,362	Ps. 29,566
Banks	67,289	70,632
Other cash equivalents	53	32
	Ps. 98,704	**Ps. 100,230**

"Banks" is represented by cash in Mexican pesos and US dollars converted at the exchange rate issued by Banco de México of Ps. 20.8829 and Ps. 16.9666 as of December 31, 2024 and 2023, respectively, and is made up as follows:

	Mexican pesos		USD		Total	
	2024	2023	2024	2023	2024	2023
Call money	Ps. 6,573	Ps. 26,474	Ps. -	Ps. -	Ps. 6,573	Ps. 26,474
Deposits with foreign credit institutions	-	-	11,605	12,662	11,605	12,662
Domestic banks	2,233	2,310	3,840	-	6,073	2,310
Banco de México	40,522	29,186	2,516	-	43,038	29,186
	Ps. 49,328	**Ps.57,970**	**Ps. 17,961**	**Ps. 12,662**	**Ps. 67,289**	**Ps. 70,632**

In June 2014, Banco de Mexico issued Circular 9/2014, which establishes banking institutions' obligation to constitute a new monetary regulation deposit, and modifies the interest rate such deposits pay. As of December 31, 2024 and 2023, the Financial Group had made monetary regulation deposits of Ps. 25,985 and Ps. 25,980, respectively.

As of December 31, 2024 and 2023, the total sum of restricted cash and cash equivalents is de Ps. 32,558 and Ps. 52,454, respectively. This includes monetary regulation deposits, futures placed in the domestic and foreign market, call money and contracted transactions pending liquidation in 24 and 48 hours.

The exchange rates used for the conversion of gold and silver coins (Centenarios and Troy ounces, respectively) was Ps. 1,346.96 and Ps. 683.97, per unit, respectively, in 2024; and Ps. 864.879 and Ps. 453.26, per unit, respectively, in 2023.

As of December 31, 2024 and 2023, "Other cash equivalents" includes:

	2024	2023
Minted metals in gold and silver	Ps. 38	Ps. 10
Cashable checks received, pending payment at a 3-day term	-	3
Remittances	15	19
	Ps. 53	**Ps. 32**

7 - INVESTMENTS IN SECURITIES

a. Trading financial instruments

As of December 31, 2024 and 2023, trading securities are as follows:

	2024			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 333,534**	**Ps. 3,802**	**Ps. 114**	**Ps. 337,450**
Not restricted	**30,500**	**266**	**(237)**	**30,529**
F Bonds	3,405	10	(2)	3,413
M Bonds	9,001	60	(202)	8,859
CEBUR – Government	10	-	1	11
CEBUR – Udizados	493	12	12	517
Cetes	16,416	178	10	16,604
Eurobonds	780	4	(47)	737
Udibonos	328	2	(9)	321
Treasury Notes	67	-	-	67
Restricted	**303,034**	**3,536**	**351**	**306,921**
D Bonds	18,597	59	14	18,670
F Bonds	50,288	282	12	50,582
M Bonds	6,856	120	(44)	6,932
BPA	222,743	3,075	366	226,184
CEBUR – Government	1,008	-	1	1,009
Cetes	3,307	-	3	3,310
Udibonos	235	-	(1)	234
Bank securities	**31,415**	**79**	**2**	**31,496**
Not restricted	**8,055**	**-**	**(1)**	**8,054**
Bank Acceptances	6	-	-	6
CEBUR – development bank	(115)	-	-	(115)
CEBUR – bank	12	-	-	12
CEDES	186	-	-	186
Other bank securities	371	-	(1)	370
Promissory Notes	7,595	-	-	7,595
Restricted	**23,360**	**79**	**3**	**23,442**
CEBUR – development bank	9,106	27	2	9,135
CEBUR – bank	6,224	26	-	6,250
CEDES	6,343	20	-	6,363
Other bank securities	1,526	6	1	1,533
Promissory Notes	161	-	-	161
Private securities	**28,737**	**8**	**3,081**	**31,826**
Not restricted	**27,933**	**8**	**3,079**	**31,020**
CEBUR – corporate	374	7	(1)	380
Eurobonds	43	1	-	44
Shares	1,767	-	1,138	2,905
Acciones Sociedades de Inversión	25,749	-	1,942	27,691
Restricted	**804**	**-**	**2**	**806**
Shares	804	-	2	806
	Ps. 393,686	**Ps. 3,889**	**Ps. 3,197**	**Ps. 400,772**

	2023			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 285,142**	**Ps. 3,533**	**Ps. 668**	**Ps. 289,343**
Not restricted	**26,656**	**307**	**310**	**27,273**
F Bonds	68	-	-	68
M Bonds	5,357	36	190	5,583
BPA	7	-	-	7
CEBUR – Government	11	-	2	13
Cetes	14,137	247	11	14,395
Eurobonds	59	1	(10)	50
Udibonos	6,814	22	117	6,953
Treasury Bills	195	1	-	196
Treasury Notes	8	-	-	8
Restricted	**258,486**	**3,226**	**358**	**262,070**
D Bonds	27,087	91	18	27,196
F Bonds	43,827	225	29	44,081
M Bonds	3,453	29	58	3,540
BPA	180,749	2,875	242	183,866
CEBUR – Government	1,317	6	1	1,324
Cetes	1,565	-	(3)	1,562
Udibonos	488	-	13	501
Bank securities	**26,580**	**106**	**2**	**26,688**
Not restricted	**4,450**	**3**	**-**	**4,453**
Bank Acceptances	5	-	-	5
CEBUR – development bank	6	-	-	6
CEBUR – bank	8	-	-	8
CEDES	102	-	-	102
Other bank securities	66	-	-	66
Promissory Notes	4,263	3	-	4,266
Restricted	**22,130**	**103**	**2**	**22,235**
CEBUR – development bank	8,117	22	1	8,140
CEBUR – bank	1,632	11	1	1,644
CEDES	10,824	67	-	10,891
Other bank securities	1,058	3	-	1,061
Promissory Notes	499	-	-	499
Private securities	**17,341**	**12**	**2,372**	**19,725**
Not restricted	**14,935**	**12**	**2,378**	**17,325**
Shares	(1,111)	-	971	(140)
Investment funds	15,460	-	1,417	16,877
CEBUR – corporate	536	11	(8)	539
Eurobonds	50	1	(2)	49
Restricted	**2,406**	**-**	**(6)**	**2,400**
Shares	2,406	-	(6)	2,400
	Ps. 329,063	**Ps. 3,651**	**Ps. 3,042**	**Ps. 335,756**

During 2024 and 2023, the Financial Group recognized under “Brokerage revenues” gain and loss of Ps. 1,345 and Ps. 2,108, respectively, for the fair value valuation of these instruments.

As of December 31, 2024 and 2023, there are Ps. 331,169 and Ps. 286,705, respectively, in restricted trading securities associated mainly with repurchase operations.

b. Financial instruments to collect or sell

As of December 31, 2024 and 2023, financial instruments to collect or sell are as follows:

	2024			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 151,270**	**Ps. 2,306**	**(Ps. 2,457)**	**Ps. 151,119**
Not restricted	**45,920**	**516**	**(1,067)**	**45,369**
M Bonds	9,189	179	(109)	9,259
BREMs	7,778	26	-	7,804
CEBUR – Government	733	2	(123)	612
CEBUR – Udizados	102	1	183	286
Cetes	1,419	46	-	1,465
Eurobonds - Government	14,874	198	(747)	14,325
Udibonos	11,825	64	(271)	11,618
Restricted	**105,350**	**1,790**	**(1,390)**	**105,750**
D Bonds	2,998	4	1	3,003
M Bonds	12,193	149	(302)	12,040
BPA	52,870	1,204	126	54,200
CEBUR – Government	393	4	(5)	392
Cetes	3,649	-	5	3,654
Eurobonds - Government	29,732	420	(1,128)	29,024
Udibonos	3,515	9	(87)	3,437
Bank securities	**27,603**	**178**	**(417)**	**27,364**
Not restricted	**14,126**	**122**	**(422)**	**13,826**
CEBUR – development bank	4,201	61	(323)	3,939
CEBUR – bank	3,066	27	(43)	3,050
CEDES	1,896	9	(12)	1,893
Other bank securities	3,869	25	(44)	3,850
Promissory Notes	1,094	-	-	1,094
Restricted	**13,477**	**56**	**5**	**13,538**
CEBUR – development bank	3,298	10	(1)	3,307
CEBUR – bank	10,179	46	6	10,231
Private securities	**23,117**	**465**	**(986)**	**22,596**
Not restricted	**18,414**	**414**	**(929)**	**17,899**
CEBUR – corporate	10,628	193	(784)	10,037
CEBUR – Municipality	848	11	1	860
Eurobonos	6,938	210	(146)	7,002
Restricted	**4,703**	**51**	**(57)**	**4,697**
CEBUR – corporate	662	3	-	665
CEBUR – Municipality	2,513	8	(4)	2,517
Eurobonos	1,528	40	(53)	1,515
	Ps. 201,990	**Ps. 2,949**	**(Ps. 3,860)**	**Ps. 201,079**

	2023			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 162,947**	**Ps. 3,131**	**(Ps. 484)**	**Ps. 165,594**
Not restricted	**42,691**	**605**	**31**	**43,327**
M Bonds	7,663	183	159	8,005
BREMs	7,778	24	-	7,802
CEBUR – Government	809	2	(71)	740
CEBUR – Udizados	102	1	184	287
Cetes	3,022	4	(2)	3,024
Eurobonds - Government	8,103	186	(356)	7,933
Udibonos	2,585	8	57	2,650
Treasury Bills	1,670	-	(5)	1,665
Treasury Notes	10,959	197	65	11,221
Restricted	**120,256**	**2,526**	**(515)**	**122,267**
D Bonds	3,042	3	3	3,048
M Bonds	9,019	84	205	9,308
BPA	79,597	2,080	76	81,753
CEBUR – Government	1,666	10	(7)	1,669
Eurobonds - Government	24,311	343	(786)	23,868
Udibonos	2,621	6	(6)	2,621
Bank securities	**36,923**	**246**	**(178)**	**36,991**
Not restricted	**24,642**	**181**	**(188)**	**24,635**
CEBUR – development bank	2,834	29	(212)	2,651
CEBUR – bank	2,747	20	(18)	2,749
CEDES	15,119	120	(12)	15,227
Other bank securities	2,070	12	54	2,136
Promissory Notes	1,872	-	-	1,872
Restricted	**12,281**	**65**	**10**	**12,356**
CEBUR – development bank	3,133	24	(3)	3,154
CEBUR – bank	9,148	41	13	9,202
Private securities	**20,186**	**375**	**(1,128)**	**19,433**
Not restricted	**15,389**	**327**	**(1,006)**	**14,710**
CEBUR – BORHIS	77	-	(77)	-
CEBUR – corporate	6,447	92	(755)	5,784
CEBUR – Municipality	874	12	67	953
Eurobonos	7,991	223	(241)	7,973
Restricted	**4,797**	**48**	**(122)**	**4,723**
CEBUR – corporate	951	4	3	958
CEBUR – Municipality	2,520	9	(12)	2,517
Eurobonos	1,326	35	(113)	1,248
	Ps. 220,056	**Ps. 3,752**	**(Ps. 1,790)**	**Ps. 222,018**

As of December 31, 2024 and 2023, there are Ps. 123,983 and Ps. 139,346, respectively, in restricted securities available for sale, mainly associated with securities repurchasing transactions.

As of December 31, 2024 and 2023, the balance of BREMSR amounted 77,783,110 securities acquired in May 2016, these BREMs were initially classified in the category of Financial Instruments to collect or sell their business model corresponds to collecting contractual cash flows for principal and interest collections, or to sell them in case of changes in the Institution's liquidity strategy. A portion of these securities serves as a hedged item in a cash flow hedge relationship, which is detailed in note number 9.

c. Financial instruments to collect principal and interest

As of December 31, 2024 and 2023, financial instruments to collect principal and interest are as follows:

Medium and long-term debt securities:

	2024		
	Acquisition cost	**Accrued interest**	**Book value**
Government securities	**Ps. 361,458**	**Ps. 2,325**	**Ps. 363,783**
Not restricted	**305,196**	**1,781**	**306,977**
M Bonds	926	6	932
CEBUR – Government	2,027	28	2,055
CEBUR – Udizados	126	2	128
Cetes	1,890	-	1,890
CETES – Specials	36	440	476
Eurobonds - Government	40,852	559	41,411
Udibonos	257,255	708	257,963
Treasury Notes	2,084	38	2,122
Restricted	**56,262**	**544**	**56,806**
M Bonds	15,480	121	15,601
CEBUR – Municipality	39,616	420	40,036
Udibonos	1,166	3	1,169
Bank securities	**1,040**	**21**	**1,061**
Not restricted	**1,040**	**21**	**1,061**
CEBUR – Bank	1,040	21	1,061
Private securities	**8,666**	**1,236**	**9,902**
Not restricted	**6,401**	**1,227**	**7,628**
CEBUR – BORHIS	2	-	2
CEBUR – corporate	2,636	1,171	3,807
CEBUR – Municipality	1,989	39	2,028
Eurobonos	700	17	717
Other private securities	1,074	-	1,074
Restricted	**2,265**	**9**	**2,274**
CEBUR – Municipality	2,265	9	2,274
	Ps. 371,164	**Ps. 3,582**	**Ps. 374,746**

	2023		
	Acquisition cost	Accrued interest	Book value
Government securities	**Ps. 321,483**	**Ps. 1,745**	**Ps. 323,228**
Not restricted	**291,665**	**1,522**	**293,187**
F Bonds	2,000	15	2,015
M Bonds	927	6	933
CEBUR – Government	1,956	26	1,982
CEBUR – Udizados	136	2	138
Cetes	3,987	-	3,987
CETES – Specials	36	426	462
Eurobonds - Government	35,838	372	36,210
Udibonos	236,837	593	237,430
Treasury Notes	9,948	82	10,030
Restricted	**29,818**	**223**	**30,041**
M Bonds	15,498	115	15,613
CEBUR – Municipality	2	-	2
Eurobonds - Government	14,147	108	14,255
Udibonos	171	-	171
Bank securities	**996**	**20**	**1,016**
Not restricted	**996**	**20**	**1,016**
CEBUR – Bank	996	20	1,016
Private securities	**13,193**	**1,141**	**14,334**
Not restricted	**10,571**	**1,131**	**11,702**
CEBUR – BORHIS	2	-	2
CEBUR – corporate	3,161	1,058	4,219
CEBUR – Municipality	2,009	40	2,049
Eurobonos	4,700	33	4,733
Other private securities	699	-	699
Restricted	**2,622**	**10**	**2,632**
CEBUR – Municipality	2,622	10	2,632
	Ps. 335,672	**Ps. 2,906**	**Ps. 338,578**

As of December 31, 2024 and 2023, there are Ps. 59,080 and Ps. 32,673, respectively, in restricted trading securities associated mainly with repurchasing operations.

As of December 31, 2023, the maturities of the securities (expressed at their acquisition cost), are as follows:

	More than one and up to 5 years	More and 5 and up to 10 years	More than 10 years	Total
Government securities	**Ps. 40,269**	**Ps. 56,631**	**Ps. 266,884**	**Ps. 363,784**
Not restricted	**27,657**	**13,606**	**265,715**	**306,978**
M Bonds	246	686	-	932
CEBUR – Government	-	-	2,055	2,055
CEBUR – Udizados	74	53	-	127
Cetes	1,890	-	-	1,890
CETES – Specials	476	-	-	476
Eurobonds - Government	20,462	12,867	8,083	41,412
Udibonos	2,387	-	255,577	257,964
Treasury Notes	2,122	-	-	2,122
Restricted	**12,612**	**43,025**	**1,169**	**56,806**
M Bonds	12,612	2,989	-	15,601
CEBUR – Municipality	-	40,036	-	40,036
Udibonos	-	-	1,169	1,169
Bank securities	**1,061**	**-**	**-**	**1,061**
Not restricted	**1,061**	**-**	**-**	**1,061**
CEBUR – Bank	1,061	-	-	1,061
Private securities	**2,555**	**1,920**	**5,426**	**9,901**
Not restricted	**2,555**	**1,920**	**3,152**	**7,627**
CEBUR – BORHIS	-	-	2	2
CEBUR – corporate	2,555	130	1,122	3,807
CEBUR – Municipality	-	-	2,028	2,028
Eurobonos	-	717	-	717
Other private securities	-	1,073	-	1,073
Restricted	**-**	**-**	**2,274**	**2,274.00**
CEBUR – Municipality	-	-	2,274	2,274
	Ps. 43,885	**Ps. 58,551**	**Ps. 272,310**	**Ps. 374,746**

Some of the investments in securities are given as collateral in derivative transactions without any restriction; therefore, the receiver has the right to trade them and offer them as collateral.

During the year ended December 31, 2024 and 2023, the Financial Goup did not carry out sales of financial instruments to collect principal and interest.

Financial instruments impairment

For impairment testing purposes, government and corporate bonds are considered to have low credit risk as the counterparties to these investments have a minimum credit rating of BBB. Consequently, for the purposes of evaluating these financial assets for impairment, the expected loss is measured by an amount equal to 12-month PCE.

When determining the PCE for these assets, the Financial Group's management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the bonds and debentures obtained economic reports, reports from financial analysts and considering various external sources of real and forecast economic information, as appropriate, when estimating the probability of default of each of these financial assets within their respective loss assessment time horizon, as well as the loss in case of default in each case.

The following table shows the movement in expected credit losses that has been recognized for financial assets:

	12 months expected credit losses		Permanent expected credit losses and impairment credit		
	Financial Instruments to collect or sell	Financial instruments to collect principal and interest	Financial Instruments to collect or sell	Financial instruments to collect principal and interest	Total
Adoption as of January 1, 2023	**Ps. 121**	**Ps. 59**	**Ps. 363**	**Ps. 293**	**Ps. 837**
Increase in the estimate of loss caused by new financial assets recorded in the period	6	-	149	-	155
Decrease in the estimate caused by the derecognition of financial assets recorded in the period	(81)	(59)	(15)	(209)	(364)
Balances as of December 31, 2023	**Ps. 46**	**Ps. -**	**Ps. 498**	**Ps. 84**	**Ps. 628**
Increase in the estimate of loss caused by new financial assets recorded in the period	3	-	11	-	14
Decrease in the estimate caused by the derecognition of financial assets recorded in the period	(13)	-	-	(8)	(21)
Balances as of December 31, 2024	**Ps. 36**	**Ps. -**	**Ps. 509**	**Ps. 76**	**Ps. 621**

d. Collateral

The fair value of the collateral given in derivative transactions as of December 31, 2024 and 2023, is as follows:

	2024		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**
Cash	Ps. 931	Ps. 829	Ps. 38
	Ps. 931	**Ps. 829**	**Ps. 38**

	2023		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**
Cash	Ps. 1,145	Ps. 771	Ps. 38
	Ps. 1,145	**Ps. 771**	**Ps. 38**

The fair value of the collaterals received in derivative operations as of December 31, 2024 and 2023, is made up as follows:

	2023		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**

Cash	Ps. 7,550	Ps. 113	Ps. -
	Ps. 7,550	**Ps. 113**	**Ps. -**

	2023		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**
Cash	Ps. 10,890	Ps. 522	Ps. -
	Ps. 10,890	**Ps. 522**	**Ps. -**

The Holding Company has no securities received as collateral as of December 31, 2024 and 2023

As of December 2024 and 2023, interest income is as follows:

Concept	**2024**	**2023**
Trading Financial Instrument	Ps. 47,557	Ps. 41,747
Financial Instruments to collect or sell	19,549	18,839
Financial instruments to collect principal and interest	5,198	4,895
	Ps. 72,304	**Ps. 65,481**

8 - CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS

As of December 31, 2024 and 2023, creditor and debitor balances under repurchase agreements are as follows:

Acting as seller of securities

	2024		2023	
Instrument	**Repurchase agreement from debtors**	**Received, sold collateral in repurchase**	**Repurchase agreement from debtors**	**Received, sold collateral in repurchase**
CEBUR – Government	Ps. -	Ps. 1,078	Ps. 3,002	Ps. 5,020
CETES	-	2,773	234	100
CEBUR – Developement Bank	-	8,336	-	6,120
UMS (Fix) Bondes - Goverment	-	-	-	-
IPAB Bonds 28	-	1,995	500	3,924
IPAB Bonds 91	382	12,334	5,901	20,074
IPAB Bonds 182	-	8,720	-	5,385
F Bonds	79	-	28,099	31,999
D Bonds	2,541	-	457	1,005
Goverment Bonds (Fix)	1,000	3,499	1,912	2,088
Udibons	-	361	-	-
Government securities	**4,002**	**39,096**	**40,105**	**75,715**
CEBUR – Bank	-	8,807	-	3,311
CEDES (Fix)	-	3,880	-	6,843
Multilateral Financial Organizations	-	433	-	347
Bank securities	**-**	**13,120**	**-**	**10,501**
CEBUR Municipality	-	26	-	**141**
CEBUR Corporate	-	462	-	287
EBUR Udis	-	-	1,501	1,501
Private securities	**-**	**488**	**1,501**	**1,929**
	Ps. 4,002	**Ps. 52,704**	**Ps. 41,606**	**Ps. 88,145**

With the Financial Group acting as the vendor, accrued interest were charged to the results of operations as of December 31, 2024 and 2023 for Ps. 8,580 and Ps. 9,925, respectively, which is presented in the “Interest Expenses heading.”

During 2024 and 2023, the period of repurchase transactions carried out by the Financial Group in its capacity as

vendor ranged in term from 1 day to 7 years.

As of December 31, 2024, the amount of the delivered and received securities as collateral in repurchase transactions that represent a transfer of ownership, amount to Ps. 52,708 and Ps. 212,285, respectively, and as of December 31, 2023, the collaterals delivered was Ps. 235,218 and the collaterals received was Ps. 88,155.

Acting as securities purchaser

Instrument	2024	2023
CEBUR – Government	Ps. 323	Ps. 967
CETES	1,832	1,564
CEBUR – Developement Bank	4,105	5,174
UMS (Fix) Bondes - Goverment	50,725	29,324
IPAB Bonds 28	61,769	36,884
IPAB Bonds 91	131,153	125,792
IPAB Bonds 182	61,930	72,744
D Bonds	21,591	27,890
F Bonds	48,331	36,174
Goverment Bonds (Fix)	31,454	23,312
Udibonds	2,945	2,747
Government securities	**416,158**	**362,572**
CEBUR – Bank	7,688	7,540
CEDES (Fix)	2,483	4,055
PRLV	-	499
Multilateral Financial Organizations	1,096	713
Bank securities	**11,267**	**12,807**
CEBUR Short term	-	5,633
CEBUR Municipality	5,085	-
CEBUR Corp	26,928	-
Eurobond	4	-
Private securities	**32,017**	**5,633**
	Ps. 459,442	**Ps. 381,012**

With the Financial Group acting as the purchaser, accrued interest charged to the results of operations as of December 31, 2024 and 2023 were Ps. 59,124 y Ps. 54,834, respectively, which are presented in the “Interest Income” Heading.

During 2024, repurchase transactions carried out by the Financial Group in its capacity as purchaser ranged in term from 1 day to 10 years.

9 - DERIVATIVE FINANCIAL INSTRUMENTS

Transactions carried out by the Financial Group involving derivatives correspond mainly to futures, swaps and options contracts. These transactions are done to hedge various risks and for trading purposes.

The Financial Group has evaluated the effectiveness of derivatives’ transactions for hedging purposes and has concluded that they are highly effective.

As of December 31, 2024 and 2023, positions in derivative financial instruments are as follows:

Asset position	2024	2023
Forwards		
Foreign currency forwards	Ps. 280	Ps. 939
Options		
Interest rate options	647	910
Shares options	369	81
Foreign currency options	6	14
Swaps		

Asset position	2024	2023
Interest rate swaps	13,940	18,464
Foreign currency swaps	5,839	8,547
Credit swaps	45	2
Total trading	**Ps. 21,126**	**Ps. 28,957**
Swaps		
Foreign currency swaps	199	3,701
Interest rate swaps	805	741
Total hedging	**1,004**	**4,442**
Total position	**Ps. 22,130**	**Ps. 33,399**

Liability position	2024	2023
Forwards		
Foreign currency forwards	Ps. 376	Ps. 731
Options		
Interest rate options	605	943
Foreign currency options	352	87
Share options	3	-
Swaps		
Interest rate swaps	8,330	11,995
Foreign currency swaps	12,432	7,765
Credit swaps	32	13
Total trading	**22,130**	**21,534**
Swaps		
Interest rate swaps	1,407	1,151
Foreign currency swaps	2,391	1,108
Total hedging	**3,798**	**2,259**
Total position	**Ps. 25,928**	**Ps. 23,793**

Trading instruments:

As of December 31, 2024 and 2023, the trading derivative financial instruments are classified by fair value and the result of the period.

Trading	Book value	Valuation
Forward	(Ps. 97)	(Ps. 20)
Options	62	240
Foreign Currency Swaps	(6,593)	2,434
Interest Rate Swaps	5,610	(1,230)
Credit Swaps	14	25

The effect of credit risk of the derivatives portfolio in the 2024 and 2023 period amounts to Ps 209 and Ps. 289, respectively.

An analysis of undiscounted trading cash flows as of December 31, 2024 is broken down below.

Instrument	Currency	1 year	1 to 5 years	5 to 10 years	More than 10 years
Interest Rate Swap	MXN	(16)	4,408	1,507	(41)
Interest Rate Swap	USD	-	(95)	(30)	(2)
Foreign Currency Swap	MXN	-	483	(1,303)	101
Foreign Currency Swap	USD	-	(61)	3	1
Foreign Currency Swap	EUR	-	(23)	(5)	-

As of December 31, 2024, the items hedged by type of coverage and risk are detailed.

Instrument	Book value Asset	Liability	Item
Interest Rate Swaps (Forecast Fund)	50	1,395	Liabilty
Interest Rate Swaps (DRM)	199	62	Asset
Interest Rate Swaps (Loans)	197	-	Asset
Foreign Currency Swap (UDI Liability)	588	951	Liabilty
Foreign Currency Swap (EUR Assets)	-	15	Asset
Foreign Currency Swap (GBP Assets)	20	1,424	Asset
Foreign Currency Swap (USD Assets)	50	1,395	Asset

As of December 31, 2024 and 2023, OCI movements to results from cash flow hedges are detailed.

Instrument	2024	2023
Interest Rate Swaps (Forecast Fund)	Ps. 935	Ps. 1,205
Interest Rate Swaps (DRM)	(565)	9
Foreign Currency Swap (ME Asset)	(722)	(986)

The instruments operated and their main underlying instruments are as follows

Forwards	Options	Interest Rate Swaps	CCS
Fx-USD	Fx-USD	TIIE 28	TIIE 28
Fx-EUR	TIIE 28	TIIE 91	TIIE 91
Fx-CAD	TIIE 91	CETES 91	Libor
Fx-CHF	Libor	Libor SOFR	Euribor

The risk management policies and internal control procedures for managing risks inherent to derivatives are described in Note 36.

Transactions carried out for hedging purposes have maturities from 2025 to 2043 and are intended to mitigate the financial risk derived from long-term loans offered by the Financial Group at fixed nominal rates, as well as the exchange rate risk generated by market instruments in the Financial Group's portfolio.

As of December 31, 2024 and 2023, the collateral was comprised mainly of cash. Their fair value is shown in Note 7 d).

During 2024 and 2023, the net earnings from the valuation and realization of derivative financial instruments were Ps. 1,450 and Ps. 593, respectively.

The net amount of estimated gains or losses originated by from transactions or events recorded within Comprehensive Income as of December 31, 2024 and 2023 and that are expected to be reclassified to results within the next 12 months amounts to (Ps. 131) and Ps. 15, respectively.

As of December 31, 2024 and 2023, the main positions hedged by the Financial Group and the derivatives designated to hedge such positions are:

Cash flow hedging:

- Forecast funding using TIIE rate Caps and Interest Rate Swaps.
- Cash flow hedge of Banxico's monetary regulation deposits (DRM) using TIIE interest rate swaps.

- Recorded assets and liabilities in foreign currency using Cross Currency Swaps.

As of December 31, 2024, there are 81 coverage files. All hedging relationships are effective as they meet the effectiveness requirements of MFRS C-10 “There is no over-hedging in any of the derivatives; therefore, as of December 31, 2023, there are no ineffective portions that cause market value recognition that need to be recognized in the Holding Company's results."

The following are the Financial Group’s hedged cash flows as of December 31, 2024 and 2023, expected to occur and affect earnings:

Concept	Up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years
Forecast funding	Ps. 670	Ps. 1,988	Ps. 7,752	Ps. 2,170
Monetary regulation deposits	12	12	85	19
UDI	169	412	1,539	553
Assets denominated in EUR	14	39	-	-
Assets denominated in GBP	241	743	650	201
Assets denominated in USD	17	50	154	52
	Ps. 1,123	**Ps. 3,244**	**Ps. 10,180**	**Ps. 2,995**

The fair value of the instruments designated as cash flows hedging, which is recognized in comprehensive income within stockholders' equity as of December 31, 2024 and 2023, amounts to (Ps. 765) and Ps. 61, respectively. Likewise, the amount that was reclassified from stockholders' equity to results amounts to (Ps. 25) and Ps. 133, respectively.

Trading derivatives and hedging derivatives: the loan risk is minimized through means of contractual compensation agreements, in which asset and liability derivatives with the same counterparty are settled for their net balance. Similarly, there may be other types of collateral such as credit lines, depending on the counterparty’s solvency and the nature of the transaction.

The following table shows the cash flows hedging valuation balance:

Balance	Valuation of cash flows hedging instruments	Net change in period	Reclassified to income
Balance, December 31, 2019	(Ps. 1,275)	Ps. 3,726	(Ps. 71)
Balance, December 31, 2020	Ps. 448	Ps. 1,723	(Ps. 266)
Balance, December 31, 2021	(Ps. 2,257)	(Ps. 2,705)	(Ps. 193)
Balance, December 31, 2022	(Ps. 869)	Ps. 1,388	(Ps. 300)
Balance, December 31, 2023	Ps. 61	Ps. 930	Ps. 133
Balance, December 31, 2024	(Ps. 765)	Ps. 826	(Ps. 25)

The economic relationship between the hedged item and the hedging instrument is described below.

For hedge of liabilities, subordinated debentures, assets denominated in foreign currency:

Hedge	Use of hedge instrument	Economic relationship	Coverage ratio
Liabilities denominated in foreign currency and UDI	Agreement of a currency swap (Cross-Currency Swap) to fix the interest and principal in pesos in a fixed rate liability denominated in foreign currency or UDI	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: 1. Any increase in the exchange rate does not affect the Entity since when contracting the currency swap a fixed amount is received in foreign currency, and a fixed amount of interest is paid in pesos, which synthetically converts	1:1

		the hedged item in a Eurobond at a fixed rate in pesos. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected.	
Assets denominated in foreign currency	Agreement of a currency swap (Cross-Currency Swap) to fix the interest and principal in pesos in an eurobond at fixed rate denominated in foreign currency	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: 1. Any increase in the exchange rate does not affect the Entity since when contracting the currency swap a fixed amount is paid in foreign currency, and a fixed amount of interest is received in pesos, which synthetically converts the hedged item into a eurobond at a fixed rate in pesos. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected. 3. The execution of the prepayment clause has a very low probability of occurrence, so the economic relationship is not affected. An economic relationship is considered to cease to exist if the Issuer invokes the Issuer's optional redemption clause during the term of the hedging relationship, since this would lead to the disappearance of the hedged item. For this purpose, a monthly monitoring will be carried out regarding the existence of the official notification by the Issuer to execute the optional redemption clause.	1:1
Monetary regulation deposits	Agreement of a portfolio of interest rate swaps (Interest-Rate Swap) to fix the interest of an DRM and/or BREM a variable rate denominated in pesos.	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: 1. Any increase in the interest rate does not affect the Entity since when contracting the interest rate swap a variable interest amount is paid and a fixed interest amount is received, which synthetically converts the hedged item into a DRM or BREM at a fixed rate. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected.	70-99%

Promissory notes with yield payable at maturity	Agreement of a portfolio of interest rate swaps (Interest-Rate Swap) to fix the interest on future issues of promissory notes with yield payable at maturity (PRLV) issued by the Treasury at a variable rate denominated in pesos.	It is considered that there is a clear economic relationship between the hedged item and the hedging instruments since: 1. Any increase in the interest rate does not affect the Entity since when contracting interest rate swaps a fixed amount of interest is paid, and a variable amount of interest is received, which synthetically converts the hedged item into a fixed rate liabilities. 2. Given that the Entity's strategy is to cover less than 100% of all promissory notes to be issued, economic ineffectiveness is not expected.	70%-95%

10 – EXPECTED CREDIT LOSS

The Financial Group has a methodology to determine the expected credit loss based on the issuer's rating, the characteristics of the instrument, as well as the sector to which it belongs. Once these characteristics are determined, the exposure is estimated at the instrument level as amortized cost and a probability of default and severity of loss are assigned.

Default is defined as the event where the issuer does not perform the obligations to which it subscribed when issuing the instrument in a timely manner. The same definition of default is considered for each instrument.

For financial instruments that have come to maturity and the principal and interest have not been fully collected, the internal policy is periodic monitoring by the business area that acquired said instrument with respect to its possible recovery given the resolutions legal within the commercial bankruptcy or the liquidation process of the issuer.

The expected credit loss of the IFCPI is calculated by the product of the probability of default, the severity of the loss and the exposure, depending on the stage in which it is located:

Stage 1: Financial Instruments with low credit risk. They are those for which their credit risk has not increased significantly from their initial recognition to the date of the financial statements. The Financial Instruments in this Stage must have a long-term rating greater than or equal to BBB+, or mxA-2 in the case of being a short-term instrument, both ratings on a local scale. The PCE estimate at this stage will be carried out over a period of one year.

Stage 2 – Financial Instrument with a significant increase in credit risk. They are those that have shown a significant increase in credit risk from their initial recognition to the date of the financial statements. The Financial Instruments in this Stage must have a rating greater than or equal to B- and up to BBB in long-term instruments, greater than or equal to mxB and up to mxA-3 in short-term instruments. The PCE estimate at this stage will be made for the entire life of the Financial Instrument.

Stage 3 – Financial Instruments with high credit risk. They are those with credit deterioration because one or more events have occurred that have a detrimental impact on the future cash flows of the Financial Instruments. The Financial Instruments in this Stage must have a rating less than or equal to CCC+ in long-term instruments or mxC in short-term instruments. The PCE estimate at this stage will be made for the entire life of the Financial Instrument.

The probability of default is obtained through a transition matrix published by Standard and Poor's (S&P), which considers various scenarios according to past events, current conditions and economic forecasts, considering different and numerous institutions in the study.

The severity of the loss is established based on article 2 bis 73 of the Provisions, where a level of 45% is handled for instruments in stage 1 and stage 2, while for instruments in stage 3 the maximum between 45% and the difference between the unit and the quotient of the market value between the purchase price of the instrument.

The exposure is the amortized cost of the instrument at the calculation date.

During the current period there was no change in the techniques and assumptions used to determine the expected credit loss.

As of December 31, 2024 and 2023, there is the following exposure by instrument:

	2024			2023		
Classification	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Government	Ps. 363,783	Ps.	Ps.	Ps. 323,228	Ps. -	Ps. -
Bank	714			669	-	-
Private	7,942	2,306	1	12,463	2,217	1
Total	**Ps. 372,439**	**Ps. 2,306**	**Ps. 1**	**Ps. 336,360**	**Ps. 2,217**	**Ps. 1**

The expected credit loss classified by stages as of December 31, 2024 and 2023 is as follows:

Stage 1

Classification	2024	2023
Government	Ps. -	Ps. -
Bank	-	-
Private	-	-
Total	**Ps. -**	**Ps. -**

Stage 2

Classification	2024	2023
Government	Ps. -	Ps. -
Bank	-	-
Private	74	164
Total	**Ps. 74**	**Ps. 164**

Stage 3

Classification	2024	2023
Government	Ps. -	Ps. -
Bank	-	-
Private	1	1
Total	**Ps. 1**	**Ps. 1**

Of the expected credit loss of stage 3 instruments, the amount is broken down into:

	2024	**2023**
Instruments that migrated to stage 3	Ps. -	Ps. -
Instruments that already existed in stage 3	1	-
Total	**Ps. 1**	**Ps. -**

As of December 31, 2024 and 2023, there were no renegotiations or modifications in the financial instruments to collect principal and interest.

11 - LOAN PORTFOLIO

Loan portfolio management

The objectives of Credit Risk Management in the Financial Group are:

- Comply with the Risk Appetite defined by the Board of Directors.
- Improve the quality, diversification and composition of the loan portfolio in order to optimize the risk- reward ratio.
- Provide Executive Management with reliable, timely information to assist decision making regarding funding.
- Provide Business Areas with clear and sufficient tools to support and monitor funding placement.
- Create economic value for shareholders through an efficient Credit Risk Management.
- Define and update the regulatory framework for the Credit Risk Management.
- Comply with the information requirements that the authorities establish regarding Credit Risk Management.
- Perform Risk Management in accordance with the best practices, implementing models, methodologies, procedures and systems based on best practices worldwide.
- Measure Institution's vulnerability to extreme conditions and consider those results for decisions making.

The Credit Risk Management policies in the Financial Group are applicable to:

- Grant and Manage Retail Credit Risk according to best market practices through Parametric Models aimed to identify risk, minimize losses and increase loan origination with quality.
- Grant and Manage Wholesale Loans to companies and other entities, according to best market practices through a credit strategy including Target Markets and Risk Acceptance Criteria, identifying and managing risk through Loan Rating and Early Warnings methodologies.
- Monitor and control asset quality through Loan Classification System which provides treatment and general actions for defined situations, as well as departments or officers responsible for carrying out such actions.
- Surveillance and Control through Global and Specific Limits, loan rating policies, and Portfolio Credit Risk models that identify expected and unexpected losses at specific confidence levels.
- Inform and disclose Credit Risks to risk taking areas, CPR, Board of Directors, Financial Authorities and Investors.
- Define faculties for Credit Risks taking at Institution.

In order to comply with objectives and policies, a series of strategies and procedures have been defined including origination, analysis, approval, management, monitoring, recovery and collections

Credit portfolio analysis

As of December 31, 2024 and 2023, the loan portfolio by loan type is as follows:

	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Denominated in domestic currency				
Commercial	Ps. 338,312	Ps. 1,588	Ps. 3,482	Ps. 343,382
Rediscounted portfolio	5,329	2	-	5,331
Denominated in USD				
Commercial	133,054	55	571	133,680
Rediscounted portfolio	1,620	-	-	1,620
Loans to financial institutions	39,171	-	136	39,307

	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
Credit card	67,496	949	2,158	70,603
Other consumer loans	133,258	2,203	2,677	138,138
Mortgage loans				
Denominated in domestic currency	269,183	3,474	2,095	274,752
Denominated in UDIS	28	8	2	38
Government loans	183,594	332	4	183,930
Total loan portfolio	**Ps. 1,171,045**	**Ps. 8,611**	**Ps. 11,125**	**Ps. 1,190,781**

	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Denominated in domestic currency				
Commercial	Ps. 309,639	Ps. 1,269	Ps. 3,334	Ps. 314,242
Rediscounted portfolio	5,535	122	-	5,657
Denominated in USD				
Commercial	88,319	15	425	88,759
Rediscounted portfolio	1,195	-	-	1,195
Loans to financial institutions	25,471	-	123	25,594
Consumer loans				
Credit card	57,166	973	1,968	60,107
Other consumer loans	115,161	1,962	2,852	119,975
Mortgage loans				
Denominated in domestic currency	249,841	3,250	2,175	255,266
Denominated in UDIS	36	12	2	50
Government loans	171,537	424	11	171,972
Total loan portfolio	**Ps. 1,023,900**	**Ps. 8,027**	**Ps. 10,890**	**Ps. 1,042,817**

Restructured loans

The restructured loans that modified their terms and rates are shown below:

	2024		
	Stage 1	**Stage 2**	**Stage 3**
Commercial loans			
Business loans	Ps. 48,538	Ps. 253	Ps. 875
Consumer loans	882	92	1,934
Mortgage loans	172	17	92
	Ps. 49,592	**Ps. 362**	**Ps. 2,901**

	2023		
	Stage 1	**Stage 2**	**Stage 3**
Commercial loans			
Business loans	Ps. 28,239	Ps. 206	Ps. 359
Consumer loans	20	5	958
Mortgage loans	129	17	110
	Ps. 28,388	**Ps. 228**	**Ps. 1,427**

As of December 31, 2024, the Stage 3 portfolio past-due loans showed the following periods of delinquency:

	From 1 to 180 days	From 181 to 365 days	From 366 days to 2 years	More than 2 years	Total

Commercial loans	Ps. 1,160	Ps. 1,204	Ps. 688	Ps. 555	Ps. 3,607
Consumer loans	2,708	2,485	570	1	5,764
Mortgage loans	904	810	27	13	1,754
	Ps. 4,772	**Ps. 4,499**	**Ps. 1,285**	**Ps. 569**	**Ps. 11,125**

As of December 31, 2023, the Stage 3 portfolio past-due loans showed the following periods of delinquency:

	From 1 to 180 days	**From 181 to 365 days**	**From 366 days to 2 years**	**More than 2 years**	**Total**
Commercial loans	Ps. 1,040	Ps. 450	Ps. 707	Ps. 819	Ps. 3,016
Consumer loans	2,791	372	2,533	1	5,697
Mortgage loans	909	909	13	346	2,177
	Ps. 4,740	**Ps. 1,731**	**Ps. 3,253**	**Ps. 1,166**	**Ps. 10,890**

Past due loan movements for the years ended on December 31, 2024 and 2023 are shown below:

	2024	**2023**
Balance at the beginning of the year	Ps. 10,890	Ps. 9,973
Liquidations	(7,018)	(7,932)
Write-offs*	(19,818)	(15,896)
Renewals	(22)	(101)
Discounts	1,636	1,309
Foreclosures	-	(30)
Transfers to portfolio stage 1 and 2	(5,028)	(4,129)
Transfers from portfolio stage 1 and 2	30,282	27,236
Fluctuation from foreign exchange rate	204	153
Sales loans	(1)	307
Year-end balance	**Ps. 11,125**	**Ps. 10,890**

* Corresponds to 100% hedged loans.

As of December 31, 2024, the balance of deferred loan origination fees was Ps. 2,520 and the amount recorded in results was Ps. 1,927. Furthermore, the deferred balance of costs and expenses associated with initial loan originations was Ps. 6,104, and the amount recorded in results was Ps. 3,124.

As of December 31, 2023, the balance of deferred loan origination fees was Ps. 2,596 and the amount recorded in results was Ps. 1,688. Furthermore, the deferred balance of costs and expenses associated with initial loan originations was Ps. 5,371, and the amount recorded in results was Ps. 2,432.

The average term in which the deferred balance of commissions and costs and expenses will be recognized is equivalent to the average term of the portfolio balances.

The collected fees and costs are presented net in the line item of “Deferred credits and advance collections” within the Consolidated Statement of financial positions as well as in Interest Income and Interest Expenses, respectively, in the Consolidated income statements.

During the year ended December 31, 2024 and 2023, the balance of written off loans that had been fully reserved as past due was Ps. 18,182 and Ps. 16,292, respectively.

During the years ended December 31, 2024 and 2023, revenues from recoveries of previously written-off loan portfolios were Ps. 2,589 y Ps. 3,360, respectively.

The loans granted per economic sectors as of December 31, 2024 and 2023 is shown below:

	2024		2023	
	Amount	Concentration percentage	Amount	Concentration percentage
Private (companies and individuals)	Ps. 484,013	40.64%	Ps. 409,853	39.30%
Financial institutions	39,307	3.30%	25,594	2.45%
Credit card and consumer	208,741	17.53%	180,082	17.27%
Mortgage	274,790	23.08%	255,316	24.48%
Government loans	183,930	15.45%	171,972	16.50%
	Ps. 1,190,781	**100.00%**	**Ps. 1,042,817**	**100.00%**

Policies and procedures for granting loans

The granting, control and recovery of loans are regulated by the Financial Group's Credit Manual, which has been authorized by the Board of Directors. Accordingly, administrative portfolio control is performed in the following areas:

I. Business Areas (includes Corporate, Commercial, Business, Governmental and Consumer Banking), primarily through the branch network.
II. Operations Areas
III. General Comprehensive Risk Management
IV. Recovery Management

Similarly, the Financial Group has manuals establishing the policies and procedures to be utilized for credit risk management purposes.

The structure of the credit management process is based on the following stages:

a) Product design
b) Promotion
c) Evaluation
d) Formalization
e) Operation
f) Administration
g) Recovery

Procedures have also been implemented to ensure that stage 3 loans are timely transferred and recorded in the accounting, and those loans with recovery problems are properly and promptly identified.

12 - LOANS RESTRUCTURED IN UDIS

As of December 31, 2024 and 2023, the Financial Group has no mortgage loans restructured in UDIS.

Early termination of mortgage loan borrower support programs

On June 30, 2010, the Federal Government through the SHCP and Banking Institutions signed an agreement for the early termination of the mortgage loan debtors support programs (*Final Point* and *UDIS trusts*) (the Agreement); consequently as of January 1, 2011, the Financial Group absorbed its part of the early discount granted to mortgage loan debtors participating in the program.

The Agreement established a series of obligations for the Federal Government payable in 5 annual amortizations with a due date of June 1, 2015 which is when the last payment of Ps. 29 was received. Such payment included the monthly financial cost from the day immediately following the cut-off date and up to closing of the month immediately preceding the due date.

As of December 31, 2024, the remaining balance of SPECIAL CETES not repurchased by the Federal Government is Ps. 478 with maturities in 2027.

13 - ALLOWANCE FOR LOAN LOSSES

The Financial Group's portfolio classification, which serves as the basis for recording the allowance for loan losses, is detailed below:

	2024						
		Required allowances for losses					
Risk category	Loan portfolio	Companies	Government	Financial institutions' loans	Consumer portfolio	Mortgage portfolio	Total
Risk A1	Ps. 1,095,486	Ps.1,192	Ps.864	Ps.77	Ps.1,132	Ps.209	Ps.3,474
Risk A2	30,149	73	42	0	492	46	653
Risk B1	45,707	19	54	0	1,342	31	1,446
Risk B2	19,871	27	5	0	817	43	892
Risk B3	14,418	84	1	12	693	8	798
Risk C1	16,822	74	0	1	927	236	1,238
Risk C2	17,198	127	40	0	2,446	244	2,857
Risk D	8,337	722	0	7	1,252	422	2,403
Risk E	8,143	1,149	0	85	4,454	80	5,768
Unclassified	(1,180)	-	-	-	-	-	-
BAP loan portfolio	3,812	-	-	-	-	-	-
Deferred items	3,132	-	-	-	-	-	-
	Ps. 1,261,895	**Ps. 3,467**	**Ps. 1,006**	**Ps. 182**	**Ps. 13,555**	**Ps. 1,319**	**Ps. 19,529**
Recorded allowance	-	-	-	-	-		**20,434**
BAP allowances	-	-	-	-	-		**312**
Supplement	-	-	-	-	-		**Ps. 593**

	2023						
		Required allowances for losses					
Risk category	Loan portfolio	Companies	Government	Financial institutions' loans	Consumer portfolio	Mortgage portfolio	Total
Risk A1	Ps. 946,536	Ps. 1,236	Ps. 837	Ps. 69	Ps. 806	Ps. 201	Ps. 3,149
Risk A2	32,302	138	13	-	399	46	596
Risk B1	37,755	70	4	-	1,065	23	1,162
Risk B2	22,225	25	-	-	955	37	1,017
Risk B3	13,346	69	1	-	651	6	727
Risk C1	16,121	65	-	-	764	212	1,041
Risk C2	13,364	98	62	-	1,225	235	1,620
Risk D	9,746	517	-	5	2,228	416	3,166
Risk E	9,095	1,950	4	34	4,492	76	6,556
Unclassified	(1,318)	-	-	-	-	-	-
BAP loan portfolio	3,503	-	-	-	-	-	-
Deferred items	2,386	-	-	-	-	-	-
	Ps. 1,105,061	**Ps. 4,168**	**Ps. 921**	**Ps. 108**	**Ps. 12,585**	**Ps. 1,252**	**Ps. 19,034**
Recorded allowance	-	-	-	-	-		**19,857**
BAP allowances	-	-	-	-	-		**254**
Supplement	-	-	-	-	-		**Ps. 569**

The reserve complement is in accordance with the provisions of the general provisions applicable to credit institutions.

As of December 31, 2024 and 2023, the provisions to cover 100% of the rating base for loan portfolios includes Ps. 34,880 and Ps. 19,157, respectively, for Guarantees Granted and Credit Commitments, which are recorded in memorandum accounts. Ps. 19,439 y Ps. 18,835 were also added for loans to related parties consolidated by the Parent Company.

The estimated allowance for loan losses is determined based on portfolio balances at those dates.

As of December 31, 2024 and 2023, the allowance for loan losses represents 181% and 180%, respectively, of the past-due portfolio.

The estimated allowance includes the classification of loans granted in foreign currency, which are evaluated at the exchange rate in effect as of December 31, 2024 and 2023.

According to the current regulation, as of December 31, 2024 and 2023, the Institution rated under the regulatory methodologies based on expected losses the commercial portfolios (except credits destined to investment projects with own payment source), Mortgage portfolio and non-revolving consumer portfolio (except auto credits to individuals).

The Financial Group uses internal methodologies authorized by the Commission according to the following: for the Revolving Consumer portfolio since January 2018, for the commercial portfolio of borrowers with sales or income greater than or equal to 14 million udis, since January 2019, and for the Auto (Individuals) portfolio since January 2020.

Below are shown for each type of portfolio, the exposure to default, probability of breach of contract, and severity of the loss.

Type of portfolio	Exposure to Default	Weighted Probability of Non-compliance	Weighted Severity of Loss
Commercial*	599,733	1.9%	33.7%
Mortgage	274,789	2.4%	19.9%
Non-revolving consumer	138,116	7.2%	68.5%
Revolving Consumer loan	83,399	9.4%	77.8%

* Loans to financial intermediaries and loan intended for investment projects having their own source of payment are not included.

Movements in allowance for loan losses

An analysis of the movements in allowance for loan losses is detailed below:

	2024	2023
Balance at the beginning of the year	Ps. 19,857	Ps. 17,899
Increase charged to results	22,158	19,764
Discounts and write-offs	(21,766)	(17,696)
Rebates granted to housing debtors	(55)	(31)
Others	240	(79)
Year-end balance	**Ps. 20,434**	**Ps. 19,857**

14- ACQUIRED COLLECTION RIGHTS, NET

The balance of acquired collection rights (net) as of December 31, 2024 and 2023 was Ps. 876 and Ps. 1,094, they are valued at amortized cost based on the effective interest method in accordance with MFRS C-20.

As of December 31, 2024, recognized income amounted to Ps. 714 and Ps. 519 and amortization to Ps. 155 and Ps. 110, respectively.

The Financial Group performs an analysis based on events or information to estimate the amount of expected cash flows to determine the estimated rate of return used in applying the valuation method for the amortization of the accounts receivable. If based on historical or current events information, the analysis demonstrates that the future cash flows discounted at the original rate of return (effective interest rate) will decrease to the degree that they will not cover the book value, it will constitute an estimate for non-recoverability or difficult collection against the year's results for the amount that such discounted cash flows are lower than the book value of the accounts receivable.

Assets different from cash that the Financial Group has received as part of portfolio collection or recovery have been mainly in real estate property.

The main feature considered for segmenting acquired portfolios has been the type of loan.

15 – DEBTORS OF INSURANCE AND SURETY COMPANIES

This item is made up as follows:

	2024	2023
Maritime and transportation	Ps. 19	Ps. 30
Automobile	2,405	1,920
Various	1,072	812
Accidents and health	915	849
Life	1,140	873
Pensions	68	85
	5,619	4,569
Federal public administration agencies' indebtedness	-	91
	Ps. **5,619**	**Ps. 4,660**

16 – AMOUNTS RECOVERABLE BY REINSURANCE AND COUNTER-GUARANTEE

This item is made up as follows:

	2024	2023
Insurance and surety entities	Ps. 2,064	Ps. 1,978
Reinsurers' participation for pending claims	2,447	3,088
Reinsurers' participation for current risk	572	389
Other participations	629	365
Preemptive credit risk assessment of Foreign Reinsurers		
Foreing	(2)	(3)
Estimate for punishments	(49)	(44)
	Ps. 5,661	**Ps. 5,773**

17 - OTHER ACCOUNTS RECEIVABLE, NET

This item is made up as follows:

	2024	2023
Loans to officers and employees	Ps. 3,739	Ps. 3,562
Debtors from liquidation settlements	26,156	22,231
Debtors from cash collateral	15,065	10,015
Real estate property portfolios	379	397
Sundry debtors in Mexican pesos	9,198	7,107
Sundry debtors in foreign currency	436	1,007
Others	1,641	1,037
	56,614	**45,356**
Allowance for doubtful accounts	(385)	(424)
	Ps. 56,229	**Ps. 44,932**

Loans to officers and employees mature within 3 to 30 years and accrue an interest rate from TIIE +0.6% to TIIE +1 %.

18 - FORECLOSED ASSETS, NET

As of December 31, 2024 and 2023, the foreclosed assets balance is as follows:

	2024	2023
Moveable property	Ps. 112	Ps. 2,303
Real estate property	6,417	4,598
Goods pledged for sale	241	143
	6,770	**7,044**
Allowance for losses on foreclosed assets	(49)	(83)
Allowance for losses on foreclosed real estate assets	(2,091)	(2,036)
Allowance for losses on assets pledged for sale	(30)	(44)
	(2,170)	**(2,163)**
	Ps. 4,600	**Ps. 4,881**

19 - PROPERTY, FURNITURE AND EQUIPMENT, NET

As of December 31, 2024 and 2023, the property, furniture and equipment balance is as follows:

	2024	2023
Furniture and equipment	Ps. 20,519	Ps. 19,818
Property intended for offices	18,827	17,990
Installation costs	16,904	15,024
	56,250	**52,832**
Less - Accumulated depreciation and amortization	(24,337)	(22,281)
	Ps. 31,913	**Ps. 30,551**

Depreciation recorded in the results of 2024 and 2023 was Ps. 4,198 and Ps. 3,685, respectively.

The average estimated useful lives of the Financial Group's assets subject to depreciation are listed below:

	Useful Life
Furniture and equipment	From 4 to 10 years
Property intended for offices	From 4 to 99 years
Installation costs	10 years

20 – ASSETS RIGHTS OF USE OF ASSETS AND LEASE LIABILITY

The Financial Group leases computer equipment, furniture and equipment and real estate, agreed upon in previous years.

The asset balance of the right-of-use as of December 31, 2024 and 2023 is as follows

	2024	2023
Computer equipment	Ps. 4,328	Ps. 3,876
Real estate	112	27
	Ps. 4,440	**Ps. 3,903**

As of December 31, 2024 and 2023, the lease liability is made up as follows:

Analysis of Maturity - Undiscounted Contractual Cash Flows

	2024	2023

From zero to five years	Ps. 2,132	Ps. 129
From more than five to ten	229	2,057
Ten years and more	2,216	1,761
	Ps. 4,577	**Ps. 3,947**

The depreciation expense of asset right-of-use recognized in results as of December 31, 2024 and 2023, was Ps. 1,311 and Ps. 924, respectively.

The interest expense of the lease liability recognized in results as of December 31, 2024 and 2023, was Ps. 386 and Ps. 379, respectively.

Lease payments made in 2024 and 2023 were Ps. 1,626 and Ps. 1,453, respectively.

21 - PERMANENT STOCK INVESTMENTS

Investments in non-consolidated companies and associated companies are valued according to the equity method, as detailed below:

	Share %	2024	2023
Afore XXI-Banorte, S.A. de C.V.	50%	Ps. 13,911	Ps. 13,762
McN Investments Ltd	4.95%	1,008	1,008
Controladora PROSA, S.A. de C.V.	19.73%	374	431
Sociedades de Inversión Ixe Fondos	Several	146	126
F-741723 - Valle de San Pedro	20.00%	27	27
Fondo Chiapas, S.A. de C.V.	12.09%	19	18
Capital I CI-3, S.A.P.I. de C.V.	50.00%	6	7
Others	Several	138	116
		Ps. 15,629	**Ps. 15,495**

The Financial Group exercises significant influence over its affiliates valued under the equity method through its representation in the board of directors or equivalent management body, as well as through significant intercompany transactions.

The relevant activities of the Afore are directed by both the Financial Group and the Mexican Institute of Social Security [*Instituto Mexicano del Seguro Social*], with equal rights and responsibilities. Therefore the Financial Group has no control over such entity and does not consolidate it.

22 - DEFERRED TAXES, NET

The tax reported by the Financial Group is calculated based on the current taxable result of the year and enacted tax regulations. However, due to temporary differences between how income and expenses are recognized for accounting and tax purposes, as well as the differences between the accounting and tax statement of financial position accounts, As of December 31, 2024 and 2023, the Financial Group has recognized a net deferred tax for Ps. 5,245 and (Ps. 1,838), respectively, and it is made up as follows:

	2024		2023	
	Temporary Differences	Deferred Effect	Temporary Differences	Deferred Effect
Temporary Differences - Assets				
Allowance for loan losses	Ps. 1,842	Ps. 552	Ps. 1,924	Ps. 577
Tax loss carryforwards	2,740	822	1,022	307
Surplus allowances for credit risks over the net tax limit	19,452	6,135	17,440	5,232

Excess of tax over book value of foreclosed and fixed assets	1,140	368	3,512	1,073
PTU	1,497	449	1,309	393
Fees collected in advance	3,733	1,120	4,149	1,245
Financial instruments valuation	3,631	1,089	-	-
Deferred from the IXE purchase method	67	20	-	-
Accounting provisions	7,240	2,172	6,176	1,853
Other assets	581	174	303	91
Total assets	**Ps. 41,923**	**Ps. 12,901**	**Ps. 35,835**	**Ps. 10,771**
Temporary Differences_ - Liabilities				
Excess of tax over book value of foreclosed and fixed assets and expected payments	1,500	450	Ps. 1,139	Ps. 342
Adquisition of Portafolios	1,108	333	1,339	402
Capitalizable projects' expenses	21,804	6,541	23,624	7,087
Financial instruments valuation	-	-	14,629	4,404
Advance contributions to the pension fund	4	1	5	2
Intangible assets	954	286	1,002	301
Deferred from the IXE purchase method	-	-	21	6
Other liabilities	152	45	214	65
Total Liabilities	**Ps. 25,522**	**Ps. 7,656**	**Ps. 41,973**	**Ps. 12,609**
Deferred tax, net		**Ps. 5,245**		**(Ps. 1,838)**

As explained in Note 33, the applicable income tax rate is 30% for 2024 and 2023 and later years.

At December 31, 2024, the tax loss carry forwards prescription is as follows:

Due date	Amount
2029	Ps. 255
2030	218
2031	297
2032	285
2033	424
2034	1,261
	Ps. 2,740

Banorte USA's deferred tax assets and liabilities are determined using the liability method. According to this method, the net asset or liability of deferred taxes is determined based on the tax effects of temporary differences between the book and tax base of assets and liabilities. Due to the consolidation of Banorte USA, as of December 31, 2024 and 2023, a net amount of Ps. 43 was added to deferred taxes determined at a rate of 21% as per the tax law of the USA.

23 - ADVANCE PAYMENTS AND OTHER ASSETS, NET

The balance of advanced payments and other assets as of December 31, 2024 and 2023 is as follows:

	2024	2023
Payments to be amortized	Ps. 1,505	Ps. 1,195
Various taxes	4,278	4,285
Advances to suppliers	3,861	2,773
Other assets	4,447	4,930
	Ps. 14,091	Ps. **13,183**

24 – GOODWILL

As of December 31, 2024 and 2023 goodwill is as follows:

	2024	2023
Originated by the merger with Grupo Financiero Interacciones, S.A.B. de C.V.	Ps. 14,070	Ps. 14,070
Originated by the merger with Ixe Grupo Financiero, S.A.B. de C.V.	11,258	11,258
Originated by the merger with Banorte-Ixe Tarjetas, S.A. de C.V., SOFOM, ER	1,005	1,005
Originated by the merger with Uniteller Financial Services	433	345
Originated by the merger with Tarjetas del Futuro, S.A.P.I. de C.V. (TDF)	147	147
Originated by the merger with More Payment Evolution	1,154	-
	Ps. 28,067	**Ps. 26,825**

* Includes Ps. 727 of the goodwill generated by the acquisition of Banorte-Ixe Tarjetas and Ps. 278 that this entity had registered at the time of the acquisition.

As mentioned in Note 5, goodwill is not amortized since 2007 and since then is subject to annual impairment tests. No impairment to goodwill value was detected as of December 31, 2024 and 2023.

25 - DEPOSITS

Liquidity coefficient

The “Investment regime for transactions in foreign currency and conditions to be fulfilled during the term of transactions in such currency”, designed for credit institutions by Banco de México, establishes the mechanism for determining the liquidity coefficient of liabilities denominated in foreign currency.

In accordance with the aforementioned regime, during 2024 and 2023 the Holding Company generated an average monthly liquidity requirement of 964,178 and 705,119 thousand USD, respectively, and maintained an average investment in liquid assets of 5,324,763 and 5,448,614 thousand USD, having on average an excess of 4,360,584 and 4,743,495 thousand USD, respectively.

Deposits

The liabilities derived from core deposits are made up as follows:

	2024	2023
Demand deposits		
Non-interest bearing checking accounts:		
Cash deposits	Ps. 424,998	Ps, 408,257
Checking accounts in US dollars for individual residents on the Mexican border	4,767	4,417
Demand deposits accounts	13,086	12,238
Interest bearing checking accounts:		
Other bank checking deposit	253,503	237,593
Checking accounts in US dollars for individual residents on the Mexican border	2,360	2,297
Demand deposits accounts	23,467	14,121
	722,181	**678,923**
Time deposits		
General public:		
Fixed-term deposits	27,237	25,588
Retail time deposits	334,349	304,429
Promissory note with interest payable at maturity PRLV primary market for individuals	85	87
Promissory note with interest payable at maturity PRLV primary market for institutions	114	148

Provision for interest	1,899	1,846
	363,684	**332,098**
Money market:		
Over the counter promissory notes	1,795	8,098
	1,795	**8,098**
	365,479	**340,196**
Senior debt	41,831	33,643
Global account of deposits without movement	4,009	3,656
	Ps. 1,133,500	**Ps. 1,056,418**

The funding rates which the Financial Group uses as reference are: a) for Mexican pesos, Interbank Interest Rate (TIIE), Average Cost of Funds (CCP) and; b) for foreign currency, the London Interbank Offered Rate (LIBOR).

These liabilities incur interest depending on the type of instrument and average balance held in the investments. The average interest rates and their currency of reference are shown below:

Immediately due and payable deposits:

	2024				2023			
Foreign exchange	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
Mexican pesos and UDIS	2.99%	2.89%	2.85%	2.67%	2.07%	2.58%	3.11%	3.06%
Foreign currency	1.72%	2.00%	1.72%	1.54%	0.74%	1.29%	1.75%	1.68%

Time deposits:

	2024				2023			
Foreign exchange	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
General public								
Mexican pesos and UDIS	8.96%	8.81%	8.74%	8.22%	7.65%	8.38%	8.54%	8.72%
Foreign currency	3.02%	2.47%	3.27%	3.56%	0.51%	0.53%	1.72%	2.96%
Money market	10.07%	10.77%	10.50%	10.32%	10.12%	10.76%	10.65%	10.67%

As of December 31, 2024 and 2023, the terms set for these deposits are as follows:

	2024			
	From 1 to 179 days	**From 6 to 12 months**	**More than 1 year**	**Total**
General public				
Fixed-term deposits	Ps. 21,866	Ps. 1,242	Ps. 4,129	Ps. 27,237
Retail time deposits	323,543	10,559	247	334,349
Promissory note with interest payable at maturity PRLV primary market for individuals	85	-	-	85
Promissory note with interest payable at maturity PRLV primary market for entities	100	11	3	114
Provision for interest	1,656	231	12	1,899
	347,250	**12,043**	**4,391**	**363,684**
Money market:				
Over the counter promissory notes	-	-	1,795	1,795
	-	**-**	**1,795**	**1,795**
Senior debt issued	**41,831**	**-**	**-**	**41,831**
Global account of deposits without movements	**4,009**	**-**	**-**	**4,009**
	Ps. 393,090	**Ps. 12,043**	**Ps. 6,186**	**Ps. 411,319**

	2023

	From 1 to 179 days	From 6 to 12 months	More than 1 year	Total
General public				
Fixed-term deposits	Ps. 20,154	Ps. 915	Ps. 4,519	Ps. 25,588
Retail time deposits	292,208	11,957	264	304,429
Promissory note with interest payable at maturity PRLV primary market for individuals	84	1	2	87
Promissory note with interest payable at maturity PRLV primary market for entities	135	10	3	148
Provision for interest	1,525	309	12	1,846
	314,106	**13,192**	**4,800**	**332,098**
Money market:				
Over the counter promissory notes	-	-	8,098	8,098
	-	**-**	**8,098**	**8,098**
Senior debt issued	**33,643**	**-**	**-**	**33,643**
Global account of deposits without movements	**3,656**	**-**	**-**	**3,656**
	Ps. 351,405	**Ps. 13,192**	**Ps. 12,898**	**Ps. 377,495**

26 - INTERBANK AND OTHER LOANS

The loans received from other banks as of December 31, 2024 and 2023 is as follows:

	Mexican pesos		Denominated in USD		Total	
	2024	2023	2024	2023	2024	2023
Short-term:						
Commercial banking	Ps. 1,530	Ps. 3,836	Ps. -	Ps. 416	Ps. 1,530	Ps. 4,252
Development banking	1,943	17,736	-	558	1,943	18,294
Public trusts	13,837	2,842	4,744	298	18,581	3,140
Provision for interest	117	37	25	8	142	45
	17,427	**24,451**	**4,769**	**1,280**	**22,196**	**25,731**
Long-term:						
Commercial banking	-	648	3,836	182	3,836	830
Development banking	-	1,845	-	152	-	1,997
Public trusts	7,273	3,829	1,756	755	9,029	4,584
	7,273	**6,322**	**5,592**	**1,089**	**12,865**	**7,411**
	Ps. 24,700	**Ps. 30,773**	**Ps. 10,361**	**Ps. 2,369**	**Ps. 35,061**	**Ps. 33,142**

These liabilities incur interest depending on the type of instrument and average balance of the loans.

The average interest rates are shown below:

	2024				2023			
Foreign exchange	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
Call money								
Mexican pesos and UDIS	-%	-%	-%	-%	-%	-%	-%	-%
Other bank loans								
Mexican pesos and UDIS	9.68%	9.92%	9.84%	9.43%	10.06%	10.21%	9.69%	9.38%
Foreign currency	5.00%	5.47%	5.90%	5.19%	4.76%	5.22%	5.32%	4.82%

27 - TECHNICAL RESERVES

Technical reserves are made as follows:

	2024	2023
Current risk:		
Life	Ps. 292,877	Ps. 261,254
Accidents and health	2,779	2,550
Damages	4,360	3,470
	300,016	**267,274**
Contractual obligations:		
Claims and expirations	7,434	7,613
Unreported claims	6,565	6,039
Dividends on policies	173	402
Insurance funds under management	82	79
Security premiums	87	347
	14,341	**14,480**
Contingency:		
Catastrophic risk	1,119	1,281
Contingencies	5,055	4,671
Special	1,196	1,186
	7,370	**7,138**
	Ps. 321,727	**Ps. 288,892**

Seguros Banorte's technical reserves were ruled by Actuary Ana Maria Ramírez Lozano, member of the company called KPMG Cárdenas Dosal, S.C.

The technical reserves of Pensiones Banorte were ruled by Actuary Rocío Gomez Reyes, member of the company called Willis Towers Watson Consultores México, S. de R.L. of C.V.

28 - SUNDRY CREDITORS AND OTHER PAYABLES

The item of sundry creditors and other payables as of December 31, 2024 and 2023 is made up as follows:

	2024	2023
Cashier and certified checks and other negotiable instruments	Ps. 7,170	Ps. 5,273
Provisions for other obligations	8,842	6,966
Others	16,515	24,798
	Ps. 32,527	**Ps. 37,037**

29 - EMPLOYEE BENEFIT LIABILITY

As of December 31, 2024 and 2023 it is integrated as follows:

	2024	2023
Direct short-term and other benefits	$6,815	$7,163
Post-employment benefits	5,464	3,906
Termination Benefits	367	330
	$12,646	**$11,399**

The Holding recognizes the liabilities for pension plans and seniority premiums using the “Projected Unit Credit Method”, which considers the benefits accrued at the date of the Consolidated Statement of financial positions and the benefits generated during the year.

The amount of current and projected benefits as of December 31, 2024 and 2023, related to the Defined Benefit Pension Plan, seniority premiums and retiree medical coverage, determined by independent actuaries, is analyzed below:

	2024			
	Pension plan	**Seniority premiums**	**Medical services**	**Total**
Projected benefit obligation (PBO)	(Ps. 1,732)	(Ps. 4,626)	(Ps. 921)	(Ps. 7,279)
Fund market value	666	947	202	1,815
Fund status	**(1,066)**	**(3,679)**	**(719)**	**(5,464)**
Unrecognized prior service cost	-	-	-	-
Unrecognized actuarial losses	-	-	-	-
Net projected liability	**(Ps. 1,066)**	**(Ps. 3,679)**	**(Ps. 719)**	**(Ps. 5,464)**

	2023			
	Pension plan	**Seniority premiums**	**Medical services**	**Total**
Projected benefit obligation (PBO)	(Ps. 1,745)	(Ps. 810)	(Ps. 3,666)	(Ps.6,221)
Fund market value	724	290	1,301	2,315
Fund status	**(1,021)**	**(520)**	**(2,365)**	**(3,906)**
Unrecognized prior service cost	-	-	-	-
Unrecognized actuarial losses	-	-	-	-
Net projected liability	**(Ps. 1,021)**	**(Ps. 520)**	**(Ps. 2,365)**	**(Ps. 3,906)**

As of December 31, 2024 and 2023, a separate fund amounting to Ps. 101 and Ps. 127 has been set aside to meet the above-mentioned obligations, in accordance with MFRS D-3 and is recorded under “Other assets”.

As of December 31, 2024 and 2023, the net periodic pension cost is as follows:

	2024	**2023**
Service cost	Ps. 166	Ps. 128
Interest cost	644	569
Expected return on plan assets	(227)	(238)
Amortizations of unrecognized items:		
Profits (actuarial losses)	132	115
Net periodic pension cost	**Ps. 715**	**Ps. 574**

The rates used in the calculation of the projected benefit obligation and return on plan assets as of December 31, 2024 and 2023, are shown below:

Concept	**2024 Nominal**	**2023 Nominal**
Discount rate	11.25%	10.75%
Rate of wage increase	4.75%	4.50%
Long-term inflation rate	3.50%	3.50%
Expected long-term rate of return on plan assets	3.50%	3.50%

The liability for severance indemnities due to causes other than organization restructuring, which was also determined by independent actuaries, is comprised as follows:

Concept	2024	2023
Defined and projected benefit obligations	(Ps. 367)	(Ps. 330)
Net projected liability	**(Ps. 367)**	**(Ps. 330)**

The net periodic pension cost is as follows:

Concept	2024	2023
Service cost	Ps. 52	Ps. 69
Interest cost	(13)	8
Net periodic pension cost	**Ps. 39**	**Ps. 77**

Pursuant to the law, the Financial Group makes payments equivalent to 2% of its workers' salary to the contribution plan defined for the retirement saving fund established by law. The expense for this concept was Ps. 295 2024 and Ps. 230 2023.

The balance of the employee retirement obligations presented in this Note refers to the Holding's Defined Benefit Pension Plan for those employees who remain enrolled.

The labor obligations derived from the Defined Contribution Pension Plan do not require an actuarial valuation as established in MFRS D-3, because the cost of this plan is equivalent to the Financial Group's contributions made to the plan's participants. This pension plan is invested in a fund as of December 31, 2024 and 2023, equivalent to Ps. 110 and Ps. 101, respectively, which is recorded under "Other assets" and is equivalent to the recorded plan liability.

As of December 31, 2024 and 2023, the PTU provision was Ps. 1,546 and Ps. 1,394, respectively.

30 - SUBORDINATED DEBENTURES

As of December 31, 2024 and 2023, the subordinated debentures in circulation are as follows:

	2023	2023
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable BANOE91 999999 C10 Notes denominated in USD, with an interest rate of 7.625%.**	Ps. 11,486	Ps. 9,332
Preferred subordinated obligations not susceptible to be converted into share capital BANOC36 311004 with maturity in October 2031, denominated in USD, with an interest rate of 5.75% payable semiannually and amortizing the capital at maturity.	1,546	1,380
Non-preferred subordinated obligations, non-preferent, perpetual, non-cumulative 5 years callable NC5 Notes denominated in USD, with an interest rate of 6.750%**	-	10,180
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 7.50%**	10,441	8,483
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 8.375%.	10,441	8,483
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 5 years callable NC10 Notes denominated in USD, with an interest rate of 5.875%.	10,441	8,483
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 6.625%.	11,486	9,332
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable D2_BANOD06_999999 Notes denominated in USD, with an interest rate of 8.375%.	15,662	-
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable D2_ BANOE88_999999 Notes denominated in USD, with an interest rate of 8.75%.	15,662	-

	2023	2023
Accrued interest.	22	19
Issuance and placement expenses.	(259)	(271)
	Ps. 86,928	**Ps. 55,421**

** Issuance recorded in liabilities and the interest generated by the notes is payable against the results of previous years, given the characteristic established in the obligations to pay the returns at the discretion of the issuer, it is considered a component of equity.

Expenses related to these issuances are amortized based on the effective interest rate during the issuance term. The amount charged to results for amortization amounted to Ps 63 and Ps. 67 in 2024 and 2023, respectively.

31 - TRANSACTIONS AND BALANCES WITH NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Pursuant to Article 73 Bis of the LIC, the loans granted by Banking Institutions to related parties may not exceed 35% of the basic part of its net capital.

For the year ended December 31, 2024 and 2023, the amount of the loans granted to related parties were as follows:

Institution granting the loan	2024	% over the limit	2023	% over the limit
Banco Mercantil del Norte, S.A.	Ps. 32,469	17.1%	Ps. 22,105	11.2%

The loans granted by Banorte are under the 100% limit set forth by the LIC.

32 - INFORMATION BY SEGMENT

The main operations and balances per concept and/or business segment in the Statement of financial position and the Income Statement are comprised as follows:

a. Interest and fees income is made up as follows:

	2024		
	Interest	Fees	Total
	MXP	MXP	MXP
Cash and cash equivalents	Ps. 8,127	Ps. -	Ps. 8,127
Margin securities	(471)	-	(471)
Investment in securities	72,392	-	72,392
Securities repurchasing and loans	9,058	-	9,058
Hedging transactions	151,717	-	151,717
Commercial loans	76,379	570	76,949
Mortgage loans	24,675	833	25,508
Consumer loans	48,669	524	49,193
Others	12,960	-	12,960
	Ps. 403,506	**Ps. 1,927**	**Ps. 405,433**

	2023		
	Interest	Fees	Total
	MXP	MXP	MXP
Cash and cash equivalents	Ps. 7,342	Ps. -	Ps. 7,342
Margin securities	(618)	-	(618)
Investment in securities	65,550	-	65,550

Securities repurchasing and loans	10,399	-	10,399
Hedging transactions	146,812	-	146,812
Commercial loans	69,794	421	70,215
Mortgage loans	22,166	822	22,988
Consumer loans	41,565	444	42,009
Others	10,800	-	10,800
	Ps. 373,810	**Ps. 1,687**	**Ps. 375,497**

b. The balances by service sector of the Financial Group, without considering the eliminations relative to the consolidation of the financial statements, are as follows:

	2024	2023
Banking sector:		
Net income	Ps. 43,873	Ps. 41,946
Stockholders' equity	150,826	150,966
Total portfolio	1,162,108	1,017,106
Stage 3 loan portfolio	10,576	10,006
Allowance for loan losses	(19,671)	(18,749)
Total net assets	1,834,184	1,682,493
Brokerage sector:		
Net income	959	751
Stockholders' equity	4,743	4,475
Portfolio balance	1,425,818	1,161,116
Total net assets	260,857	250,929
Long term saving sector*		
Net income	9,714	8,155
Stockholders' equity	36,834	36,052
Total net assets *	373,465	336,777
Other finance companies' sector:		
Net income	1,023	779
Stockholders' equity	14,424	13,929
Total portfolio	48,113	44,546
Stage 3 loan portfolio	550	885
Allowance for loan losses	(451)	(854)
Total net assets	60,684	59,086
Grupo Financiero Banorte (Financial Group)		
Net income	56,188	52,422
Stockholders' equity	249,299	249,242
Total assets	249,357	249,338

*For sector comparisons, Afore XXI Banorte's results are shown at 100% in this table. As of the fourth quarter of 2016, results are reported in Seguros Banorte in 50% through participation method.

c. The trading results is as follows:

	2024	2023
Trading results:		
Spot foreign currency and metal	Ps. 14,615	(Ps. 7,009)
Derivative financial instruments	(8,317)	546
Investments in securities	1,351	1,562

Valuation	**7,649**	**(4,901)**
Purchase-sales result, net		
Spot foreign currency and metal	(4,445)	7,895
Derivative financial instruments	(153)	48
Investments in securities	1,932	871
Purchase and Sale	**(2,666)**	**8,814**
Total trading results	**Ps. 4,983**	**Ps. 3,913**

d. The loan portfolio in stage 1 and 2 grouped by economic sector and geographical location, is as follows

Economic sector	2024	%	2022	%
Agriculture	Ps. 13,339	1.1%	Ps. 11,570	1.1%
Commerce	145,197	12.3%	105,597	10.2%
Construction	41,900	3.6%	37,259	3.6%
Manufacturing	53,588	4.5%	48,548	4.7%
Mining	2,056	0.2%	1,842	0.2%
Services	50,131	4.2%	57,186	5.5%
Financial and real estate services	116,173	9.8%	86,185	8.4%
Transportation	50,930	4.3%	47,645	4.6%
Government	183,927	15.6%	171,961	16.7%
Mortgage	272,692	23.1%	253,138	24.5%
Credit card	68,445	5.8%	58,137	5.6%
Other consumer loans	135,461	11.5%	117,125	11.4%
Leasing	30,267	2.6%	23,815	2.3%
Factoring	15,550	1.3%	11,919	1.2%
	Ps. 1,179,656	**100.0%**	**Ps. 1,031,927**	**100.00%**

e. The stage 3 loan portfolio, grouped by economic sector and geographical location, is as follows

Economic Sector	2024	%	2023	%
	Ps.		Ps. 312	2.9%
Agriculture	483	4.3%		
Commerce	1,437	12.9%	1,086	10.0%
Construction	184	1.7%	276	2.5%
Manufacturing	667	6.0%	631	5.8%
Mining	31	0.3%	30	0.3%
Services	270	2.4%	356	3.3%
Financial and real estate services	391	3.5%	248	2.3%
Transportation	179	1.6%	63	0.6%
Government	4	0.0%	11	0.1%
Mortgage	2,097	18.8%	2,177	20.0%
Credit card	2,158	19.4%	1,968	18.1%
Other consumer loans	2,679	24.1%	2,852	26.2%
Leasing	256	2.3%	212	1.9%
Factoring	289	2.6%	668	6.1%
	Ps. 11,125	**100.0%**	**Ps. 10,890**	**100.00%**

f. Deposit accounts grouped by product and geographical location are as follows:

Producto	2024							
	Geographical location							
	Monterrey	Mexico City	West	Northwest	South-east	Treasury and other	Foreign	Total
Non-interest bearing checking accounts	Ps. 98,028	Ps. 159,952	Ps. 39,536	Ps. 58,887	Ps. 61,484	Ps. 2,501	Ps. -	Ps. 420,388
Interest-bearing checking accounts	27,551	108,124	13,136	15,988	39,091	318	-	204,208
Current account Ps. and pre-established	812	1,683	390	514	540	70	-	4,009
Non-interest bearing demand deposits, USD	10,136	10,147	2,309	15,251	1,971	-	-	39,814
Interest bearing demand deposits, USD	20,154	23,172	3,349	7,684	3,410	-	-	57,769
Retail time deposits	78,068	120,580	32,037	34,820	45,252	892	-	311,649
Time deposits, USD	469	3,365	28	259	15	10	-	4,146
Customers money market	25,655	12,874	4,133	3,067	1,975	187	-	47,891
Financial intermediaries	-	-	-	-	-	40,390	3,236	43,626
Total deposits	**Ps. 260,873**	**Ps. 439,897**	**Ps. 94,918**	**Ps. 136,470**	**Ps. 153,738**	**Ps. 44,368**	**Ps. 3,236**	**Ps. 1,133,500**

Producto	2023							
	Geographical location							
	Monterrey	Mexico City	West	Northwest	South-east	Treasury and other	Foreign	Total
Non-interest bearing checking accounts	Ps. 89,825	Ps. 150,477	Ps. 37,562	Ps. 53,807	Ps. 58,730	Ps. 2,304	Ps. -	Ps. 392,705
Interest-bearing checking accounts	19,812	126,164	12,545	14,677	40,867	1,663	-	215,726
Current account Ps. and pre-established	754	1,533	359	486	498	25	-	3,656
Non-interest bearing demand deposits, USD	7,771	7,569	2,188	12,056	2,625	(3)	-	32,207
Interest bearing demand deposits, USD	12,205	15,545	1,382	6,497	2,658	(1)	-	38,286
Retail time deposits	66,953	106,563	26,694	29,892	38,423	186	-	268,712
Time deposits, USD	154	3,858	22	425	31	6	-	4,495
Customers money market	19,934	16,829	5,305	3,507	3,069	170	-	48,815
Financial intermediaries	-	-	-	-	-	49,172	2,644	51,816
Total deposits	**Ps. 217,408**	**Ps. 428,538**	**Ps. 86,057**	**Ps. 121,347**	**Ps. 146,901**	**Ps. 53,522**	**Ps. 2,644**	**Ps. 1,056,418**

33 - INCOME TAXES

The Financial Group is subject to Income Tax (ISR).

ISR

Pursuant to the ISR Law the rate for 2024 was 30% and will continue at the same rate for subsequent years.

Reconciliation of the accounting and tax result

The main items that affected the determination of the Financial Group's fiscal result were the annual adjustment for inflation, the deduction in the exercise of the write-offs of the loan portfolio and the valuation of financial instruments.

Reconciliation of the ISR legal rate and the effective rate expressed as a percentage of the income before ISR and PTU is:

	2024	2023
Legal rate	30%	30%
Tax inflation	(1%)	(1%)
Accounting deductions non-tax	1%	1%
Non-cumulative recoveries	(1%)	(1%)
Interest oddebentures	(2%)	(2%)
Other entriers	(1%)	(1%)
Effective rate	**26%**	**26%**

34 - DISCLOSURE OF FAIR VALUE

The level of the fair value hierarchy is determined based on the input data and the valuation methodologies used, and is divided into:

- Level 1: are those instruments whose input data are quoted prices, stock market closing prices, facts or position in active markets. These data represent reliable evidence for the determination of fair value without the need to be adjusted.

- Level 2: when the price or input data used to calculate the fair value is that of an instrument similar to the valued one. Also included are those instruments that, despite the existence of quoted prices in the market, do not have transactions on the valuation date or that such transactions are not of a considerable volume.

- Level 3: these are financial instruments whose fair value was calculated using input data that are not available in the market or that are not observable.

As of December 31, 2024 and 2023, the Financial Group determined the fair values of its assets and liabilities, as well as the amount corresponding to each fair value hierarchy level classification as shown in the following table:

Activos	2024	Level 1	Level 2	Level 3	2023	Level 1	Level 2	Level 3
Derivatives – Trading								
Forwards	Ps. 280	Ps. -	Ps. 280	Ps. -	Ps. 939	Ps. -	Ps. 939	Ps. -
Options	1,022	-	1,022	-	998	-	998	-
Swaps	19,824	-	19,824	-	26,854	-	26,854	-
Derivatives – Hedge								
Swaps	1,004	-	1,004	-	4,442	-	4,442	-
Investment in securities								
Trading financial instrument	400,773	178,526	221,581	666	109,121	24,327	84,250	544
Financial Instruments to Collect or Sell	201,079	100,074	100,911	94	161,048	74310	86,678	60
Total assets	**Ps. 623,982**	**Ps. 278,600**	**Ps. 344,622**	**Ps. 760**	**Ps. 303,402**	**Ps. 98,637**	**Ps. 204,161**	**Ps. 604**

Pasivos	2024	Level 1	Level 2	Level 3	2023	Level 1	Level 2	Level 3
Derivatives – Trading								
Forwards	Ps. 376	Ps. -	Ps. 376	Ps. -	Ps. 731	Ps. -	Ps. 731	Ps. -
Options	960	-	960	-	1,024	-	1,024	-
Swaps	20,793	-	20,793	-	19,733	-	19,733	-
Derivatives – Hedge								
Swaps	3,798	-	3,798	-	2,259	-	2,259	-
Total liabilities	**Ps. 25,927**	**Ps. -**	**Ps. 25,927**	**Ps. -**	**Ps. 23,747**	**Ps. -**	**Ps. 23,747**	**Ps. -**

- Input data and valuation techniques for assets and liabilities classified as level 2 and level 3

The following table shows the valuation techniques and the observable and unobservable input data used to determine the fair value of those assets and liabilities classified as level 2 and level 3, as well as the figures corresponding to December 31, 2024 and 2023:

Asset

	2024		2023				
Concept	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
Derivatives – Trading	**Ps. 21,273**	**Ps. -**	**Ps. 28,926**	**Ps. -**			
Forwards	279	-	939	-			
Currency	279	-	939	-	Net present value	Net present value: - Spot exchange rate - Forward points - Market interest rates	
Options	1,027	-	1,003	-			
Interest rate	652	-	908	-	Black Model Normal/Lognormal	Black Normal/Lognormal model: - Market interest rates - Embeded volatility	
Index	6	-	14	-	Black-Scholes Model	Black-Scholes model: - Spot exchange rate - Market interest rates - Embeded volatility - Dividends	
Currency	369	-	81	-	Black-Scholes Model	Black-Scholes model: - Spot exchange rate - Market interest rates - Forward points - Embeded volatility FX	
Swaps	19,967	-	26,984	-			
Interest rate	14,073	-	18,426	-	Net Present Value	Net present value: - Market interest rates	
Currency	5,849	-	8,556	-	Net Present Value	Net present value: - Market interest rates - Spot exchange rate - Forward points	
Credit	45	-	2	-	Default Intensity Model	Default intensity model: - Market interest rates - Market credit spread - Recovery rate	
Derivatives – Hedge	**1,010**		4,444				
Swaps	1,010	-	4,444	-			
Interest rate	201	-	742	-	Net Present Value	Valor Presente Neto: - Market interest rates	
Currency	809	-	3,702	-	Net Present Value	Valor Presente Neto: - Market interest rates - Spot exchange rate - Forward points	

	2024		2023				
Concept	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
XVA	**(Ps. 152)**	**Ps. -**	**(Ps. 137)**	**Ps. -**			
Forwards	1	-	-	-	Probability of Default: - *Default* Intensity Model Synthetic credit spread: - Global CDS data regression model Exposiciones: Exposiciones: - Hull-White Model - Black-Scholes Model - CIR Model	- Market credit spread - Market loss severity - Interest rate volatility - Market interest rates - Spot exchange rate - Forward points - Embeded volatility	- Synthetic credit spread - Historical values - Correlations between market variables
Options	(4)	-	(5)	-			
Swaps – Trading	(143)	-	(130)	-			
Swaps – Hedge	(6)	-	(2)	-			

Investment in securities	**Ps. 322,492**	**Ps. 760**	**Ps. 170,928**	**Ps. 604**			
Trading financial instrument	221,581	666	84,250	544			
Bank	29,588	-	5,564	-	Net present value	Net Present Value: - Market rate on the valuation day - Weighted bank funding rate	
Government	191,644	-	78,686	-	Net present value	Net Present Value: - Market rate on the valuation day - Exchange rate	
Private	349	666	-	544	Basket price of financial assets and liabilities Last observable price Value in books Comparable Multiples Method Value relative to similar issues	Last observable price: - Last share price Value in books: - Valuation to the millionth Comparable multiples method: - Exchange rate - Market value Value with respect to similar emissions: - Price of the similar instrument	Basket price of financial assets and liabilities: - Acquired financial assets - Administrative and placement expenses - Adjustment for rights decreed that affect the shareholding structure Value in books: - Book value at valuation date - Last observed price of the share - Book value at the date of the last observed price Comparable multiples method: - Control premium - Liquidity discount - Company value

	2024		2023				
Concept	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
Financial Instruments to Collect or Sell	**Ps. 100,911**	**Ps. 94**	**Ps. 86,678**	**Ps. 60**			
Bank	22,299	-	26,152	-	Net present value	Net Present Value: - Market rate on the valuation day - Weighted bank funding rate	
Government	60,593	-	51,180	-	Net present value	Net Present Value: - Market rate on the valuation day	
Private	18,019	94	9,346	60	Net present value Reiner-Rubinstein Cash or Nothing	Net Present Value: - Market rate on the valuation day - Exchange rate Reiner-Rubinstein Cash or Nothing: - Market bank interest rate - Implied volatility	
Total	**Ps. 344,623**	**Ps. 760**	**Ps. 204,161**	**Ps. 604**			

Liabilities

Concept	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
Derivatives – Trading	**Ps. 22,610**	**Ps. -**	**Ps. 21,687**	**Ps. -**			
Forwards	376	-	730	-			
Currency	376	-	730	-	Net present value	Net Present Value: - Spot exchange rate - Forward points - Market interest rates	
Options	971	-	1,045	-			
Interest rate	616	-	958	-	Normal Black Model /NormalLog	Black Normal/Lognormal model: - Market interest rates - Implied volatility	
Index	3	-	-	-	Black-Scholes Model	Black.Scholes model: - Spot price of the index - Market interest rates - Implied volatility - Dividends	
Currency	352	-	87	-	Black-Scholes Model	Black-Scholes model: - Spot exchange rate	

						- Market interest rates - Forward Points - Implied FX Volatility	
Swaps	21,263	-	19,912	-			
Interest rate	8,725	-	12,128	-	Net Present Value	Net Present Value: - Market interest rates	
Currency	12,506	-	7,771	-	Net Present Value	Present Value: - Market interest rates - Spot exchange rate - Forward Points	
Credit	32	-	13	-	Default intensity model	Default intensity model: - Market interest rates - Market Credit Spread - Recovery rate	
Derivaties – Hedge	**Ps. 3,803**	**Ps. -**	**Ps. 2,277**	**Ps. -**			
Swaps	3,803	-	2,277	-			
Interest rate	1,409	-	1,152	-	Valor Presente Neto	Net Present Value: - Market interest rates	
Currency	2,394	-	1,125	-	Valor Presente Neto	Net Present Value: - Market interest rates - Spot exchange rate - Forward Points	
XVA	**(Ps. 487)**	**Ps. -**	**(Ps. 215)**	**Ps. -**			
Forwards	-	-	1	-	Probability of default: - Default intensity model Synthetic credit spread: - Global CDS data regression model Exhibitions: - Hull-White model - Black-Scholes model - IRC model	- Market credit spread - Severity of market loss - Volatility of interest rates - Market interest rates - Spot exchange rate - Forward points - Implied volatility	- Synthetic credit spread - Historical values - Correlations between market variables
Options	(12)	-	(21)	-			
Swaps – Trading	(469)	-	(178)	-			
Swaps – Hedge	(6)	-	(17)	-			
Total	**Ps. 25,926**	**Ps. -**	**Ps. 23,749**	**Ps. -**			

- Transfers of amounts between classifications of level 1 and level 2 of the determination of fair value

The conditions to recognize the transfer from level 1 to level 2 will be considered in accordance with the instrument:

Investments in securities

When there are no facts or positions for the operations, and the price is determined through the movement of the price of similar instruments, the price of the previous period is considered, there is no market information on the instrument, no fact is presented for the amount minimum required, some theoretical adjustment is made to the surcharge or the instrument changes range, it is considered that there is a transfer to level 2 of the hierarchy.

Derivative financial instruments

In the case of derivatives, the prices of derivatives quoted on derivatives exchanges through clearing houses are considered as level 1 of the hierarchy. Therefore, if there is no information in the market and the price is estimated or the last observable price is taken, the transfer to level 2 of the fair value hierarchy will be recognized.

During the fiscal year to December 31, 2024 and 2023, no transfers were made between Level 1 and Level 2 of the fair value hierarchy within the assets and liabilities held by the Financial Group.

	Of:	Level 1		Level 2		Level 3	
Transfers between tiers	**To:**	**Level 2**	**Level 3**	**Level 1**	**Level 3**	**Level 1**	**Level 2**
Financial Instruments to tradable		**Ps. 1,333**	**Ps. -**	**58,560**	**Ps. -**	**Ps. -**	**Ps. -**
Bank		-	-	633	-	-	-
Government		1,328	-	57,912	-	-	-
Private		5	-	15	-	-	-
Financial Instruments to Collect or Sell		**4,261**	**-**	**5,455**	**-**	**-**	**-**
Bank		-	-	881	-	-	-
Government		752	-	4,449	-	-	-

Private	3,869	-	125	-	-	-
Total	**Ps. 5,954**	**Ps. -**	**Ps. 64,015**	**Ps. -**	**Ps. -**	**Ps. -**

- **Description of valuation techniques for assets and liabilities classified as level 3**

As of December 31, 2023, the Financial Group maintains investments in financial instruments classified as collect and sell, negotiable financial instruments and derivative financial instruments classified as level 3, whose valuation techniques are described below:

Investments in securities

The recorded fair value of investments in financial instruments and their fair value hierarchy is obtained from the vector of prices of the Integral Price Provider (PiP). The valuation techniques used for those instruments classified as level 3 of the fair value hierarchy are as follows:

- Net present value: the flows are projected based on the characteristics of the instrument, discounting them with a market discount rate.

- Last observable price: if there is no price on the valuation date, the last price issued will be maintained until there is a publication by an independent appraiser, a corporate event or a change in the information reported by the Entity.

- Price of basket of financial assets and liabilities: the net value between the Entity's financial assets and liabilities is considered, dividing the result by the number of titles issued.

- Book value: when a share has not operated or been suspended for more than 20 days, will be considered it's book value. Depending on the case, the corresponding method will be applied:

    - *Without operation:* the last price determined will be taken between the book value on the date the last price was determined, multiplied by the book value on the valuation date.
    - *Suspended:* if the Entity delivered its financial information in the last 4 quarters, a percentage of the book value will be taken based on the time that the shares have been suspended. Time will be considered in quarters, taking 75% of the value if the shares have been suspended for a quarter, 50% of the value if they have been suspended for two quarters, 25% if they have been suspended for three quarters and 10% if they have been suspended for 4 quarters. If you did not provide your financial information, there are two options: (1) if you updated your financial information, 10% of the book value will be considered as fair value of the share; (2) if you did not update your financial information, the share will be valued at one millionth (0.000001).

- Comparable multiples method: based on market information, the last transaction carried out is obtained. Said value is adjusted by means of a discount for lack of control and a discount for illiquidity, which are obtained as follows:

    - *Discount for lack of control:* first, the control premium is determined based on comparable companies, to later infer the discount for lack of control.
    - *Illiquidity discount:* comparable companies are considered, from which the ratio of the company's market value and sales in the last 12 months of each one is obtained. An average of these ratios is obtained and multiplied by the Financial Group's estimated income for the last

12 months to obtain the enterprise value. With said enterprise value, income and cash figures, said discount is obtained using the Damodaran formula.

- Value with respect to similar issues: the price of the share will be considered with another series, ordinary participation certificates or ADRs (American Depositary Recipts), in that order of priority, obtaining a fair value based on the latest facts of the instrument of reference in the market.

- Prepayment method: the auction price issued by the title is considered by obtaining a yield rate based on market rates to estimate the future flows of the bond based on payments (amortizations) made historically.

Likewise, the movements for the determination of fair value classified in level 3 as of December 31, 2024 and 2023 are disclosed:

Concepts	2023	2022
Initial balance	**Ps. Ps. 659**	**Ps. 926**
Change in profit and loss recognized in the income statement	92	(90)
Change in profit and loss recognized in OCI	9	(177)
Transfers to/from Level 3	-	-
Final balance	**Ps. 760**	**Ps. 659**

35 - STOCKHOLDERS' EQUITY

The Financial Group's shareholders' common stock is comprised as follows:

Paid-in Capital	Number of shares with a nominal value of Ps. 3.50	
	2024	2023
"O" Series	2,787,371,397	2,866,416,238

Paid-in Capital	Historical Amounts	
	2024	2023
"O" Series	Ps. 9,756	Ps. 10,032
Restatement in Mexican pesos through December 2007	4,955	4,956
	Ps. 14,711	**Ps. 14,988**

Restrictions on profits

The distribution of stockholders' equity, except restated paid-in capital and retained tax earnings, will be subject to income tax on dividends payable by the Financial Group at the effective rate. Any tax paid on such distribution may be credited against that year's income tax paid on dividends and the two immediate fiscal years following such payment, charged against that year's tax and the provisional payments made.

The dividends paid derived from the profits generated as of January 1, 2014 to individuals residing in Mexico and abroad are subject to additional 10% ISR which will be withheld by the Financial Group.

The following are prior years' results that may be subject to withheld ISR for up to 10% on the paid-out dividends:

Year	Amount that may be subject to withholding	Amount not subject to withholding
Retained earnings until	Ps. -	Ps. 39,303

December 2013		
Net income 2014	50,407	-
Net income 2015	62,860	-
Net income 2016	68,492	-
Net income 2017	71,294	-
Net income 2018	76,550	-
Net income 2019	90,084	-
Net income 2020	118,773	-
Net income 2021	130,076	-
Net income 2022	145,218	-
Net income 2023	155,928	-
Net income 2024	170,319	-

As of December 31, 2024 and 2023 the stockholders' equity tax account balances are as follows:

	2024	2023
Capital contribution account	Ps. 209,716	Ps. 198,159
CUFIN as of 2014	163,612	154,605
Total	**Ps. 373,328**	**Ps. 352,764**

The Financial Group's net profit is subject to the requirement of transferring at least 5% of each year's net income to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may not be distributed to the stockholders during the life of the Financial Group, except in the form of a stock dividend. As of December 31, 2024 and 2023, the legal reserve is Ps. 3,000 and represents 20% of paid-in capital.

Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of MFRS D-8, "Share-based payments". The compensation expense is recorded at fair value as of the date the stock options are granted. The MFRS D-8 guidelines stipulate that the fair value determined at the beginning is not revalued at a later date.

During 2024 and 2023, the Financial Group recorded Ps. 1,204 and Ps. 1,011 in Non-interest expense compensation for share-based payments against the paid-in capital, respectively.

As of December 31, 2024 and 2023, the shares that the holding company has assigned to its executives through the different payment plans with shares that it has structured and that are pending exercise are 4,931,665 and 17,040,356, respectively. The weighted average exercise price of the plans during 2024 and 2023 is Ps. 85.4711 and PS. 81.1441pesos per share, respectively.

During 2024 and 2023, 8,455,159 and 9,741,680 shares were operated, respectively.

Anex I-O
Disclosure of information related to capitalization
(Not audited)

Capitalization ratio (information corresponding to Banco Banorte, figures in millions of pesos)

The principal purpose of these disclosures is to meet the directives by the Central Bank of Mexico (Banxico) directives on public disclosures under the Basel III framework.

This document comprises of the bank's capital and risk management disclosures as of December 31st 2024. During 2021, Banorte was designated as a Locally Sistemic Important Bank of II Degree, fo which it must comply with a

capital buffer of 0.90 pp. With the latter, the total capital ratio has a minimum required level of 11.40% as of december 2019.

The bank's total capital ratio as of December 31st 2024 was 21.78% when considering its total risk (market, credit and operational) and 31.28% when considering only credit risk, with both exceding the minimum regulatory requirements. As such, the institution has a Level I classification level regarding the total capital ratio required by CNBV.

I. Composition of Capital

Table I.1

Ref	Common Equity Tier 1 capital: instruments and reserves	Million MXN
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	24,499
2	Retained earnings	69,427
3	Accumulated other comprehensive income (and other reserves)	57,473
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6	Common Equity Tier 1 capital before regulatory adjustments	151,399
	Common Equity Tier 1 capital: regulatory adjustments	
7	Prudential valuation adjustments	N/A
8	Goodwill (net of related tax liability)	1,151
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	7,833
10 (conservative)	Deferred tax assets excluding those arising from temporary differences (net of related tax liability)	-
11	Cash flow hedge reserve	(883)
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A
15	Defined benefit pension fund net assets (net of related tax liability)	(2,849)
16 (conservative)	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17 (conservative)	Reciprocal cross holdings in common equity	-
18 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	-
19 (conservative)	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	3,986
20 (conservative)	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	N/A

23	of which: significant investments in the common stock of financials	N/A
24	of which: mortgage servicing rights	N/A
25	of which: deferred tax assets arising from temporary differences	N/A
26	Derogated	
A	of which: Accumulated other comprehensive income (and other reserves)	348
B	of which: Investments in subordinated debt	-
C	of which: Securitisation gain on sale	-
D	of which: Investments in multilateral organizations	-
E	of which: Investments in related parties	-
F	of which: Investments in capital risk	-
G	of which: Investments in fund investments	-
H	of which: Own shares acquisition funding	-
I	of which: Contravening depositions operations	-
J	of which: Deferred liabilities and advances	4,862
K	of which: First loss positions	-
L	of which: Deferred profit sharing	-
M	of which: Relevant related parties	-
N	of which: Defined benefit pension fund net assets	-
O	Derogated	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common Equity Tier 1	15,889
29	Common Equity Tier 1 capital (CET1)	135,509
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	85,620
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	N/A
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
35	of which: instruments issued by subsidiaries subject to phase out	N/A
36	Additional Tier 1 capital before regulatory adjustments	85,620
	Additional Tier 1 capital: regulatory adjustments	
37 (conservative)	Investments in own Additional Tier 1 instruments	N/A
38 (conservative)	Reciprocal cross holdings in Additional Tier 1 instruments	N/A
39 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	N/A
40 (conservative)	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
41	Other deductions from Tier 1 capital	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A

43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	85,620
45	Tier 1 capital (T1 = CET1 + AT1)	221,129
	Tier 2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,546
47	Directly issued capital instruments subject to phase out from Tier 2	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	N/A
49	of which: instruments issued by subsidiaries subject to phase out	N/A
50	Provisions	647
51	Tier 2 capital before regulatory adjustments	2,193
	Tier 2 capital: regulatory adjustments	
52 (conservative)	Investments in own Tier 2 instruments	N/A
53 (conservative)	Reciprocal cross holdings in Tier 2 instruments	N/A
54 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	N/A
55 (conservative)	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
56	Other deductions from Tier 2 capital	-
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	2,193
59	Total capital (TC = T1 + T2)	223,322
60	Total risk-weighted assets	1,025,490
	Capital ratios	
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	13.21%
62	Tier 1 (as percentage of risk-weighted assets)	21.56%
63	Total capital (as percentage of risk-weighted assets)	21.78%
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer requirement plus DSIB buffer requirement expressed as a percentage of risk-weighted assets)	7%
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	N/A
67	of which: G-SIB buffer requirement	0.90%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.31%
	National minima (where different from Basel III)	
69	Common Equity Tier 1 minimum ratio	N/A
70	Tier 1 minimum ratio	N/A
71	Total capital minimum ratio	N/A
	Amounts below the thresholds for deduction (before risk weighting)	
72	Non-significant investments in the capital of other financials	N/A
73	Significant investments in the common stock of financials	N/A

74	Mortgage servicing rights (net of related tax liability)	N/A
75	Deferred tax assets arising from temporary differences (net of related tax liability)	8,601
	Applicable caps on the inclusion of provisions in Tier 2	
76 (conservative)	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	647
77 (conservative)	Cap on inclusion of provisions in Tier 2 under standardised approach	5,293
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	2,257
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	N/A
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

II. Reconciliation of Regulatory Capital

Table II.1

Balance Sheet

Reference	Balance Sheet	Million MXN
	Assets	**1,835,253**
BG1	Cash and due from banks	96,454
BG2	Margin accounts	3,998
BG3	Investment in securities	423,890
BG4	Debtor balance in repo trans	52,600
BG5	Securities lending	-
BG6	Transactions with derivatives	22,123
BG7	Valuation adjustments for asset coverage	-
BG8	Net loan portfolio	1,123,314
BG9	Benef. receivab. securization transactions	3,855
BG10	Sundry debtors & other accs rec, net	47,963
BG11	Foreclosed assets, net	4,533
BG12	Real estate, furniture & equipment, net	26,593
BG13	Investment in subsidiaries	5,144
BG14	Long-term assets held for sale	-
BG15	Deferred taxes, net	3,160
BG16	Other assets	21,625
	Liabilities	**1,682,963**
BG17	Deposits	1,152,379
BG18	Due to banks & correspondents	13,064
BG19	Creditor balance in repo trans, net	270,428
BG20	Securities' loans	-
BG21	Total collateral sold	52,600
BG22	Transactions with Derivatives	26,034
BG23	Valuation adjustments for financial liability coverage	-
BG24	Obligations in securitization transactions	-
BG25	Other Payable Accounts	63,368
BG26	Subordinated non convertible debt	86,928
BG27	Deferred taxes, net	17,088
BG28	Deferred credits	1,074
	Equity	**152,290**
BG29	Paid-in capital	24,499
BG30	Earned capital	127,791
	Memorandum Accounts	**2,419,226**
BG31	Endorsement guarantees granted	-
BG32	Contingent assets & liabilites	62
BG33	Loan obligations	508,937
BG34	Properties in trusts and warrant	339,632
BG35	Government secs of the corp under custody	-
BG36	Properties in custody or management	708,520
BG37	Collateral received	190,755
BG38	Collateral received or sold	45,888

BG39	Investment banking transactions for third parties, net	-
BG40	Uncollected accrued interest from past due loans	403
BG41	Miscellaneous accounts	625,027

Table II.2

Net Capital Components

Id	Net Capital Components	Section I Reference	Amount	Reference and amount in balance sheet
	Asset			
1	Goodwill	8	1,151	BG16: 1,151 (Goodwill)
2	Other Intangibles	9	7,833	BG16: 7,833 (Other Intangibles)
3	Income tax deferred (in favor) from losses and tax credits	10	-	
4	Benefits over the remainder in operations Securitization	13	-	BG9: 0 (Securitisation gain on sale)
5	Investments of the Pensions for defined benefits without unrestricted access and limitless	15	-	
6	Stock Investments of the institution itself	16	-	
7	Reciprocal investments in ordinary capital	17	-	
8	Direct investments in the capital of entities financial institutions where the institution does not possess more than 10% of the capital social issued	18	-	
9	Indirect investments in the capital of financial institutions where the institution does not owns more than 10% of the Issued share capital	18	-	
10	Direct investments in the capital of entities financial institutions where the institution owns more of 10% of the capital social issued	19	-	
11	Indirect investments in the capital of financial institutions where the institution owns more than 10% of the Issued share capital	19	3,986	BG13: 3,986 (Investment in subsidiaries)
12	Income taxes deferred (in favor) from Temporal differences	21	N/A	
13	Recognized reserves as capital complementary	50	647	BG16: 647 (Reserves)
14	Investments in subordinated debt	26 - B	-	
15	Investments in multilateral organizations	26 - D	-	
16	Investments in related companies	26 - E	-	
17	Venture Capital Investments	26 - F	-	
18	Investments in investment funds	26 - G	-	
19	Financing for the acquisition of treasury shares	26 - H	-	
20	Deferred Charges and Advance Payments	26 - J	-	

21	Employee share of deferred (net) profits	26 - L	-	
22	Defined Benefit Pension Plan Investments	26 - N	-	
23	Investments in clearing houses	26 - P	-	
	Liability			
24	Deferred Profit Tax (payable) associated with goodwill	8	1,151	BG16: 1,151 (Goodwill)
25	Deferred Income Taxes (payable) associated with other intangibles	9	7,833	BG16: 7,833 (Other Intangibles)
26	Defined benefit pension plan liabilities without unrestricted and unlimited access	15	-	
27	Deferred Earnings (Charge) Taxes Associated with the Defined Benefit Pension Plan	15	-	
28	Deferred income taxes (payable) associated with other taxes other than those mentioned above	21	-	
29	Subordinated obligations amount that complies with Schedule 1-R	31	-	
30	Subordinated obligations subject to transitory nature that count as basic capital 2	33	-	
31	Subordinated obligations amount that comply with Schedule 1-S	46	-	
32	Subordinated obligations subject to transitory nature that count as complementary capital	47	1,546	BG26: 1,546 (Subordinated bonds outstanding)
33	Deferred Earnings Taxes (Charged) Associated with Deferred Charges and Advance Payments	26 - J	-	
	Equity			
34	Contributed capital that complies with Schedule 1-Q	1	24,499	BG29; 24,499 (Paid- in capital)
35	Profit from previous years	2	69,427	BG30; 69,427 (Earned Capital)
36	Valuation Profit or Loss on Cash Flow Hedge Instruments	3	(883)	BG30; (883) (Earned Capital)
37	Other items of earned capital other than those above	3	58,357	BG30; 58,357 (Earned capital)
38	Contributed capital that complies with Schedule 1-R	31	-	
39	Schedule 1-S compliant contributed capital	46	-	
40	Profit or loss on cash flow hedging instruments of items not recorded at fair value	3, 11	(883)	BG30; (883) (Earned capital)
41	Cumulative effect per conversion	3, 26 - A	-	BG30; 0 (Earned Capital)
42	Profit or loss on holdings of non-cash assets	3, 26 - A	-	
	Memorandum Accounts			
43	Positions in First Loss Schemes	26 - K	-	

	Regulatory concepts not considered in balance sheet			
44	Reserves to be established	12	-	
45	Profit or increase in the value of assets due to the acquisition of securitization positions (Originator Institutions)	26 - C	-	
46	Transactions that contravene the provisions	26 - I	-	
47	Transactions with Relevant Related Persons	26 - M	-	
48	Derogated	26 - O, 41, 56	-	

III. Total Risk Weighted Assets

Table III.1

Market Risk Exposures

Concept	Exposures	Capital Requirement
Transactions in national currency with a nominal rate	139,089	11,127
Transactions with debt securities in national currency with a surcharge and a revisable rate	9,192	735
Transactions in national currency with a real rate or denominated in UDI's or UMA's	4,965	397
Operations in national currency with a rate of return referring to the growth of the General Minimum Wage	-	-
Positions in UDI's, UMA's or with performance referred to the INPC	50	4
Positions in national currency with a rate of return referring to the growth of the general minimum wage	-	-
Foreign currency transactions with a nominal rate	11,468	917
Positions in foreign currency or with exchange rate indexed yield	4,437	355
Positions in shares or with yields indexed to the price of a stock or group of shares	8,297	369
Items in Goods	-	-

Table III.2

Credit Risk Weighted Assets by Group

Concept	RWA	Capital Requirement
Group I-A (0%)	-	-
Group I-A (10%)	-	-
Group I-A (20%)	-	-
Group I-B (2%)	1,034	83

Group I-B (4%)	-	-
Group III (20%)	17,907	1,433
Group III (23%)	-	-
Group III (57.5%)	480	38
Group III (100%)	17,247	1,380
Group III (115%)	83	7
Group III (120%)	-	-
Group III (138%)	-	-
Group III (150%)	-	-
Group III (172.5%)	-	-
Group IV (0%)	-	-
Group IV (20%)	8,097	648
Group V (10%)	-	-
Group V (20%)	13,537	1,083
Group V (50%)	2,020	162
Group V (115%)	2,202	176
Group V (150%)	21,039	1,683
Group VI (20%)	36,765	2,941
Group VI (50%)	37,687	3,015
Group VI (75%)	106,723	8,538
Group VI (100%)	162,343	12,987
Group VI (120%)	-	-
Group VI (150%)	-	-
Group VI (172.5%)	-	-
Group VII_A (10%)	-	-
Group VII_A (11.5%)	-	-
Group VII_A (20%)	5,361	429

Group VII_A (23%)	-	-
Group VII_A (50%)	209	17
Group VII_A (57.5%)	-	-
Group VII_A (100%)	98,133	7,851
Group VII_A (115%)	-	-
Group VII_A (120%)	-	-
Group VII_A (138%)	-	-
Group VII_A (150%)	1	-
Group VII_A (172.5%)	-	-
Group VII_B (0%)	-	-
Group VII_B (20%)	14,308	1,145
Group VII_B (23%)	-	-
Group VII_B (50%)	922	74
Group VII_B (57.5%)	-	-
Group VII_B (100%)	81,016	6,481
Group VII_B (115%)	-	-
Group VII_B (120%)	-	-
Group VII_B (138%)	-	-
Group VII_B (150%)	-	-
Group VII_B (172.5%)	-	-
Group VIII (115%)	2,235	179
Group VIII (150%)	2,127	170
Group IX (100%)	65,729	5,258
Group IX (115%)	-	-
Group X (1250%)	-	-
Securitisations (20%)	15,466	1,237
Securitisations (50%)	355	28

Securitisations (100%)	843	67
Securitisations (350%)	-	-
Securitisations (1250%)	105	8
Securitisations (40%)	-	-
Securitisations (100%)	-	-
Securitisations (225%)	-	-
Securitisations (650%)	-	-
Securitisations (1250%)	-	-

Table III.3

Operational Risk Weighted Assets

Approach	RWA	Capital Requirement
Business Indicator Method	133,668	10,693

1/ The Institution shall indicate, if applicable, the transitional nature chosen in accordance with the RESOLUTION amending the General Provisions applicable to credit institutions published in the Official Gazette of the Federation on July 29, 2016.

Market and credit risk requirements average from past 36 months	Annual positive earnings average from past 36 months
63,729	97,182

IV. Main features of regulatory capital instruments

Ref	Feature	D2 BANOE91 999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP14008AE91
3	Legal framework	NewYork Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N.A.
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 550,000,000 (Five Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9A	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	04/10/2017
12	Instrument term	Expiration

13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	Anytime before the due date
15A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOC36 311004
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP14008AC36
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Complementary Capital

5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S.Ps. 550,000,000 (Five hundred fifty million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Original date of issuance	04/10/2016
12	Perpetual or dated	Expiration
13	Original maturity date	04/10/2031
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Anytime before the due date
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent call dates, if applicable	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	Write-down feature	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Ref	Feature	D2 BANOB48 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1400MAB48
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N.A.
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 500,000,000 (Five hundred million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9ª	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	27/06/2019
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	27/06/2029
15ª	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent call dates, if applicable	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N.A.
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	Write-Down Clause	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds

36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOC21 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1400MAC21
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 500,000,000 (Five hundred million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	14/07/2021
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	27/06/2029
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A

30	*Write-Down Clause*	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOB72 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1401KAB72
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 550,000,000 (Five Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	24/11/2021
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	24/01/2027
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative

23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	*Write-Down Clause*	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOA99 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	USP1401KAA99
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 500,000,000 (Five hundred million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	24/11/2021
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	24/01/2027
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	

17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	IRUSD0Libor
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	*Write-Down Clause*	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOE88 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	US05971PAE88
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 750,000,000 (Seven Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	20/11/2024
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	20/05/2031
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	8.75%
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A
29	Instrument issuer	N/A
30	*Write-Down Clause*	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A

35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

Reference	Characteristics	D2 BANOD06 0999999
1	Emitter	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte.
2	ISIN, CUSIP, or Bloomberg identifier	US05971PAD06
3	Legal framework	New York Laws
	Regulatory treatment	
4	Transient Capital Level	Capital in the Fundamental
5	Non-transitory capital level	N/A
6	Instrument Level	Credit institution without consolidating subsidiaries
7	Instrument Type	Subordinated Obligation
8	Amount recognized in the regulatory capital	U.S. Ps. 750,000,000 (Seven Hundred and Fifty Million USD)
9	Nominal value of the instrument	U.S. Ps. 1,000.00 (One Thousand USD)
9th	Instrument currency	USD Dollar
10	Accounting classification	Liabilities at amortized cost
11	Date of issue	20/11/2024
12	Instrument term	Expiration
13	Expiration Date	Perpetual
14	Prepayment Clause	Yes
15	First prepayment date	20/05/2031
15 A	Regulatory or tax events	Yes
15B	Settlement price of the prepayment clause	Nominal Value plus accrued interest not paid at the early repayment date
16	Subsequent prepayment dates	Anytime before the due date
	Yields/dividends	
17	Yield/dividend type	Fixed
18	Interest Rate/Dividend	8.375%
19	Dividend cancellation clause	Yes
20	Discretion in payment	Discretionary
21	Interest increase clause	No
22	Yield/dividends	Not cumulative
23	Instrument convertibility	Non-convertible
24	Convertibility conditions	N/A
25	Degree of convertibility	Not Susceptible to Conversion to Shares
26	Conversion rate	N/A
27	Type of convertibility of the instrument	Non-convertible
28	Type of convertibility financial instrument	N/A

29	Instrument issuer	N/A
30	Write-Down Clause	Yes
31	Conditions for diminution in value	Yes
32	Degree of Value Decline	7%.
33	Temporality of the decline in value	N/A
34	Mechanism of decrease in time value	N/A
35	Subordination position in the event of liquidation	Non-Preferred Subordinated Bonds
36	Characteristics of non-compliance	Yes
37	Description of non-compliance characteristics	Failure to pay interest within 30 days, failure to pay principal on the due date, bankruptcy or bankruptcy.

V. Capital Management

In accordance with current regulations and the requirements of the CNBV, Banorte carries out an annual Capital Adequacy Assessment exercise, which considers the risks to which the Institution is exposed, as well as its main vulnerabilities that may test its solvency, through an exercise of financial projections with adverse macroeconomic scenarios. In addition, in order to manage capital, a weekly monitoring analysis of the requirements of risk positions and simulations of operations or strategies carried out by the different business areas is carried out in order to know the capital requirements of each of them.

1. The identification, measurement, surveillance, control and mitigation of the risks to which the Institution is exposed.

The Capital Adequacy Assessment recognises the impact of Credit, Market and Operational Risk on the calculation of capital requirements, while analysing the evolution of Liquidity and Solvency Risk in the results of the years. In particular, the following points are recognized:

- **Credit Risk**. The composition of the total portfolio, its composition in the market, its stage 3 portfolio index per portfolio, management and monitoring policies, as well as the applicable regulation are recognized.
- **Market Risk**. It is recognized that the intermediation of financial instruments (securities and derivatives) is limited to the products approved by the Risk Policy Committee, and that the operation is delimited by market risk limits proposed by the UAIR and agreed with the business area, adhering to the guidelines issued for this purpose by the corresponding authorities.

2. The way in which the financial reports reveal and reflect the risks referred to in the preceding paragraph.

In the macroeconomic scenarios developed by an independent area and used to carry out the Capital Adequacy Assessment under Internal Scenarios, the evolution of credit risk is incorporated through the effects of these scenarios on the factors of probability of default and severity of loss, aligned with these scenarios. Finally, the year includes the monitoring of the Solvency and Liquidity Risk Profile for the current period, as well as a prospective Desired Risk Profile for the projection period incorporated in the year.

3. The identification, measurement, monitoring, control and mitigation of potential risks in the face of stress scenarios that may compromise the adequacy of the Institution's capital and liquidity, considering the structure of the balance sheet and the composition of the assets in the stress scenarios considered.

During the development of the Capital Adequacy Assessment, the way in which Credit, Market, Operational, Liquidity and Solvency Risks are impacted throughout the year is analyzed in a timely manner. Specifically, these impacts are analysed as follows:

Credit Risk. The following are analyzed: (1) the effect of the factors of probability of default and severity of loss derived from each macroeconomic scenario on the institution's reserves and cost of risk; (2) the evolution of the capitalization requirement for credit risk under the various scenarios for each portfolio; (3) The results obtained between the capitalization requirement and the growth of the portfolio with respect to the 2008 crisis are contrasted.

- **Market Risk**. The analysis considers: (1) a market shock to the income statements of the trading portfolio for adverse scenarios; (2) the effect of the evolution of the balance sheet derived from the economic scenarios on the capital requirement for market risk; (3) the results obtained between the capitalization requirement and the results by intermediation with respect to the 2008 crisis are contrasted.
- **Operational Risk**. The impact of the methodology of the Business Indicator Method is considered under the parameters corresponding to the macroeconomic scenarios.
- **Liquidity Risk**. It is analyzed from the point of view of the evolution of the balance sheet in the regulatory indicators Liquidity Coverage Ratio and Net Stable Funding Ratio under each of the scenarios, contrasting the results with respect to the authorized Desired Risk Profile.
- **Solvency Risk**. The effect of macroeconomic scenarios on the institution's solvency indicators is analyzed through the following processes: (1) evolution of total risk-subject assets, considering the methodologies referred to in the previous scenarios; (2) the effect of macroeconomic scenarios on the institution's performance (and therefore capital levels).

4. The ability to obtain resources and continue operating in a stressful scenario, in which the adequacy of the Institution's capital is compromised without the need to fail to comply with the minimums established in these provisions.

Within the 2023-2025 Capital Adequacy Assessment exercise, mitigation actions derived from the Institution's solid capital and liquidity levels are not considered, which do not require additional capitalization plans. However, in the event that it requires the taking of contingent actions to maintain solvency and liquidity levels, Banorte has a Contingency Plan that contains a series of applicable actions to recover the corresponding solvency and liquidity levels. The actions included in the Contingency Plan range from monitoring and follow-up of internal and regulatory indicators of solvency and liquidity, communication processes inside and outside the institution that guarantee the transparency of the actions carried out, management strategies for attracting and using alternative sources of funding, and selling positions, to the sale of non-productive assets. The actions taken depend on the scenario under which the Contingency Plan is activated.

Results and Conclusions of the 2023-2025 Capital Adequacy Assessment

The 2023-2025 Capital Adequacy Assessment complies with the minimum levels expected within the year (regulatory minimums for regulatory scenarios and prospective desired risk profile for internal scenarios) for all scenarios and periods. Considering the above, mitigation actions derived from the solid levels of capital and liquidity are not considered, so they do not require additional capitalization plans.

VI. Weights involved in the calculation of the Countercyclical Capital Supplement of the Institutions

Institution's Countercyclical Capital Supplement
69.96 millions

Country	Factor

Germany	0.00%
Saudi Arabia	0.00%
Argentina	0.00%
Australia	0.00%
Belgium	0.00%
Brazil	0.00%
Canada	0.00%
China	0.00%
Spain	0.00%
USA	0.00%
France	0.00%
Netherlands	0.00%
Hong Kong	1.25%
India	0.00%
Indonesia	0.00%
Italy	0.00%
Japan	0.00%
South Korea	0.00%
Luxembourg	0.00%
Mexico	0.00%
United Kingdom	0.00%
Russia	0.00%
Singapour	0.00%
South Africa	0.00%
Sweden	0.00%
Switzerland	2.00%
Turkey	0.00%
Others jurisdictions other than the above	0.00%

VII. Main indicators related to the Total Loss-Absorbing Capacity for Locally Sistemic Important Bank.

Table VII.1

Reference	Concept	a	b	c	d	e
		T	T-1	T-2	T-3	T-4
1	Amount of the Net Capital Supplement referred to in the last paragraph of Article 2 Bis 5 of these provisions	34,966	34,172	34,459	33,135	15,762
1a	N/A					
2	Total Risk-Weighted Assets (APSRT) according to the amount recorded in row 60 of Table I.1 of this annex	1,025,490	997,350	988,484	962,796	946,593
3	Capital Supplement as a Percentage of APSRTs (%)	3.41%	3.43%	3.49%	3.44%	1.67%
3a	N/A					
4	Total exposures associated with the Leverage Ratio in accordance with row					

	21 of Table I.1 of Appendix 1-O Bis of these Provisions	1,864,836	1,822,486	1,837,797	1,767,190	1,681,264
5	Supplement to Net Capital as a percentage of total exposures associated with the Leverage Ratio (%)	1.88%	1.88%	1.88%	1.88%	0.94%
5a	Not applicable					
6a	As part of the amount of the Net Capital Supplement, are there equity instruments that are at the same level of priority of payments (i.e. pari passu), relative to instruments that are excluded by statute from being converted into ordinary shares or on whose amount the remission or forgiveness of the debt and its accessories in favor of the institution would operate, in a resolution process?	NO	NO	NO	NO	NO
6b	As part of the amount of the Net Capital Supplement, are there any equity instruments that are at the same level of priority of payments (i.e. pari passu), in relation to instruments that, in accordance with the General Provisions Applicable to Credit Institutions, are excluded from being converted into ordinary shares or on whose amount the debt and its accessories would be remitted or forgiven in favor of the institution, in a resolution process?	NO	NO	NO	NO	NO
6c	In the event that the assumption contained in row 6b is updated, what is the share (%) of the amount of the equity instruments considered in the net capital supplement, relative to the amount of the equity instruments issued that comply with the with the aforementioned priority of payments?	N/A	N/A	N/A	N/A	N/A

Table VII.2.1

		Ammounts
	Net Capital Supplement Regulatory Capital Items and Adjustments	
1	Capital Fundamental	135,509
2	Non-Fundamental Core Capital before adjustments to the Net Capital Supplement	85,620
3	Ineligible Non-Fundamental Core Capital, as a Supplement to Net Capital, issued by the institution held by third parties	-
4	Other adjustments	-
5	Eligible Non-Core Capital Instruments for Net Capital Supplement	85,620
6	Complementary Capital, before Net Capital Supplement adjustments	2,193

7	Amortized portion of complementary capital instruments, where the remaining maturity > 1 year	-
8	Non-eligible supplemental capital, such as Supplement to Net Capital issued by the institution held by third parties	-
9	Other adjustments	647
10	Eligible Complementary Capital Instruments, according to the rules for the Total Loss Absorption Supplement	1,546
11	Supplement to Net Capital arising from regulatory capital	222,675
	Items of Supplement to Net Capital of Non-Regulatory Capital	
12	External Net Capital Supplement instruments issued directly by the bank and subordinated to excluded liabilities	-
13	External Net Capital Supplement instruments issued directly by the bank which are not subordinated to excluded liabilities, but which meet all other requirements of the Net Capital Supplement term sheet	-
14	Of which: Eligible amount of Net Capital Supplement, after applying the upper limits.	-
15	External Net Capital Supplement instruments issued by financing vehicles, before 1 January 2022	-
16	Eligible ex-ante commitments to recapitalize a local systemically important institution in resolution	-
17	Supplement to Net Capital arising from non-regulatory capital instruments before adjustments	-
	Non-regulatory capital items of Net Capital Supplement: adjustments	
18	Net Capital Supplement Before Deductions	222,675
19	Deductions from exposures that apply to accounts eligible for Net Capital Supplement (not applicable to a local systemically important institution with a single point of entry).	-
20	Deductions for investments in other eligible Net Capital Supplement liabilities	-
21	Other adjustments to the Net Capital Supplement	-
22	Net Capital Supplement After Deductions	222,675
	Risk-Weighted Assets (RWA) and Leverage Exposure Measure for Net Capital Supplement Purposes	
23	Total Risk-Weighted Assets (APSRT) in accordance with the amount recorded in row 60 of Table I.1 of this annex adjusted as permitted under the Net Capital Supplement regime	1,025,490
24	Total exposures associated with the Leverage Ratio in accordance with row 21 of Table I.1 of Annex 1-O Bis to these provisions	1,864,836
	Indicators Net Capital Supplement and Supplements	
25	Net Capital Supplement (as a percentage of adjusted APSRTs as allowed under the Net Capital Supplement regime)	21.71%
26	Net Capital Supplement (as a percentage of leverage exposure)	11.94%
27	Fundamental Capital (as a percentage of APSRT) available after meeting the minimum capital and Net Capital Supplement requirements	5.31%
28	Bank-specific supplement requirements (capital conservation supplement plus countercyclical capital supplement requirement plus net capital supplement requirements, expressed as percentage of APSRT)	5.91%
29	Of which: Capital Conservation Supplement Requirement	2.50%
30	Of which: Requirement for bank-specific countercyclical capital supplement	-%
31	Of which: Requirement for supplement to net capital	3.41%

Annex 1-O Bis (millions of pesos)

LEVERAGE RATIO DISCLOSURE REQUIREMENTS

I. Integration of the principal sources of Leverage

TABLE I.1

LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE		
REFERENCE	**CONCEPT**	**AMOUNT**
On-Balance Sheet Exposure		
1	Balance sheet items (excluding derivative financial instruments and repo and securities lending (SFT) transactions, but including collateral received as collateral and recorded on the balance sheet)	1,760,530
2	(Amounts of assets deducted to determine Basel III Tier 1 capital)	(16,433)
3	On-balance sheet exposures (Net) (excluding derivative financial instruments and SFTs, sum of lines 1 and 2)	1,744,097
Exposures to derivative financial instruments		
4	Present replacement cost associated with *all* transactions in derivative financial instruments (net of the variation margin in eligible cash)	10,357
5	Amounts of additional factors for potential future exposure, associated with all transactions in derivative financial instruments	9,099
6	Increase for Collateral contributed in transactions with derivative financial instruments when such collateral is derecognized from the balance sheet in accordance with the operational accounting framework	N/A
7	(Deductions from accounts receivable for margin of change in cash contributed in transactions with derivative financial instruments)	(3,789)
8	(Exposure for transactions in derivative financial instruments on behalf of clients, in which the settlement partner does not provide its guarantee in the event of non-compliance with the obligations of the Central Counterparty)	N/A
9	Adjusted effective notional amount of the credit derivative financial instruments subscribed	N/A
10	(Offsets made to the adjusted effective notional of the credit derivative financial instruments subscribed and deductions of the additional factors for the credit derivative financial instruments subscribed)	N/A
11	Total exposures to derivative financial instruments (sum of lines 4 to 10)	15,667
Securities financing transaction exposures		
12	Gross SFT assets (without clearing recognition), after accounting transaction adjustments for sales	52,600
13	(SFT Accounts Payable and Receivable Cleared)	(52,496)
14	SFT Counterparty Risk Exposure	32,659
15	Exposures by SFT acting on behalf of third parties	-
16	Total exposures from securities financing transactions (sum of lines 12 to 15)	32,762
Other off-balance sheet exposures		

17	Off-balance sheet exposure (gross notional)	507,447
18	(Adjustments for conversion to credit equivalents)	(435,138)
19	Off-balance sheet items (sum of lines 17 and 18)	72,309
Capital and Total Exposures		
20	Tier 1 capital	221,129
21	Total Exposures (sum of lines 3, 11, 16 and 19)	1,864,836
Leverage Ratio		
22	Basel III leverage ratio	**11.86%**

TABLE I.2
NOTES TO STANDARDIZED DISCLOSURE FORMAT FOR LEVERAGE RATIO

REFERENCE	EXPLANATION
1	Total assets of the Institution without consolidating subsidiaries or special purpose entities (less the assets presented in said balance sheet for: 1) transactions with derivative financial instruments, 2) repo transactions and 3) securities lending.
2	Amount of the deductions from the basic capital established in paragraphs b) to r) of section I, of Article 2 Bis 6 of these provisions. The amount must be recorded with a negative sign.
3	Sum of lines 1 and 2
4	Present replacement cost (CR) of transactions with derivative financial instruments, as set forth in Annex 1-L of these provisions, less partial cash settlements (cash variation margin) *received,* provided that the following conditions are met:
	a) In the case of counterparties other than the clearing houses indicated in the second paragraph of Article 2 Bis 12 a, the cash received must be available to the Institution.
	b) The market valuation of the operation is carried out daily and the cash received is exchanged with the same frequency.
	c) The cash received as well as the transaction with the derivative instrument, are denominated in the same currency.
	(d) The amount exchanged of the variation margin in cash is at least the amount necessary to cover the market value considering the threshold and the minimum amount transferred agreed in the corresponding framework contract.
	(e) The framework agreement with the counterparty should consider both the transaction and the variation margin, and should explicitly stipulate that liquidation, in the event of default, bankruptcy, restructuring or insolvency, of either party, shall be carried out after clearing the transactions and shall consider the cash variation margins received.
	In any case, the maximum amount of cash variation margins received that may be considered will be the one that corresponds to the positive value of the current replacement cost of each counterparty.
5	Additional factor in accordance with Annex 1-L of these provisions, for transactions with derivative financial instruments. In addition, in the case of credit derivative financial instruments in which credit protection is provided, the conversion value to credit risk must be included in accordance with Article 2 Bis 22 of these provisions.
	In no case may the financial collateral that the Institution has received be used to reduce the amount of the Additional Factor reported in this line.

6	Not applicable. The accounting framework does not allow the derecognition of assets delivered as collateral.
7	Amount of cash variation *margins delivered* in transactions with derivative financial instruments that meet the conditions indicated in line 4 to subtract the cash variation margins received. The amount must be recorded with a negative sign.
8	Not applicable.
9	Not applicable. The exposure considered for solvency framework purposes in transactions with credit derivative financial instruments in which credit protection is provided corresponds to 100 per cent of the amount effectively guaranteed in the transactions in question. This exhibition is considered in line 5.
10	Not applicable. The exposure considered for solvency framework purposes in transactions with credit derivative financial instruments in which credit protection is provided corresponds to 100 per cent of the amount effectively guaranteed in the transactions in question. This exhibition is considered in line 5.
11	Sum of lines 4 to 10
12	Amount of assets recorded in the balance sheet (accounts receivable recorded in the accounts) of repo and securities lending operations. The amount shall not consider any compensation in accordance with the Accounting Criteria.
13	Positive amount resulting from deducting accounts payable from accounts receivable generated by repo and securities lending transactions, on own account, with the same counterparty, and provided that the following conditions are met:
	a) The corresponding transactions have the same settlement date.
	b) It has the right to settle the operations at any time.
	c) The transactions are settled in the same system and there are settlement mechanisms or arrangements (lines or guarantees) that allow the settlement to be carried out at the end of the day on which it is decided to settle.
	d) Any problem related to the settlement of the flows of collateral in the form of securities does not hinder the settlement of accounts payable and receivable in cash.
	The amount must be recorded with a negative sign.
14	Conversion value to credit risk of repo and securities lending transactions on own account, in accordance with Article 2 Bis 22 of these provisions when there is no framework netting agreement. And in accordance with Article 2 Bis 37 when such a contract exists. This is without considering the adjustments for admissible collateral that are applied to the collateral in the capitalization framework.
15	In the case of repo and securities lending transactions on behalf of third parties, in which the Institution provides a guarantee to its customers in the event of the counterparty's default, the amount to be recorded is the positive difference between the value of the security or cash that the customer has delivered and the value of the guarantee that the borrower has provided.
	In addition, if the Institution can dispose of the collateral delivered by its customers, on its own account, the amount equivalent to the value of the securities and/or cash delivered by the customer to the Institution.
16	Sum of lines 12 to 15
17	Amounts of credit commitments recognized in suspense accounts in accordance with the Accounting Criteria.
18	Amounts of the reductions in the value of the credit commitments recognized in suspense accounts for applying the conversion factors to credit risk established in Title One Bis of these provisions, considering that the minimum conversion factor to credit risk is 10% (for those cases in which the conversion factor is 0%).

	The amount must be recorded with a negative sign.
19	Sum of lines 17 and 18
20	Basic Capital calculated in accordance with Article 2 Bis 6 of these provisions.
21	Sum of lines 3, 11, 16 and 19
22	Leverage Ratio. Ratio of line 20 to line 21.

II. Comparison between total assets and adjusted assets

TABLE II.1

COMPARISON OF TOTAL ASSETS AND ADJUSTED ASSETS

REFERENCE	CONCEPT	AMOUNT
1	Total assets	1,835,253
2	Adjustment for investments in the capital of banking, financial, insurance or commercial entities that are consolidated for accounting purposes, but are outside the scope of regulatory consolidation	(16,433)
3	Adjustment for trust assets recognized on the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	Not Applicable
4	Adjustment for derivative financial instruments	(6,455)
5	Adjustment for repo and securities lending transactions[1]	(19,799)
6	Adjustment for Recognized Line Items in Memorandum Accounts	72,308
7	Other settings	-
8	Exposure of the leverage ratio	1,864,874

[1] In which the value of the transaction is that of the market valuation of the operations and are generally subject to margin agreements.

TABLA II.2

NOTES TO THE COMPARISON OF TOTAL ASSETS AND ADJUSTED ASSETS

REFERENCE	DESCRIPTION
1	Total assets of the Institution without consolidating subsidiaries or special purpose entities
2	Amount of the deductions from the basic capital contained in subsections b), d), e), f), g), h), i), j) and l) of section I, of Article 2 Bis 6 of these provisions.
3	The amount must be recorded with a negative sign.
4	Not applicable. The scope of application is over the Institution without consolidating subsidiaries or special purpose entities.
5	Amount equivalent to the difference between the figure contained in row 11 of Table I.1 and the figure presented in transactions with derivative financial instruments contained in the Institution's balance sheet.
6	The amount must be recorded with the sign resulting from the difference indicated, i.e. it may be positive or negative.
7	Amount equivalent to the difference between the figure contained in row 16 of Table I.1 and the figure presented for repo and securities lending transactions contained in the Institution's balance sheet.
8	The amount must be recorded with the sign resulting from the difference indicated, i.e. it may be positive or negative.

III. Reconciliation between total assets and on-balance sheet exposure

TABLA III.1

CONCILIATION BETWEEN TOTAL ASSETS AND ON BALANCE SHEET EXPOSURE

REFERENCE	CONCEPT	AMOUNT
1	Total assets	1,835,253
2	Transactions in derivative financial instruments	(22,123)
3	Repo transactions and securities loans	(52,599)
4	Trust assets recognized on the balance sheet in accordance with the accounting framework, but excluded from the leverage ratio exposure measure	N/A
5	Exhibitions within the Balance Sheet	1,760,530

TABLA III.2

NOTES TO CONCILIATION BETWEEN TOTAL ASSETS AND ON BALANCE SHEET EXPOSURE

REFERENCE	DESCRIPTION
1	Total assets of the Institution without consolidating subsidiaries or special purpose entities.
2	The amount corresponding to transactions in derivative financial instruments presented in the assets of the latest financial statements. The amount must be recorded with a negative sign.
3	The amount corresponding to the repo and securities lending operations presented in the assets of the latest financial statements. The amount must be recorded with a negative sign.
4	Not applicable. The scope of application is over the Institution without consolidating subsidiaries or special purpose entities.
5	Sum of lines 1 to 4, which must coincide with line 1 of Table I.1

IV. Main causes of the most important variations in the elements (numerator and denominator) of the Leverage Ratio

TABLE IV.1

MAIN CAUSES OF THE MOST IMPORTANT VARIATIONS IN THE ELEMENTS (NUMERATOR AND DENOMINATOR) OF THE LEVERAGE RATIO

CONCEPT/TRIMESTER	SEPTEMBER '24	DECEMBER '24	VARIATION (%)
Basic Capital	189,539	221,129	16.667%
Adjusted Assets	1,822,486	1,864,836	2.324%
Leverage Ratio	10.40%	11.86%	14.038%

ANNEX 1-O BIS 1 BANORTE (million pesos)

DISCLOSURE OF INFORMATION RELATING TO THE CALCULATION OF THE CAPITAL REQUIREMENT FOR OPERATIONAL RISK

Report december 2024

SECTIONI

MINIMUM CAPITAL REQUIREMENT FOR OPERATIONAL RISK

Reference	Description	a
1	Business Indicator (CIN) component	9,629.07
2	Internal Loss Multiplier (MPI)	1.11
3	Capital Requirement for Operational Risk	10,693.43
4	Assets subject to Operational Risk	133,667.82

SECTION II

BUSINESS INDICATOR AND SUBCOMPONENTS

Reference	BI and subcomponents	a	b	c
		j=3	j=2	j=1
1	**Interest, Lease and Dividend Component (CIAD)**	31,840.32		
1a	Interest Income	209,416.42	191,477.55	137,956.04
1b	Interest Expense	103,130.01	91,594.77	52,580.00
1c	Productive Assets	1,414,378.91		
1d	Dividend Income	16.73	16.51	17.14
2	**Services Component (CS)**	35,819.95		
2a	Commissions and Fees Charged	37,785.51	33,135.04	29,718.72
2b	Commissions and Fees Paid	18,717.67	16,347.77	13,778.68
2c	Other Income from the Operation	3,459.42	1,813.50	1,547.67
2d	Other Operating Expenses	587.45	1,309.73	1,458.83
3	**Financial Component (CF)**	2,372.16		

SECTION II

BUSINESS INDICATOR AND SUBCOMPONENTS

Reference	BI and subcomponents	a	b	c
		j=3	j=2	j=1
3a	Profit from Sale	1,911.36	2,059.23	3,145.90
4	**Business Indicator (IN)**	70,032.43		
5	**Business Indicator (CIN) component**	9,629.07		

SECTION III

HISTORIC LOSSES

Ref	Description	a	b	c	d	and	f	g	h	i	j	k
		j=10	j=9	j=8	j=7	j=6	j=5	j=4	j=3	j=2	j=1	Average 10 years
A.	**Losses**											
1	Total Net Loss Amount Recoveries (considering exclusions)	702,498.21	739,000.97	731,406.52	907,231.04	875,766.27	1,355,984.29	1,781,140.37	984,021.41	596,118.07	389,681.95	906,284.91
2	Total number of losses	391,031	263,348	190,144	204,183	240,949	233,841	233,334	150,737	74,159	45,414	202,714
3	Total Amount of Excluded Losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total Amount of Net Losses, Recoveries and Exclusions	702,498.21	739,000.97	731,406.52	907,231.04	875,766.27	1,355,984.29	1,781,140.37	984,021.41	596,118.07	389,681.95	906,284.91
B.	**Details of the calculation of capital by Operational Risk**											
11	Are losses used to calculate MPI? (Yes/No)	Yes										
12	If reference 11 is answered "No", is the exclusion due to the failure to have a loss database that has been constituted in compliance with the provisions of Annexes 1-D Bis and 12-A of these provisions? (Yes/No)	Not applicable										

36 - FOREIGN CURRENCY POSITION

As of December 31, 2024 and 2023, the Financial Group holds certain assets and liabilities in foreign currency, mainly US dollars, converted to the exchange rate issued by Banco de México Ps. 20.8829 and Ps. 16.9666, respectively, per USD 1.00, as shown below:

	Thousands of US dollars	
	2024	**2023**
Assets	24,114,565	22,125,813
Liabilities	24,008,682	22,020,124
Net liability position in US dollars	**105,882**	**105,689**
Net liability position in Mexican pesos	**Ps. 2,211**	**Ps. 1,793**

37 - POSITION IN UDIS

As of December 31, 2024 and 2023, the Financial Group holds certain assets and liabilities denominated in UDIS, converted to Mexican pesos based on the current conversion factor of Ps. 8.340909 and Ps 7.981602, respectively, per UDI, as shown below:

	Thousands of UDIS	
	2024	**2023**
Assets	2,286,592	814,763
Liabilities	1,507,863	762,044
Net asset (liability) position in UDIS	**778,729**	**52,719**
Net asset (liability) position in Mexican pesos	**Ps. 6,495**	**Ps. 421**

38 - EARNINGS PER SHARE

Earnings per share are the result of dividing the net income by the weighted average of the Financial Group's shares in circulation during the year.

Earnings per share for the years ended December 31, 2024 and 2023 are shown below:

	2024			2023
	Net Income	**Weighted share average**	**Earnings per share**	**Earnings per share**
Net income per share	Ps. 56,188	2,849,342,960	Ps. 19.7197	Ps. 18.3109

39 - RISK MANAGEMENT (unaudited)

Authorized bodies

In order to properly manage the Holder's Risks, the Board of Directors of the Holding Company established the Risk Policies Committee (CPR) in 1997, whose purpose is to manage the risks to which the Holding Company is exposed, as well as to ensure that the execution of operations adheres to the objectives, policies and procedures for risk management.

The RPC also monitors the overall risk limits for risk exposure approved by the Board of Directors, in addition to approving the specific risk limits for exposure to the different types of risk.

The CPR is made up of proprietary members of the Board of Directors, the Chief Executive Officer of the Financial Group, the General Directors of the Group's entities and the General Manager of Comprehensive Risk Management, in addition to the General Director of Audit, the latter participating with voice but without vote.

For the adequate performance of its objective, the CPR plays, among others, the following functions:

1. Propose for approval by the Board of Directors:

• The objectives, guidelines and policies for overall risk management.
• The global limits for risk exposure.
• The mechanisms for the implementation of corrective actions.
• The cases or special circumstances which may exceed the overall limits as much as the specifics.

2. Approve and review at least once a year:

• Specific limits for discretionary risks and the risk tolerance levels for non-discretionary.
• The methodology and procedures to identify, measure, monitor, limit, control, report and disclose various types of risk to which the Financial Group is exposed to.
• The models, parameters and settings used to carry out the valuation, measurement and control of risks proposed by the unit for comprehensive risk management.

3. Approve:

• The methodologies for the identification, valuation, measurement and control of risks of new business, products and services that the holding intends to offer to the market.
• The corrective actions proposed by the drive for comprehensive risk management.
• Manuals for comprehensive risk management.
• The technical evaluation aspects of risk management.

4. Appoint and remove the unit responsible for overall risk management, it is ratified by the Board.

5. Report to the Board at least quarterly, the risk exposure and its possible negative effects and follow-up to the limits and tolerance levels.

6. Report to the Board on corrective actions taken.

40 - COMPREHENSIVE RISK MANAGEMENT UNIT (UAIR) (unaudited)

The Risk Management function in the Holding Company is a fundamental pillar for the determination and execution of the Institution's strategic planning. The Group's risk management and policies are aligned with compliance with regulation and market best practices.

1. COMPREHENSIVE RISK MANAGEMENT FRAMEWORK

The Framework for Integrated Risk Management, which integrates objectives, guidelines, policies and procedures, has among its main objectives:

- Provide the different business areas with clear rules that help to minimize risks and ensure that they are within the parameters established and approved by the Board of Directors and the Risk Policy Committee (CPR).
- Establish mechanisms to follow up on risk-taking within Tenedora with robust systems and processes.

- Verify compliance with the Desired Risk Profile.
- Calculate and monitor the capital of the Holding Company's subsidiaries, under normal and adverse scenarios, in order to cover unexpected losses due to market movements, credit failures and operational risks.
- Implement identification, valuation and management models for the different types of risks.
- Establish portfolio optimization and credit portfolio management procedures.
- Update and follow up on the Contingency Plan to restore the level of capital and liquidity in case of adverse events.

1.1. Risk Management Structure and Corporate Governance

In relation to the structure and organization of the function for Integrated Risk Management, the Board of Directors is responsible for authorizing the general policies and strategies, as well as:

- The Desired Risk Profile for the Holding Company.
- The Framework for Comprehensive Risk Management and the Contingency Financing Plan.
- The Risk Exposure Limits, the Risk Tolerance Levels and the mechanisms for carrying out corrective actions.
- The Contingency Plan.
- The Results of the Supervisory and Internal Scenarios of Resource Adequacy.

The Board of Directors has designated the Risk Policy Committee (CPR) as the body responsible for managing the risks to which the Financial Group is exposed, as well as ensuring that the conduct of operations is in accordance with the objectives, policies and procedures for Risk Management.

For its part, the CPR also monitors the global risk exposure limits approved by the Board of Directors, in addition to approving the specific limits for exposure to the different types of risk.

The CPR is made up of full and alternate members of the Board of Directors, the Chief Executive Officer of the Financial Group, the General Directors of the Group's Entities and the General Manager of Risk and Credit Management, in addition to the Chief Audit Officer, with the latter participating with voice but without vote.

Likewise, the Balance Sheet Management Committee (ALCO) analyzes, monitors and makes decisions in relation to rate and currency risk on the balance sheet, financial margin, liquidity and net capital.

The Unit for Comprehensive Risk Management (UAIR) is in charge of the General Directorate of Risk and Credit Management (DGARC) and includes among its functions identifying, measuring, monitoring, limiting, controlling, reporting and disclosing the different types of risk to which the Holding Company is exposed.

The DGARC reports to the CPR, complying with the regulations regarding its independence with respect to the Business areas.

1.2. Key Risks and Emerging Risks

The Comprehensive Risk Management Framework has strategies to identify and regulate the main and emerging risks, which represent potential threats to the business, customers, employees, and to La Tenedora's strategy. The definition and classification of potential risks allows for better management and mitigation of these, according to the nature of each type of risk.

The Holding Company has solid methodologies to manage quantifiable risks such as Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk and Counterparty Risk.

1. Credit Risk: volatility of income as a result of the constitution of reserves due to impairment of loans and potential losses due to non-payment by a borrower or counterparty.

2. Market Risk: volatility of income due to changes in market conditions, which affect the valuation of positions for active or passive operations or those causing contingent liabilities, such as: interest rates, surcharges, exchange rates, price indices, etc.

3. Liquidity Risk: potential loss due to the impossibility of renewing liabilities or contracting others under normal conditions for The Holding Company, due to the early or forced sale of assets at unusual discounts to meet its obligations.

4. Operational Risk: loss resulting from a lack of adequacy or failure of processes, personnel, internal systems or external events. This definition includes Technological Risk and Legal Risk. Technological Risk includes potential losses due to damages, interruption, alteration or failures arising from the use of or reliance on hardware, software, systems, applications, networks and any other information distribution channel, while Legal Risk involves potential loss due to penalties arising from non-compliance with legal and administrative provisions or the issuance of unappealable unfavorable judicial decisions in relation to the operations that the Holding Company carries out.

5. Concentration Risk: potential loss attributed to high and disproportionate exposure to particular risk factors within the same category or between different risk categories.

6. Sustainability Risk: probability that dangerous environmental, social or governance events or conditions will occur and generate adverse impacts on the institution and/or the environment and communities.

On the other hand, with regard to Non-Quantifiable Risks, the Holding Company has objectives defined in the Risk Management Manual to:

7. Reputational Risk: potential loss in the development of the Institution's activity caused by the deterioration in the perception that the different stakeholders, both internal and external, have about its solvency and viability. Likewise, the deterioration of the image of the Institution due to failures or internal or external events incompatible with corporate values.

8. Strategic Risk: potential loss due to failures or deficiencies in decision-making, in the implementation of procedures and actions to carry out the Institution's business model and strategies, as well as due to ignorance about the risks to which it is exposed due to the development of its business activity and that affect the expected results of its strategic plan.

9. Business Risk: potential loss or impact on profitability attributable to the inherent characteristics of the business and changes in the economic cycle or environment in which the Institution operates.

Emerging Risks are new risks that arise as a result of change in economic, political, social, cultural, natural, and even technological processes. They are characterized by a recent increase in the probability of occurrence and exposure to them, therefore, their prompt identification is necessary to be able to implement effective and timely measures. Its potential for damage or loss is not yet fully known, arising from a new or evolving hazard, which may result in significant new exposure for the Holding Company.

1. Epidemiological Risk: It is the probability that a disease in a given population will escalate to the level of an epidemic or pandemic, generating adverse impacts on the Institution, financing, health and the community. It is expressed through various epidemiological indicators, the analysis of which allows for the generation of preparedness and response plans.

2. New Technology Risk: risks associated with the implementation of new technologies that could materialize in economic losses for the institution. They arise from new vulnerabilities, technical threats, potential economic fraud, crimes against intellectual property, threats to information privacy, cyberbullying, among others.

At the Holding Company , the identification and documentation of new risks is a continuous task, strengthening and consolidating the Comprehensive Risk Management Framework considering the vision of Sustainability and new emerging risks.

1.3. Risk Management Culture at the Holding Company

La Tenedora's Risk Management culture permeates holistically to all levels of the organization. The Group's decisions are based on maximizing the risk-return ratio, favoring informed decision-making to achieve the strategic objectives of asset quality, profitability, liquidity and solvency.

The Holding Company's risk culture is made up of the following principles:

- **We are all risk managers:** The proactive participation of the Group's employees is promoted for the identification, escalation and management of risks. The reporting channels for operational, technological, psychosocial, credit, market, and fraud risks make it easier for employees in all areas to fulfill their role as the first line of defense. Through the Governance, Risk and Compliance (GRC) platform, employees from the different areas report their respective identified risks. This feedback triggers improvements in processes by implementing control measures based on what has been reported.

- **Risk anticipation:** We monitor the economic and business environment with the aim of anticipating future risks, and incorporate market trends into our models, tools, processes and policies to prevent and mitigate risks. Likewise, close communication is maintained with customers to identify their needs and problems, preventing potential breaches.

- **Forward-looking view:** A forward-looking view is maintained by considering new business trends in the risk management strategy and the calibration of policies and models. For continuous improvement of products and processes, methodologies and tools are updated, in accordance with best practices, which makes it possible to estimate the future behavior of assets and generate scenarios that help the business to make strategic decisions.

- **Multidisciplinary participation:** Joint decision-making through Committees and multidisciplinary teams enriches the Holding Company's panorama of identifying opportunities and containing risks. Risks are continuously monitored and mitigation strategies or actions are planned and executed in a consensual manner among all areas involved. Likewise, it continues to operate through a collaborative scheme of cell-based work, which refers to multidisciplinary teams that are assigned a specific task, such as improving or correcting a process, the development of a new product, among others. This collaboration scheme allows you to react instantly to changing environments that could generate risks in operations and strategies, or execute a prevention or mitigation plan for an existing credit.

- **Communication and continuous training:** Members of the Board of Directors and senior management communicate the importance of a strong Risk Culture throughout the Group. Along the same lines, we have reinforced internal training regarding Risk Management, including content for risk management, prevention, and mitigation for our executives and employees who work in the different areas.

- **Compensation based on risk and performance:** Risk management criteria are incorporated into the evaluation and compensation of employees, so that the risk-return ratio is maximized. To do this, we link the formal measurement of risk indicators with the process of evaluating the performance of employees, promotion and compensation. These incentives are established in our Remuneration System where the evaluation criteria are reflected, mainly for senior management, consistent with reasonable risk-taking. In addition to this, we have a performance evaluation system where employees, together with their immediate boss, establish operational, safety, and career

development goals. Performance is evaluated considering specific metrics, as well as professional skills and competencies according to the profile of each position.

- **Innovation:** At Tenedora we are aware of the speed with which risk management evolves along with the new ways of banking; for this reason it is of vital importance to stay ahead of the curve in relation to new products, channels, technologies and their implications from the point of view of risks. Technological innovation is vital to be able to continue to identify, measure and control risks correctly in the face of technological change and new products and segments of the digital market. These innovation products go through a formal project evaluation process that includes the identification and measurement of the different risks involved, as determined by the areas involved.

1.3.1. Desired Risk Profile

In order to monitor the Desired Risk Profile, general and specific guidelines are established at the group level and there are follow-up and formal escalation processes in the event of any deviation from said profile. In addition, key quantitative indicators are assigned by type of risk for the Holding Company and its subsidiaries, which are sensitive to the material risks to which it is exposed and which can function as key indicators of financial health. These indicators are reviewed and ratified once a year by the Board of Directors and serve as a guideline for the definition and implementation of strategies and objectives.

2. CREDIT RISK

It refers to the risk that customers, issuers or counterparties will not meet their payment obligations. That is why the correct management of the portfolio is essential to maintain the credit quality of the portfolio.

The objectives of Credit Risk Management at the Holding Company are:

- Comply with the Desired Risk Profile defined by the Board of Directors.
- Improve the quality, diversification and composition of the financing portfolio to optimize the risk-return ratio.
- Provide Senior Management with reliable and timely information to support decision-making regarding financing.
- Provide the Business Areas with clear and sufficient tools to support the placement and monitoring of financing.
- Support the creation of economic value for shareholders through efficient Credit Risk Management.
- Define and keep updated the regulatory framework for Credit Risk Management.
- Comply with the information requirements regarding Credit Risk Management before the authorities.
- Carry out Risk Management in accordance with best practices, implementing models, methodologies, procedures and systems based on the main advances at an international level.
- Measure the vulnerability of the Institution to extreme conditions, and consider these results for decision-making.

The policies for the management, coverage and mitigation of Credit Risk in the Holding Company are:

- Granting and Administration of Consumer Credit in accordance with best market practices through Parametric Models that allow risk to be identified, losses to be minimized and to increase the placement of quality credit.
- Granting and Administration of Credit to Companies and other entities, in accordance with best market practices, through a credit strategy that includes Target Markets and Risk Acceptance Criteria, identifying and managing risk through Portfolio Rating and Early Warning methodologies.
- Monitoring and control of the quality of credits by means of a Credit Rating System, which indicates the treatment and general actions that derive from defined situations, as well as the areas or officials responsible for such actions.

- Surveillance and control of Credit Risk through Global and Specific Limits, portfolio classification policies and Credit Risk models at the portfolio level that allow the identification of expected loss and unexpected loss at a specific confidence level.
- Information and disclosure of Credit Risk to the risk-taking areas, the CPR, the Board of Directors, the Financial Authorities and the Investing Public.
- Definition of powers in the taking of Credit Risks for the institution.

In order to comply with the objectives and policies, a series of strategies and procedures have been defined that cover origination, analysis, approval, administration, monitoring, recovery and collection.

2.1. Scope, Nature and Methodologies of Credit Risk

Risk Management is supported by a framework of policies and manuals, which establish the implementation and monitoring of Credit Risk limits, hedging and mitigation and compensation strategies, the disclosure of the referred risk metrics, as well as their monitoring with respect to the established limits. These policies detail, among others: the characteristics, capacity, legal aspects, implementation issues and degree of coverage that must be considered for the coverage when compensating or mitigating the risk. Likewise, the enforcement of guarantees is contemplated as a risk compensation mechanism whenever there is an unremedied default by the debtors.

The DGARC is supported by various Credit Risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are backed up continuously, following institutional procedures in terms of computer security.

As part of the strategies and processes to monitor the continued effectiveness of hedges or mitigants, there are limits for Credit Risk, which are monitored on an ongoing basis, and there are established procedures so that excesses and their causes are documented and the corresponding corrective actions are implemented to return to acceptable risk levels.

Key risk indicators are disclosed through monthly reports to the CPR and through a daily report to the main executives in the institution about credit defaults by customers that could potentiate Credit Risk.

2.1.1. Individual Credit Risk

The Holding Company segments Credit Risk into two large groups: Retail and Wholesale.

The individual Credit Risk for the Retail portfolio is identified, measured and controlled by means of a parametric system (scoring) that includes models for each of the SME and Consumer products (mortgage, automotive, payroll, personal and credit card).

The individual risk for the Wholesale portfolio is identified, measured and controlled through the Target Markets, the Risk Acceptance Criteria, the Early Warnings and the New Banorte Internal Risk Rating (NCIR Banorte), which are tools that are part of the Holder's Credit Strategy and support the estimation of risk levels.

The Target Markets are categories of economic activity for each region in which the Holding Company has an interest in participating in the placement of credit. Its definition is supported by economic studies and analysis of the portfolio's behavior, as well as by the opinion of experts.

The Risk Acceptance Criteria are parameters that describe the different types of risks identified by each industry, allowing estimating the risk involved in granting a loan to a customer according to the economic activity they carry out. The types of risk considered in the Risk Acceptance Criteria are Financial, Operational, Market, Company Life Cycle, Legal and Regulatory Risk, as well as credit experience and quality of management.

Early Warnings are a set of criteria based on information and indicators of borrowers and their environment that have been established as a mechanism to prevent and identify in a timely manner the probable deterioration in the credit portfolio, allowing action through preventive actions that mitigate Credit Risk.

The Banorte NCIR is a debtor rating methodology that evaluates quantitative and qualitative criteria to determine its credit quality and is applied to Commercial portfolio equal to or greater than an amount equivalent in national currency to four million investment units as of the rating date, or accredited with annual sales or revenues greater than or equal to 14 million investment units (only in the case of Companies).

2.1.2. Portfolio Credit Risk

The Holding Company has designed a Credit Risk methodology for the portfolio that directly considers the balance of each of the loans as the exposure of the credit portfolio, while for the portfolio of financial instruments it considers the present value of the instruments and their future flows. Because exposure is sensitive to changes in the market, it is possible to make sensitivity estimates using models with different economic scenarios.

The Credit Risk methodology developed allows us to know the exposure of all credit portfolios in the total portfolio of the Holding Company, allowing us to monitor the levels of risk concentration by risk ratings, geographical regions, economic activities, currencies and type of product in order to know the profile of the portfolio and take actions to guide it towards diversification where the risk-return relationship is optimized.

In addition to the exposure, the methodology considers the probability of default, the level of recovery associated with each client and the modelling of borrowers based on the Merton model. The probability of default is the probability that a borrower defaults on its debt obligation to the institution in accordance with the terms and conditions originally agreed upon; and is based on the transition matrices that the Holding Company estimates based on the migration of borrowers to different risk rating levels. The recovery rate is the percentage of the total exposure that is expected to be recovered in the event that the borrower defaults. The modelling of borrowers based on Merton's model is based on associating the future behaviour of the borrower with the credit and market factors on which it has been determined, by means of statistical techniques, on which their "credit health" depends.

The main results are the expected loss and the unexpected loss over a one-year horizon. The expected loss is defined as the average of the distribution of losses in the credit portfolio, which estimates the average loss that would be expected in the following year due to default or variations in the credit quality of borrowers. Unexpected loss is an indicator of loss under extreme scenarios, and is measured as the difference between the maximum loss given the distribution of losses, at a specific confidence level, which in the case of the Holding Company as of June 2021, is 99.85% based on Expected Shortfall (previously it was 99.95% based on VaR), and the expected loss.

The results obtained are used as a tool for better decision-making in the granting of loans and in the diversification of the portfolio, in accordance with the strategy of the Holding Company. The individual risk identification tools and the Credit Risk methodology of the portfolio are reviewed and updated periodically in order to strengthen them.

2.1.3. Credit Risk of Financial Instruments

Credit Risk Management of financial instruments is based on a robust policy framework for the origination, analysis, authorization, and administration processes of financial instruments.

Origination policies define the types of financial instruments eligible for trading, as well as how to assess the credit quality of different types of issuers and counterparties. Credit quality is assigned through a rating that can be obtained with an internal methodology, through evaluations by external rating agencies or a combination of both. In addition, maximum operating parameters have been defined depending on the type of issuer or counterparty, rating and type of operation.

The Credit Committee is the highest body empowered to authorize lines of operation with financial instruments for clients and counterparties in accordance with the authorization policies. The request for authorization is submitted by the business area and the areas involved in the operation with all the relevant information to be analyzed by the

Committee and if deemed appropriate, to issue its authorization. However, counterparty lines (mainly to financial institutions) that meet certain criteria can be approved using a parametric model authorized by the CPR.

In the specific case of Derivative contracts, and in line with best practices, a potential exposure methodology is used for the calculation of lines, which are analyzed and approved within the Credit Committee and are monitored on a daily basis and reported monthly to the CPR. where an analysis of the guarantees behind derivatives transactions is also presented, both by clients and financial counterparties.

The minimum power to authorize lines for Derivatives with clients is of the corresponding Credit Committee according to their territory (where appropriate, facilities approved by the CPR may apply). For these transactions, the use of Derivatives lines with margin calls should be favoured to mitigate the risk posed by the potential exposure of the derivatives transactions.

To determine the lines with adverse correlation (Wrong Way Risk (WWR), an adjustment in potential exposure is considered.

The concentration of credit risk with financial instruments is managed on an ongoing basis at the individual level, establishing and monitoring maximum operating parameters for each counterparty or issuer depending on its rating and the type of operation. At the portfolio level, there are risk diversification policies at the level of economic groups and internal groups. In addition, concentration is monitored by type of counterparty or issuer, size of financial institutions and the region in which they operate, so that adequate diversification is achieved and unwanted concentrations are avoided.

The measurement of Credit Risk is carried out through the rating associated with the issuer, issuance or counterparty, which is assigned a degree of risk measured based on two elements:

1) The probability of default of the issuer, issue or counterparty, which is expressed as a percentage between 0% and 100% where the better rating or lower the differential of the instrument's rate compared to that of an equivalent government bond, the lower the probability of default and vice versa.

2) The severity of the loss that would be incurred with respect to the total of the operation in the event of a default, expressed as a percentage between 0% and 100% where the better the guarantees or credit structure, the lower the severity of the loss and vice versa. In order to mitigate Credit Risk and reduce the severity of the loss in the event of default, ISDA contracts and netting agreements have been signed with the counterparties, which contemplate the implementation of credit lines and use of collateral to mitigate the loss in the event of default.

2.2. Credit Risk Exposure

As of 4Q24, the total amount of gross exposures subject to the Standard Approach and the Internal Models (Advanced Internal Model for Credit Cards, Mortgage, Automotive, Individuals and Companies with Sales or Revenues of less than 14 million UDIS, and Basic Internal Model for Companies with Sales or Revenues greater than or equal to 14 million UDIS) for the calculation of the Capital Ratio is as follows:

Gross Exposures (Balances) subject to the Standard Method and/or Internal Models** *(Millions of pesos)*	**Banorte**	**Lessor and Factor***	**Wallet Total**
States or Municipalities	82,631	333	82,963
Decentralized Agencies of the Federal, State and Municipal Government, and State Productive Enterprises	57,738	1,417	59,155
Projects with Own Source of Payment	111,619	-	111,619
Financial Institutions	57,480	1,265	58,745
Non-revolving consumption	84,637	-	84,637
Total Portfolio Subject to the Standardised Approach	**394,106**	**3,015**	**397,121**
Commercial	243,909	42,186	286,095
Annual Revenue or Sales >= 14 MM UDIS	243,909	42,186	286,095
Decentralized Agencies of the Federal, State and Municipal Government with annual income or sales >= 14 MM UDIS	13,003	-	13,003
Total Portfolio Subject to the Basic Internal Model	**256,911**	**42,186**	**299,097**
Commercial	93,236	2,911	96,147
Annual Revenues or Sales < 14 MM UDIS	93,236	2,911	96,147
Non-revolving consumption (automotive)	53,455	-	53,455
Credit Card	64,963	-	64,963
Mortgage	274,789	-	274,789
Total Portfolio Subject to the Advanced Internal Model	**486,443**	**2,911**	**489,354**
Eliminations and Accounting Records			(29,287)
Deferred Departures	3,192	(60)	3,132
BAP Sector Portfolios	3,812	-	3,812
Cards of the Future			5,640
Fid. Bursa GEM			28,810
Bineo			47
Ungraded			-
Total Portfolio with BAP and PD			**1,197,726**

* Does not include Pure Lease.
** The Exhibit does not include Letters of Credit and includes accounting adjustments.

For operations subject to Credit Risk, the Institution uses external ratings issued by the agencies S&P, Moody's, Fitch, HR Ratings, Verum, DBRS Ratings Mexico and A.M. Best Latin America. Only ratings issued by rating agencies are considered and are not assigned based on comparable assets.

2.2.1. Credit Portfolio

The Holding Company's loan portfolio with Credit Risk as of 4Q24 registered a gross exposure (total balance) of Ps 1,197,726 million, showing a quarterly growth of Ps 54,334 million, 4.8% and a growth of Ps 149,020 million in the year 14.2%.

The variations by product of La Tenedora's total portfolio are:

Product/Segment *(Millions of pesos)*	Total Portfolio			Var. vs 3T24		Var. vs 4T23	
	4T23	3T24	4T24	Ps	%	Ps	%
Government	171,972	175,739	183,931	8,192	4.7%	11,959	7.0%
Commercial	256,719	282,578	302,344	19,766	7.0%	45,624	17.8%
Mortgage	255,315	268,808	274,789	5,981	2.2%	19,474	7.6%
Corporate	178,727	208,302	220,976	12,674	6.1%	42,249	23.6%
Payroll	77,108	84,392	84,647	256	0.3%	7,539	9.8%
Card	60,105	66,780	70,603	3,823	5.7%	10,498	17.5%
Automotive	42,870	50,087	53,491	3,404	6.8%	10,620	24.8%
Total Portfolio	**1,042,817**	**1,136,685**	**1,190,782**	**54,096**	**4.8%**	**147,965**	**14.2%**
Deferred Departures	2,386	2,950	3,132	182	6.2%	745	31.2%
BAP Portfolio	3,503	3,756	3,812	56	1.5%	309	8.8%
Total Portfolio with BAP and PD	**1,048,706**	**1,143,392**	**1,197,726**	**54,334**	**4.8%**	**149,020**	**14.2%**

The Stage 1 and 2 Portfolio is Ps 1,179,656; while the Stage 3 Portfolio is Ps 11,125.

Subsidiary *(Millions of pesos)*	Wallet		Total Portfolio	Reserves Total
	Stage 1 and 2	Step 3		
Banorte*	1,097,950	10,223	1,108,173	18,206
Cards of the Future	5,298	342	5,640	1,282
Leasing and Factoring	47,563	550	48,112	451
Bineo	36	11	47	13
Fid. Bursa GEM	28,810	-	28,810	162
Accounting Records	-	-	-	8
Total Portfolio	**1,179,656**	**11,125**	**1,190,782**	**20,122**
Deferred Departures			3,132	
BAP Portfolio			3,812	312
Total Portfolio with BAP and PD			**1,197,726**	**20,434**

* Banorte's total backlog includes eliminations of (Ps 29,287) million.

Total reserves of Ps 20,434 million include rating reserves of Ps 20,122 million, and accounting records (reserves for Letters of Credit, revaluations and BAP sector reserves) of Ps 312 million.

The Stage 1 and 2 and Stage 3 loan portfolios grouped by sector and subsidiary are detailed in the following two tables:

Sector *(Millions of pesos)*	Wallet		Total Portfolio	Reservation		Punishments 4T24	Days** Defeated
	Stage 1 and 2	Step 3		4T24	Var. vs 3T24		
Government	183,927	4	183,931	1,006	8	-	-
Services*	169,713	686	170,400	956	(30)	120	539
Commerce	82,774	1,483	84,257	1,093	(4)	113	252
Factory	69,539	172	69,711	216	12	3	241
Hotels & Restaurants	64,911	806	65,717	480	(432)	466	537
Top 5 Sectors	**570,864**	**3,151**	**574,015**	**3,752**	**(445)**	**703**	
Other Sectors	132,194	1,042	133,236	882	(13)	22	
Housing	272,692	2,097	274,789	1,319	58	545	
Consumption	198,573	4,482	203,055	12,866	570	3,706	
Cards of the Future	5,298	342	5,640	1,282	72	297	
Bineo	36	11	47	13	6	3	
Accounting Records			-	8			
Total Portfolio	**1,179,656**	**11,125**	**1,190,782**	**20,122**	**247**	**5,276**	
Deferred Departures			3,132				
BAP Portfolio			3,812	312			
Total Portfolio with BAP and PD			**1,197,726**	**20,434**			

* Services includes Financial, Real Estate and Other Services.
** Days in arrears of the overdue portfolio.

Sector/Subsidiary *(Millions of pesos)*	Banorte*	Cards of the Future	AyF	Bineo	Fid. Bursa GEM	Total Portfolio
Government	153,372		1,749		28,810	183,931
Services**	158,381		12,019			170,400
Commerce	76,995		7,262			84,257
Factory	69,640		71			69,711
Hotels & Restaurants	54,255		11,461			65,717
Top 5 Sectors	**512,642**	**-**	**32,563**	**-**	**28,810**	**574,015**
Remainder	595,530	5,640	15,550	47	-	616,766
Total Portfolio	**1,108,173**	**5,640**	**48,112**	**47**	**28,810**	**1,190,782**
Deferred Departures						3,132
BAP Portfolio						3,812
Total Portfolio with BAP and PD						**1,197,726**

* Banorte's total backlog includes eliminations of (Ps 29,287) million.
** Services includes Financial and Real Estate Services.

The Holder's current and overdue loan portfolio as of 4Q24 grouped by state and subsidiary are detailed in the following table:

	State *(Millions of pesos)*	Wallet		Wallet Total*	Reserves Total
		Stage 1 and 2	Step 3		
1	Mexico City	344,761	1,664	346,425	3,398
2	Nuevo León	193,965	1,033	194,997	2,386
3	State of Mexico	78,867	914	79,780	1,807
4	Jalisco	78,366	741	79,106	1,141
5	Sinaloa	47,725	460	48,185	565
6	Baja California Norte	35,552	417	35,970	682
7	Quintana Roo	35,195	133	35,328	322
8	Tamaulipas	31,425	535	31,960	857
9	Chihuahua	30,719	454	31,173	657
10	Coahuila	29,891	402	30,294	707
	Top 10	**906,467**	**6,752**	**913,219**	**12,522**
	Other States	267,856	4,021	271,877	6,616
	Cards of the Future	5,298	342	5,640	1,282
	Bineo	36	11	47	13
	Total Portfolio	**1,179,656**	**11,125**	**1,190,782**	**20,434**
	Deferred Departures			3,132	
	BAP Portfolio			3,812	
	Total Portfolio with BAP and PD			**1,197,726**	

* Banorte's total backlog includes eliminations of (Ps 29,287) million.

The Holding Company's Stage 1 and 2 and Stage 3 loan portfolio as of 4Q24 grouped by remaining term is detailed below:

Remaining Term *(Millions of pesos)*	Wallet		Total Portfolio*	Reserves Total
	Stage 1 and 2	Step 3		
0 - 1 years	230,708	3,733	234,441	7,871
1 - 5 years	367,159	3,805	370,963	7,896
5 - 10 years	108,154	798	108,952	592
> 10 years	391,929	1,887	393,816	1,846
Banorte*	**1,097,950**	**10,223**	**1,108,173**	**18,206**
Cards of the Future	5,298	342	5,640	1,282
Bineo	36	11	47	13
Leasing and Factoring	47,563	550	48,112	451
Fid. Bursa GEM	28,810	-	28,810	162
Accounting Records	-	-	-	-
Total Portfolio	**1,179,656**	**11,125**	**1,190,782**	**20,122**
Deferred Departures			3,132	
BAP Portfolio			3,812	312
Total Portfolio with BAP and PD			**1,197,726**	**20,434**

* Banorte's total backlog includes eliminations of (Ps 29,287) million.

2.2.2. Exposure to Financial Instruments

As of 4Q24, the exposure to Credit Risk of Investments in Securities for Banco Mercantil del Norte is Ps 411,233 million, of which 98.2% have a rating greater than or equal to AA-(mex) on a local scale, placing them in investment grade and where the 3 main issuers other than the Federal Government, Parastatals and National Financial Institutions represent 20%% of Basic Capital as of September 2024. Additionally, the exposure of investments with the same issuer other than the Federal Government that represent a concentration greater than or equal to 5% of the Net Capital as of September 2024 are rated AAA(mex) and are composed *of (weighted average term, amount in millions of pesos and annualized yield to maturity weighted average)*: securitized portfolio certificates to state governments (BANORCB Trust 4907 o Fid. Bursa GEM) at 23 years for Ps 26,695 at 10.6%.

In the case of Derivatives transactions, the exposure of the three main counterparties other than the Federal Government, Parastatals and National Financial Institutions represents 4% of the Basic Capital as of September 2024.

As for Casa de Bolsa Banorte, the exposure to Credit Risk of Investments in Securities is Ps 250,394 million, of which 100% has a rating greater than or equal to AA(mex) on a local scale, which places them in investment grade and the 3 main issuers other than the Federal Government, Parastatals and National Financial Institutions represent 95% of Stockholders' Equity as of September 2024. Additionally, the exposure of investments with the same issuer other than the Federal Government that represent a concentration greater than or equal to 5% of stockholders' equity as of September 2024 are rated greater than or equal to AA(mex) and are composed of (*term in weighted average, amount in millions of pesos and annualized yield to maturity in weighted average)*: BBVA Mexico 2-year, 1-month stock certificates for Ps 6,025 at 10.4%; Banco Santander Mexico 1-year and 11-month stock certificates for Ps 4,666 at 10.4%; HSBC Mexico 10-month certificates of deposit and stock certificates for Ps 3,000 at 10.3%; BANOBRAS 1-year and 6-month certificates of deposit and certificates for Ps 2,910 at 10.3%; 2-year BANCOMEXT stock certificates for Ps 2,625 at 10.3%; 22-year and 9-month government certificates for Ps 2,415 at 10.5%; Scotiabank Inverlat 1-year and 2-month certificates of deposit and certificates for Ps 2,311 at 10.3%%; Banco Invex 6-month certificates of deposit for Ps 2,207 at 10.7%; 1-year, 9-month NAFIN certificates of deposit for Ps 2,057 at 10.4%; Banco Compartamos 2-year, 5-month certificates of deposit for Ps 1,271 at 10.7%; 7-month Banco Sabadell Mexico certificates of deposit for Ps 1, 145 to 10.5%; CABEI bonds to 2 years and 6 months for Ps 1,129 to 10.4%; Banco Actinver stock certificates to 2 years and 2 months for Ps 804 to 11.0%; FEFA stock certificates to 1 year and 6 months for Ps 708 to 10.4%; stock certificates of Sociedad Hipotecaria Federal to 2 years and 3 months for Ps 631 to 10.4%; stock certificates of Grupo Aeroportuario del Pacífico to 1 monthly for Ps 462 at 10.4%; and FONACOT stock certificates for 1 year and 5 months for Ps 301 at 10.5%.

There is no exposure of Derivatives other than to the Federal Government, Parastatals and National Financial Institutions.

For Arrendadora and Factor Banorte, there is no exposure in Investments in Securities or Derivatives.

The counterparty risk exposure of transactions with derivative financial instruments for Banorte is presented below, as well as the netting effect and mitigation of exposure based on the aggregate of the guarantees related to the transactions entered into (includes transactions with Banco de México and does not include transactions settled through central counterparties).

Banorte Position (Millions of pesos)	4T24	Average 4Q24
Forwards	(151)	(117)
FX Swap	(37)	(80)
FX	(11)	3
Options	56	40
Interest Rate Swap (IRS)	(1,725)	(1,240)
Cross Currency Swap (CCIRS)	(8,294)	(6,814)
Credit Default Swaps (CDS)	13	2
Total	**(10,150)**	**(8,238)**
Positive fair value *(Positive Market Value)*	3,722	4,631
Net Effect*	13,872	12,837
Warranties Delivered (-) / Received (+)		
Effective	(4,138)	(4,647)
Values	-	-
Total	**(4,138)**	**(4,647)**

*The difference between the positive market value (excluding the net of the positions) and the market value of the portfolio.
Transactions settled in the Clearing House are not included because they do not have counterparty risk.

The following table shows the current exposure levels and potential future exposure at the end of the quarter and on average during the quarter, respectively, for Banorte.

Banorte (Millions of pesos)	Potential Risk		Current Risk	
Counterparts Financial	**4T24**	**Average 4Q24**	**4T24**	**Average 4Q24**
FWD				
FX SWAP	3,124	2,817	(88)	(99)
FX				
OPTIONS	5,124	4,928	321	323
RATE SWAP	6,990	6,619	836	1,241
CCS	2,419	2,566	(8,010)	(6,571)
CDS	356	156	13	2
Total	**2,131**	**2,837**	**(6,928)**	**(5,135)**
Clients (Non-Financial)	**4T24**	**Average 4Q24**	**4T24**	**Average 4Q24**
FWD	16	13	(110)	(95)
OPTIONS	131	166	(266)	(283)
RATE SWAP	1,248	1,429	(2,561)	(2,482)
CCS	399	380	(285)	(244)
Total	**1,765**	**1,945**	**(3,222)**	**(3,103)**

Based on the conditions established within the contracts for the operation of derivative financial instruments, exposure tolerance levels are considered, depending on the rating maintained by the entities involved in the transaction. The following table presents the amount of guarantees to be delivered in the event of deterioration due to downgrading of the institution. It is worth mentioning that with most of the counterparties, the threshold has been migrated to zero, so the guarantees to be delivered do not depend on the credit rating, but are due to market movements:

Banorte Net Cash Outflows (Millions of pesos)	4T24	Average 4Q24
Cash Out with 1-Step Downgrade	-	-
Cash Out with 2-Step Downgrade	-	-
Cash Out with 3-Step Downgrade	-	-

The following table details the market value according to the rating ranges for the counterparties of the portfolio of the traded derivatives products.

Banorte Grading Interval (Millions of pesos)	MtM 4T24	Average 4Q24
AAA/AA-	-	-
A+/A-	(6,654)	(5,430)
BBB+/BBB-	118	614
BB+/BB-	(133)	(111)
B+/B-	-	(23)
CCC/C	-	-
SC	(3,481)	(3,288)
Total	**(10,150)**	**(8,238)**

The counterparty risk exposure of transactions with Derivatives financial instruments for brokerage houses is presented below, as well as the netting effect and mitigation of exposure based on the aggregate of the guarantees related to the transactions entered into (including operations with Banco de México. It does not include transactions settled through central counterparties).

Brokerage House Position (Millions of pesos)	4T24	Average 4Q24
Forwards	-	-
FX Swaps	-	-
FX	-	-
Options	-	-
Interest Rate Swap (IRS)	127	128
Cross Currency Swap (CCIRS)	-	-
Credit Default Swaps (CDS)	-	-
Total	**127**	**128**
Positive fair value *(Positive Market Value)*	785	726
Net Effect*	658	599
Warranties Delivered (-) / Received (+)		
Effective	-	-
Values	-	-
Total	-	-

*The difference between the positive market value (excluding the net of the positions) and the market value of the portfolio.

Transactions settled in the Clearing House are not included because they do not have counterparty risk.

The following table presents the current exposure levels and potential future exposure at the end of the quarter and on average during the quarter, respectively, for Casa de Bolsa.

Brokerage House (Millions of pesos)	Potential Risk		Current Risk	
Counterparts Financial	**4T24**	**Average 4Q24**	**4T24**	**Average 4Q24**
FWD				
FX SWAP	-	-	-	-
FX OPTIONS	-	-	(14)	(13)
RATE SWAP	800	738	800	739
CCS	-	-	-	-
CDS	-	-	-	-
Total	**800**	**738**	**785**	**726**
Counterparts Non-Financial	**4T24**	**Average 4Q24**	**4T24**	**Average 4Q24**
FWD	-	-	-	-
OPTIONS	13	10	14	13
RATE SWAP	113	140	(673)	(611)
CCS	-	-	-	-
Total	**126**	**150**	**(658)**	**(599)**

Based on the conditions established within the contracts for the operation of derivative financial instruments, exposure tolerance levels are considered, depending on the rating maintained by the entities involved in the transaction. The following table presents the amount of guarantees to be delivered in the event of deterioration due to downgrading of the institution. It is worth mentioning that with most of the counterparties, the threshold has been migrated to zero, so the guarantees to be delivered do not depend on the credit rating, but are due to market movements:

Brokerage House Net Cash Outflows (Millions of pesos)	4T24	Average 4Q24
Cash Out with 1-Step Downgrade	-	-
Cash Out with 2-Step Downgrade	-	-
Cash Out with 3-Step Downgrade	-	-

The following table details the market value according to the rating ranges for the counterparties of the portfolio of the traded derivatives products.

Brokerage House Grading Interval (Millions of pesos)	MtM 4T24	Average 4Q24
AAA/AA-	-	-
A+/A-	-	-
BBB+/BBB-	785	726

BB+/BB-	-	-
B+/B-	-	-
CCC/C	-	-
SC	(658)	(599)
Total	**127**	**128**

2.3. Credit Guarantee

Guarantees represent the second source of credit recovery, when the coverage of the same via the preponderant activity of the applicant is compromised. Warranties can be real or personal.

The main types of security rights are as follows:

- Civil Mortgage
- Industrial Mortgage
- Ordinary Pledge
- Pledge without Transfer of Possession
- Pledge/Pledge Bond
- Pledge Bond
- Stock Surety
- Stock Pledge
- Administration and Payment Trust
- Development Funds

In the case of physical assets granted as collateral, the Institution has policies and processes to follow up and carry out periodic inspection visits to ascertain the existence, legitimacy, value and quality of the guarantees that were accepted as alternative support for the credit. On the other hand, when the guarantees are securities, there are policies and processes in place to monitor the market valuation of the securities and require additional guarantees if necessary.

The following is the credit portfolio covered by type of collateral:

Type of Warranty *(Millions of pesos)*	**4T24**				
	Banorte	**Banorte Savings and Forecasting**	**Bineo**	**Lessor and Factor****	**Total***
Total Portfolio	**1,165,253**	**3,812**	**47**	**48,053**	**1,197,726**
Portfolio Covered by Collateral Type					
Financial collateral	69,520	-	-	-	69,520
Non-Financial Collateral	637,329	-	-	9,828	647,157
Pari Passu	53,565	-	-	-	53,565
First Losses	4,402	-	-	-	4,402
Personal Guarantees	61,899	-	-	9,020	70,919
Total Portfolio Covered	**826,715**	**-**	**-**	**18,848**	**845,563**

*Total Credit Portfolio includes eliminations and accounting records for (Ps 19,439).
** AyF's portfolio does not include pure leasing.

2.4. Expected Losses

As of 4Q24, Banco Mercantil del Norte's total backlog is Ps 1,140,652 million. The expected loss represents 1.6% and unexpected loss 3%.4% both with respect to the total portfolio. The average of the expected loss represents 1.6% of the period October – December 2024.

As for Casa de Bolsa Banorte, the credit exposure of the investments is Ps 251,194 million and the expected loss represents 0.004% of this exposure. The average of the expected loss is 0.004% of the period October – December 2024.

The total portfolio of Lessor and Factor, including pure leasing, is Ps 51,032 million. The expected loss represents 0.9% and the unexpected loss represents 1.5% both with respect to the total portfolio. The average expected loss represents 0.9% of the October-December 2024 period.

2.5. Internal Models

In October 2016, the Board of Directors approved the implementation plan for the internal models for the calculation of reserves and capital requirements for all modelable portfolios, which was sent to the CNBV that same year. In accordance with this implementation plan, the models for the Credit Card, Business and Automotive Individual portfolios were certified.

At the end of 2018, the CNBV released the project to migrate standard and internal methodologies under the IFRS9 approach, but it was not until March 2020 that the definitive rule for the Internal Methodologies of reserves based on NIF C-16 (IFRS9) was published in the DOF (Official Gazette of the Federation), effective as of January 2021. however, as a result of the Covid-19 pandemic, the CNBV issued a statement in April 2020, indicating that the rule would be effective as of January 2022.

Therefore, the Holding Company adhered to the new regulation and adopted the Internal Methodologies for reserves based on NIF C-16, requesting in April 2021 the CPR and the Board of Directors to approve the Implementation Plan (Capital and Reserves), which was authorized by the CNBV in January 2022 through Official Letter No. 111-2/852/2022.

Therefore, as of January 2022, when the NIF C16 (IFRS9) standard came into force[3], it is being used for the calculation of preventive reserves for credit risks, both in the Standard Approach and in the Internal Models. Consequently, for the Internal Models, estimates for the risk parameters will be obtained under two approaches: IRB for capital requirement calculation and IFRS9 for reserve calculation:

- The equity approach will maintain long-term estimates ("Through the Cycle" (TTC), under Annex 15 of the CUB.[4]
- The focus on reserves captures current behaviors ("Point in Time", PIT) and with a prospective approach (future macroeconomic environment), under Annex 15 Bis of the CUB. In addition, the new methodology indicates that the portfolio must be classified into 3 risk stages, with a reserve calculation for the remaining term (LifeTime) being necessary for stage 2.

Given the new guidelines of the CUB on Internal Models, the National Banking and Securities Commission (CNBV) will only issue an official letter of approval for the use of the methodology for the Calculation of Capital, for a maximum period of 18 months. The use of the internal reserves methodology is authorized by Banorte's Board of Directors and by the Board of Lessor and Factor Banorte, as appropriate, with the support of the Technical Evaluation made by the Independent Evaluator that endorses compliance with the model under the standards established in Annex 15 Bis. It should be noted that the Technical Evaluation Report is sent to the CNBV for review, the validity of this model is also for a maximum period of 18 months.

2.5.1. Advanced In-House Credit Card Model

[3] IFRS9 = International Financial Reporting Standards 9, IRB = Internal Rate Based Models

[4] Single Circular of Banks

On November 15, 2017, the Holding Company obtained approval from the National Banking and Securities Commission (CNBV) for the use of Internal Credit Card Rating Models (IM) for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official Letter 111-3/706/2017). Periodically (as indicated in the regulation), the Internal Models are recalibrated, and the certification is obtained again, and given that, on July 4, 2024, the CNBV granted authorization for the use of the MI for the calculation of capital requirements for the period authorized according to the corresponding official letter (Official Letter 111-2/1269/2024) and the Governing Body authorised the use of the reserve methodology based on IFRS C16 at its meeting on 16 April 2024.

These internal models improve the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following table shows the Credit Card Portfolio subject to the Advanced Internal Model classified by risk grades of the Internal Model as of 4Q24:

Revolving Consumer Portfolio under Advanced Internal Model												*Millions of Pesos*
MI Risk Grade*	**Accounting Balance**	**Exposure to Non-Compliance (EI)****			**Severity of Loss**			**PI weighted by EI**			**Unwilling Commitments**	**Exposure to non-compliance Weighted average by position**
		Stage 1	**Step 2**	**Step 3**	**Stage 1**	**Step 2**	**Step 3**	**Stage 1**	**Step 2**	**Step 3**		
1	2,928	3,968	0.001	-	63.7%	62.1%		0.4%	0.4%		16,726	26%
2	5,592	7,288	0.0005	-	64.8%	62.1%		0.8%	0.8%		23,000	23%
3	7,602	10,964	0.05	-	65.7%	63.1%		1.4%	1.4%		27,881	31%
4	8,634	11,114	0.15	-	67.1%	66.3%		2.0%	2.0%		21,811	22%
5	5,697	7,438	0.49	-	68.3%	63.5%		2.8%	2.8%		10,441	23%
6	6,361	8,139	1	-	69.4%	63.4%		3.9%	3.9%		8,068	22%
7	6,240	7,904	1	-	71.4%	64.4%		5.4%	5.4%		5,401	21%
8	7,458	9,270	4	-	73.0%	65.8%		8.0%	8.0%		5,311	20%
9	6,376	7,890	26	-	74.9%	69.0%		13.4%	13.4%		2,030	19%
10	6,259	6,859	717	-	76.6%	77.8%		36.8%	36.8%		597	17%
11	1,816	-	-	1,816			83.3%			100.0%	(1)	0%
Total Portfolio	**64,963**	**80,835**	**749**	**1,816**	**69.4%**	**77.3%**	**83.3%**	**7.1%**	**35.7%**	**100.0%**	**121,266**	**22%**

* The scale of risk degrees corresponds to the Advanced Internal Model.
** EI balances include both potential risk and drawn-down balance.

The following table will show the difference between the expected and observed loss resulting from the Advanced Internal Credit Card Model as of 4Q23:

Backtesting				
Wallet	**Expected Loss Internal Models***	**Observed Loss**	**Ps Difference (Observed Loss – Expected Loss)**	**% Coverage PNC**
Credit Card	5,291	5,020	(271)	105%
Total Portfolio	**5,291**	**5,020**	**(271)**	**105%**

*Information as of December 2023. Note: Expected and Observed Loss is equal to the average of the last 12 months

2.5.2. Advanced Internal Model for Automotive Individual

On November 25, 2019, the Holding Company obtained approval from the National Banking and Securities Commission for the use of Internal Models (MI) for the rating of Automotive Individuals (Auto PF) for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official Letter 111/678/2019). Periodically (as indicated in the regulation), the Internal Models are recalibrated, and the certification is obtained again, and given that, on August 23, 2024, the CNBV (Official Letter 111-2/1280/2024) granted authorization for the use of the MI only for the calculation of capital requirements for a period of 13 months, and the Board of Directors authorized the use of the reserve methodology based on IFRS-C16 at its meeting on January 17, 2024.

These internal models improve the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following table shows the Portfolio of Automotive Individuals subject to the Advanced Internal Model classified by risk grades of the Internal Model as of 4Q24:

Automotive Portfolio Individual under Advanced Internal Model										*Millions of Pesos*
MI Risk Grade*	**Accounting Balance**			**Exposure to Non-Compliance**			**Severity of Loss**			**Exposure-weighted IP**
	Stage 1	**Step 2**	**Step 3**	**Stage 1**	**Step 2**	**Step 3**	**Stage 1**	**Step 2**	**Step 3**	
1	2,908	-	-	2,908	-	-	58.53%			0.21%
2	8,449	-	-	8,449	-	-	67.57%			0.35%
3	12,848	0.1	-	12,848	0.1	-	54.56%	49.42%		0.53%
4	11,939	0.02	-	11,939	0.02	-	57.94%	49.42%		0.74%
5	7,335	0.2	-	7,335	0.2	-	58.45%	57.76%		1.01%
6	3,902	0.7	-	3,902	0.7	-	61.02%	72.59%		1.73%
7	2,783	11	-	2,783	11	-	54.49%	49.67%		3.93%
8	2,569	420	-	2,569	420	-	56.04%	56.86%		18.25%

9	-	-	290	-	-	290			59.12 %	100.00%
Total Portfolio	**52,732**	**433**	**290**	**52,732**	**433**	**290**	**58.11%**	**56.64%**	**59.12 %**	**2.39%**

* The scale of risk degrees corresponds to the Advanced Internal Model.

The following table shows the difference between the expected and observed loss resulting from the Advanced Internal Model for Automotive Individuals as of 4Q23:

Backtesting				
Wallet	**Expected Loss Internal Models***	**Observed Loss**	**Ps Difference (Observed Loss – Expected Loss)**	**% Coverage PNC**
Automotive Individual	616	508	(108)	110%
Total Portfolio	**616**	**508**	**(108)**	**110%**

* Information as of December 2023

2.5.3. Advanced In-House Model for Mortgage Portfolio

On July 27, 2023, the Holding Company obtained approval from the National Banking and Securities Commission for the use of the Model based on Internal Ratings with an Advanced Approach to calculate the capital requirement in the Mortgage portfolio (Official Letter 111-2/1628/2023), this authorization being for the period authorized in the corresponding official letter. Likewise, authorization was obtained from the Board of Directors for the use of the reserve methodology based on NIF-C16 at its meeting on April 20, 2023.

These internal models improve the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following table shows the Mortgage Portfolio subject to the Advanced Internal Model classified by risk grades of the 4Q24 Internal Model:

Mortgage Portfolio under Advanced Internal Model										*Millions of Pesos*
MI Risk Grade*	**Accounting Balance***			**Exposure to Non-Compliance**			**Severity of Loss**			**Exposure-weighted IP**
	Stage 1	**Step 2**	**Step 3**	**Stage 1**	**Step 2**	**Step 3**	**Stage 1**	**Step 2**	**Step 3**	
1	83,402	80	-	83,402	80	-	14.37 %	13.15 %		0.09%
2	76,751	-	-	76,751	-	-	16.41 %			0.28%
3	62,526	-	-	62,526	-	-	17.12 %			0.69%

4	19,614	0.4	-	19,614	0.4	-	18.31 %	19.19 %		1.58%
5	14,202	2	-	14,202	2	-	17.26 %	31.55 %		3.39%
6	2,266	77	-	2,266	77	-	12.30 %	12.30 %		7.06%
7	4,929	381	-	4,929	381	-	18.50 %	18.78 %		11.48%
8	4,148	2,867	-	4,148	2,867	-	14.58 %	15.20 %		30.39%
9	-	-	1,754	-	-	1,754			16.23 %	100.00%
Total Portfolio	**267,838**	**3,407**	**1,754**	**267,838**	**3,407**	**1,754**	**15.81 %**	**15.24 %**	**16.23 %**	**2.26%**

*The Accounting Balance does not include the Co-participated Portfolio for Ps 2,114 million

The following table shows the difference between the expected and observed loss resulting from the Advanced Internal Model for Mortgage Portfolio as of 4Q23:

Backtesting				
Wallet	**Expected Loss Internal Models***	**Observed Loss**	**Ps Difference (Observed Loss – Expected Loss)**	**% Coverage PNC**
Mortgage	1,099	1,068	(31)	103%
Total Portfolio	**1,099**	**1,068**	**(31)**	**103%**

* Information as of December 2023. Note: Expected and Observed Loss is equal to the average of the last 12 months

2.5.4. Basic Internal Model for Companies

On November 30, 2018, the Holding Company obtained approval from the National Banking and Securities Commission for the use of the Internal Business Model for the constitution of regulatory reserves and capital requirements for credit risk with a basic approach (Official Letter 111-3/1472/2018) in Banco Mercantil del Norte, and on February 26, 2019 for Arrendadora and Factor Banorte (Official Letters 111-1/160/2019). Periodically (as indicated in the regulation), the Internal Models are recalibrated, and the certification is obtained again, and given that, on July 4, 2024, the CNBV granted authorization for the use of the MI only for the calculation of capital requirements for the period authorized in the corresponding official letter for Banco Mercantil del Norte (Official Letter 111-2/1267/2024) and on July 19, 2024. 2024 for Lessor and Factor Banorte (Official Letter 111-2/1273/2024). Likewise, the Board of Directors authorized the use of the reserve methodology based on NIF C16 at its meeting on April 16, 2024 for Banco Mercantil del Norte and on April 12, 2024 for Arrendadora and Factor Banorte.

The positions subject to this classification are those of legal entity clients (other than states, municipalities and financial institutions) and individuals with business activity, both with annual sales greater than or equal to 14 million UDIs.

The Internal Model improves the comprehensive management of credit risk, estimating the risk parameters through the experience of the Institution, and have been applied as of February 2019 (with figures as of January) in Banco Mercantil del Norte; and as of March 2019 (with figures as of February) in Arrendadora and Factor Banorte. The parameter authorized under the Basic Internal Business Model is:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each accredited student, a score is obtained, which is mapped to a master grading scale.

The following tables show the portfolio subject to the Internal Business Model classified by stage and degree of risk as of 4Q24

Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Portfolio Stage 1			*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**
1	116,878	117,586	0.04%
2	104,888	105,436	0.09%
3	54,701	55,022	0.47%
4	29,193	29,618	0.93%
5	10,492	10,492	0.95%
6	1,193	1,193	3.50%
7	1,928	1,928	10.65%
8	366	366	17.04%
9	21	21	43.51%
Total	**319,660**	**321,663**	**0.34%**

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Stage 2 Portfolio			*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**
1	0.4	0.4	0.03%
2	0.003	0.003	0.06%
3	18	18	0.52%
4	231	231	1.03%
5	27	27	2.22%
6			
7	27	27	10.69%
8	219	219	29.49%
9	30	30	15.49%
Total	**552**	**552**	**13.63%**

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Portfolio Stage 3			*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**
Step 3	1,669	1,669	94.11%
Total	**1,669**	**1,669**	**94.11%**

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under the Basic Internal Business Model Grupo Financiero Banorte Total Portfolio			*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**
1	116,879	117,586	0.04%
2	104,888	105,436	0.09%
3	54,718	55,040	0.47%
4	29,424	29,849	0.94%
5	10,519	10,519	0.96%
6	1,193	1,193	3.50%
7	1,955	1,955	10.65%
8	586	586	21.71%
9	51	51	27.16%
Step 3	1,669	1,669	94.11%
Total	**321,881**	**323,884**	**0.85%**

* EI balances include both potential risk and drawn-down balance.

Below is the breakdown of risk exposure and expected loss by subsidiary:

Commercial Portfolio under the Basic Internal Business Model			*Millions of pesos*
Subsidiary	**Accounting Balance***	**Exposure to Non-Compliance (EI)****	**Expected Loss**
Banco Mercantil del Norte	279,476	281,479	822
Lessor and Factor Banorte	42,405	42,405	238
Total Portfolio*	**321,881**	**323,884**	**1,060**

* The balances include Letters of Credit for Ps 22,560 million, and exclude accounting adjustments for Ps 5 million in Banorte and Ps 219 million in Arrendadora and Factor Banorte.
** EI balances include both potential risk and drawn-down balance.

The following table shows the difference between the expected loss that was estimated by the Internal Business Model and the actual loss observed in the following 12 months. Since this model was recently authorized, the estimated results during the parallel run period are shown:

Backtesting			Millions of pesos
Period	**Expected Loss Internal Models**	**Observed Loss**	**% Coverage (Expected Loss / Observed Loss)**
4Q23	983	516	190%

2.5.5. Advanced In-House Model for SME Portfolio

On August 30, 2024, the Holding Company obtained authorization from the National Banking and Securities Commission for the use of the MI for the calculation of capital requirements for a period of 12 months for Banco Mercantil del Norte (Official Letter 111-2/1240/2024) and on September 30, 2024 for Lessor and Factor Banorte (Official Letter 111-2/1295/2024). Likewise, the Board of Directors authorized the use of the reserve methodology based on NIF C16 at its meeting on January 17, 2024 for Banco Mercantil del Norte and on January 16, 2024 for Arrendadora and Factor Banorte.

The positions subject to this classification are those of clients who are legal entities (other than states, municipalities and financial institutions) and individuals with business activity, both with annual sales of less than 14 million UDIs.

The Internal Model improves the comprehensive management of credit risk, estimating risk parameters through the Institution's experience. The parameters authorized under the Advanced Internal Model of SMEs are:

- Probability of Default (PI). It indicates the probability that a borrower will fail to comply with its contractual obligations in the twelve months following the qualification month. For each credit a score is obtained, which is mapped to a Master Grading scale.
- Severity of Loss (SP). Measures the intensity of loss in default expressed as a percentage of Exposure to Default (EI).
- Exposure to Non-Compliance (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

The following tables show the Portfolio subject to the Advanced Internal SME Model classified by stage and degree of risk:

Commercial Portfolio under Advanced Internal SME Model **Grupo Financiero Banorte** **Portfolio Stage 1**				*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**	**Weighted SP**
1	56,545	56,545	0.96%	30.80%
2	26,919	26,971	1.93%	27.80%
3	6,364	6,364	3.06%	28.35%
4	1,760	1,760	9.58%	29.48%
5	1,355	1,355	11.56%	29.05%
6	556	556	18.04%	35.17%
7	378	378	20.64%	35.16%
8	94	94	31.00%	34.95%

Total	**93,970**	**94,023**	**1.90%**	**29.78%**

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under Advanced Internal SME Model Grupo Financiero Banorte Stage 2 Portfolio				*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**	**Weighted SP**
1	10	10	1.03%	35.80%
2	69	69	1.94%	32.65%
3	17	17	2.98%	32.73%
4	20	20	6.29%	34.03%
5	59	59	12.88%	57.89%
6	293	293	19.68%	52.72%
7	486	486	28.03%	53.98%
8	245	245	36.49%	54.91%
Total	**1,199**	**1,199**	**24.52%**	**52.03%**

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under Advanced Internal SME Model Grupo Financiero Banorte Portfolio Stage 3				*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**	**Weighted SP**
Step 3	2,447	2,447	92.11%	52.68%
Total	**2,447**	**2,447**	**92.11%**	**52.68%**

* EI balances include both potential risk and drawn-down balance.

Commercial Portfolio under Advanced Internal SME Model Grupo Financiero Banorte Total Portfolio				*Millions of pesos*
Risk Level	**Accounting Balance**	**Exposure to Non-Compliance (EI)***	**PI weighted by EI**	**Weighted SP**
1	56,556	56,556	0.96%	30.80%
2	26,988	27,041	1.93%	27.82%
3	6,380	6,380	3.06%	28.36%
4	1,780	1,780	9.54%	29.54%
5	1,413	1,413	11.62%	30.25%
6	849	849	18.61%	41.23%
7	864	864	24.79%	45.75%
8	338	338	34.97%	49.39%
Step 3	2,447	2,447	92.11%	52.68%
Total	**97,617**	**97,669**	**4.44%**	**30.64%**

* EI balances include both potential risk and drawn-down balance.

Below is the breakdown of risk exposure and expected loss by subsidiary:

Commercial Portfolio under Advanced Internal SME Model	*Millions of pesos*

Subsidiary	Accounting Balance*	Exposure to Non-Compliance (EI)**	Expected Loss
Banco Mercantil del Norte	94,705	94,758	1,597
Lessor and Factor Banorte	2,911	2,911	154
Total Portfolio*	**97,617**	**97,669**	**1,751**

* The balances include Letters of Credit for Ps 717 million.
** EI balances include both potential risk and drawn-down balance.

The following table shows the difference between the expected loss that was estimated by the Advanced Internal SME Model and the actual loss observed in the following 12 months. Since this model was recently authorized, the estimated results during the parallel run period are shown:

Backtesting			Millions of pesos
Period	**Expected Loss Internal Models**	**Observed Loss**	**% Coverage (Expected Loss / Observed Loss)**
4Q23	2,218	1,517	146%

2.6. Risk Diversification

In December 2005, the CNBV issued the "General Provisions Applicable to Credit Institutions in the Matter of Risk Diversification", which require institutions to carry out an analysis of the borrowers and/or financing they hold to determine the amount of their "Common Risk". Likewise, the institutions must have the necessary information and documentation to verify that a person or group of people represent a common risk in accordance with the assumptions referred to in the aforementioned rules.

In compliance with the rules of risk diversification in active and passive operations, the following information corresponding to **Banco Mercantil del Norte is shown**:

Basic Capital as of September 2024 *(Millions of pesos)*	**189,539**
I. Large Exposures (Groups and Clients whose combined exposure represents more than 10% of core capital):	
Number of Groups and Customers	5
Total Exposure of Groups and Customers as a Whole	136,852
% to core capital	72%
II. Maximum amount of financing with the 4 largest debtors and common risk groups	**102,951**

In compliance with the rules for risk diversification in active and passive operations, the following information is shown corresponding to **Lessor and Factor Banorte**:

Stockholders' equity as of September 2024 *(Millions of pesos)*	**13,607**
I. Large Exposures (Groups and Clients whose combined exposure represents more than 10% of stockholders' equity):	
Number of Groups and Customers	8
Total Exposure of Groups and Customers as a Whole	15,417
% of stockholders' equity	113%
II. Maximum amount of financing with the 4 largest debtors and common risk groups	**9,122**

3. MARKET RISK (Bank and Brokerage House)

The objectives of Market Risk at La Tenedora are:

- Comply with the Desired Risk Profile defined by the Group's Board of Directors.
- Maintain adequate monitoring of Market Risk.
- To keep Senior Management adequately informed in a timely manner.
- Quantify through the use of various methodologies, the exposure to Market Risk.
- Define the maximum levels of risk that the Institution is willing to maintain.
- Measure the vulnerability of the Institution to extreme market conditions and consider these results for decision-making.

The Market Risk policies at La Tenedora are:

- New products subject to market risk must be evaluated and approved through the guidelines for new products approved by the Risk Policy Committee.
- The Board is the body empowered to approve global limits and market risk appetite metrics, as well as modifications to the above.
- The Risk Policy Committee is the body empowered to approve specific models, methodologies and limits, as well as modifications to the previous ones.
- Market risk models will be validated by an area independent of the one that develops and manages them.
- Market risk inputs and models will be validated in accordance with a policy duly approved by the Risk Policy Committee.

3.1. Scope, Methodologies and Reporting of Market Risk

Market Risk Management is managed through a series of fundamental pillars, including the use of models and methodologies such as *expected shortfall*, *Backtesting, Sensitivity* Analysis and *Stress Testing*), all used to measure the risk of products and portfolios of instruments listed on the financial markets. During the month of January 2019, Banorte implemented the calculation of the potential loss, thus replacing the calculation of VaR. Likewise, the valuation of Derivatives instruments was implemented using RFR curves and collateral-adjusted curves following international standards for currencies other than pesos; during 2024, the methodology was changed to RFR curves in pesos, in line with the prohibition of the use of the TIIE rate by Banco de México..

Similarly, risk management is supported by a framework of policies and manuals, which establish the implementation and monitoring of Market Risk limits, the disclosure of the referred risk metrics and their monitoring with respect to the established limits. These policies detail, among others: the characteristics, capacity, legal aspects, implementation issues and degree of coverage that must be considered when compensating or mitigating the risk.

Market Risk Management is supported by various risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are continuously backed up following institutional procedures in terms of computer security.

Key risk indicators are disclosed through monthly reports to the CPR and through a daily report to the main executives in the institution related to the taking of Market Risk positions.

3.2. Market Risk Exposure

The exposure to Market Risk of the Institution's portfolios of financial instruments is quantified through the methodology called "*Expected Shortfall*", which is determined as the average of the losses once the Value at Risk (VaR) is exceeded.

The potential loss model is based on a one-day time horizon and is based on a non-parametric historical simulation with a 97.5% confidence level and 500 historical observations on risk factors plus a stress scenario. It also considers all financial instrument positions (money market, treasury, capital, exchanges, and derivatives) classified as trading, both on and off the balance sheet.

The average potential loss for 4Q24 of the Bank's portfolio is Ps 68.7 million, (Ps 97.3 million lower than the average potential loss of the previous quarter).

The result shown represents that the Bank's potential loss, with a confidence level of 97.5%, is on average Ps 68.7 million.

Potential Loss *(Millions of pesos)*	**Average 4Q24**
Total Potential Loss	68.7
Capital Neto	223,322.0
Potential Loss/Net Capital	**0.03%**

The potential loss by risk factor behaved during 4Q24 as follows:

Risk Factor *(Millions of pesos)*	**4Q24**	**Average 4Q24**
Domestic Taxes	49.7	58.1
Foreign Fees	26.9	37.3
Surcharges	30.2	37.4
FX	26.8	12.8
Other	23.1	28.6
Diversification Effect	(95.6)	(105.4)
Total Potential Loss of the Bank	**61.2**	**68.7**

The potential loss at the end of 4Q24 corresponds to Ps 61.2 million. The contribution to the potential loss for each risk factor is:

Risk Factor *(Millions of pesos)*	**4T24**	**Average 4Q24**
Domestic Taxes	48.7	52.4
Foreign Fees	1.2	10.2
Surcharges	1.0	0.9
FX	11.6	4.5
Other	(1.3)	0.7
Total Potential Loss of the Bank	**61.2**	**68.7**

The potential loss by risk factor is determined by simulating 500 historical scenarios plus a stress scenario, grouping instruments by their main risk factor. Importantly, all positions classified as trading positions were taken into account, excluding the hold-to-maturity and available-for-sale position.

The average concentration by market risk factor without considering the diversification effect is:

Risk Factor	**4Q24**
Rates	91%
Surcharges	1%
FX	6%
Other	1%

3.2.1. Sensitivity Analysis and Testing under Extreme Conditions

In addition to the potential loss and in order to strengthen the risk analysis, Banorte conducts tests under extreme conditions, also known as *Stress Testing*. The foregoing, presented monthly to the CPR and its main objective is to obtain the impact on the institution's positions given important movements in risk factors.

3.2.2. Backtesting Banorte

In order to validate the effectiveness and accuracy of the potential loss, the Backtesting analysis is submitted to the CPR monthly. Through this analysis, it is possible to compare the observed gains and losses with respect to the estimated Potential Loss and, if necessary, make pertinent adjustments to the estimator.

3.2.3. Potential Loss at Casa de Bolsa Banorte

The portfolio's average potential loss for 4Q24 is Ps 165.5 million (Ps 41.6 million higher than the average potential loss for the previous quarter).

The result shown represents that the potential loss of the Brokerage House, with a confidence level of 97.5%, is on average Ps 165.5 million.

Potential Loss *(Millions of pesos)*	**Average 4T24**
Total Potential Loss	165.5
Capital Neto	3,541
Potential Loss/Net Capital	**4.67%**

The potential loss due to risk factor of the portfolio of instruments described for Casa de Bolsa Banorte behaved during 4Q24 as follows:

Risk Factor *(Millions of pesos)*	**4Q24**	**Average 4Q24**
Domestic Taxes	101.7	93.0
Foreign Fees	0.4	0.4
Surcharges	93.0	88.1
FX	0.0	0.2
Other	0.0	0.0
Diversification Effect	(17.3)	(16.3)
Total Potential Loss of Casa de Bolsa Banorte	**177.8**	**165.5**

The potential loss at the end of 4Q24 corresponds to Ps 177.8 million.

The potential loss by risk factor is determined by simulating 500 historical scenarios plus a stress scenario, grouping instruments by their main risk factor. Importantly, all positions classified as trading positions were taken into account, excluding the hold-to-maturity and available-for-sale position.

The concentration by Market Risk Factor is mainly in interest rates.

3.2.4. Sensitivity Analysis and Testing under Extreme Conditions.

In addition to the Potential Loss, and in order to strengthen the risk analysis, Casa de Bolsa Banorte performs the analysis by applying tests under extreme conditions, also known as *Stress Testing*. The foregoing, presented monthly to the CPR and its main objective is to obtain the impact on the institution's positions given important movements in risk factors.

3.2.5. Backtesting Casa de Bolsa Banorte

In order to validate the effectiveness and accuracy of the Potential Loss, the Backtesting analysis is submitted monthly to the CPR. Through this analysis it is possible to compare the observed gains and losses with respect to the estimated Potential Loss and, if necessary, the pertinent adjustments will be made to the estimator.

4. BALANCE SHEET AND LIQUIDITY RISK

The objectives of Balance Sheet Risk and Liquidity in the Holding Company are:

- Comply with the Desired Risk Profile defined by the Group's Board of Directors.
- Adequately monitor Balance Sheet Risk and Liquidity.
- Quantify through the use of various methodologies, the exposure to Balance Sheet and Liquidity Risk.
- Measure the vulnerability of the Institution to extreme market conditions and that these results are considered for decision-making.
- To keep Senior Management adequately informed in a timely manner about exposure to Balance Sheet and Liquidity Risk and any deviation from the limits and risk profile.
- Follow up on the institution's coverage policy and review it at least annually.
- Maintain a sufficient level of eligible Liquid Assets to guarantee the liquidity of the Institution even under stress conditions.

The Liquidity Risk policies in the Holding Company are:

- Establishment of Global and Specific Limits for Balance Sheet Risk Management and Liquidity.
- Measurement and monitoring of Balance Sheet and Liquidity Risk.
- Information and disclosure of Liquidity Risk to risk-taking areas, the CPR, the Board of Directors, the Financial Authorities and the Investing Public.

4.1. Scope, Methodologies and Reporting of Balance Sheet and Liquidity Risk

Balance Sheet and Liquidity Risk is managed through a series of fundamental pillars, among which the use of key indicators, such as the Liquidity Coverage Ratio (LCC), reprice and liquidity gaps, as well as stress tests, can be highlighted. This is based on a framework of policies and manuals, including a contingency financing plan and a contingency plan for the preservation of solvency and liquidity. Similarly, it is complemented by the monitoring of Desired Risk Profile limits and levels on the Balance Sheet Risk and Liquidity metrics in question. The disclosure of the aforementioned metrics and indicators and their compliance with the limits and the Desired Risk Profile established is carried out through monthly reports to the CPR, weekly reports to the Balance Sheet Management Committee and quarterly reports to the Board of Directors.

Balance Sheet and Liquidity Risk management is supported by various risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are continuously backed up following institutional procedures in terms of computer security.

4.2. Financing Profile and Strategy

The composition and evolution of the bank's funding during the quarter is shown in the following table:

Anchor Source *(Millions of pesos)*	**3Q24**	**4Q24**	**Var vs. 3Q24**	
Demand Deposits				
National Currency [1]	629,907	647,454	2.8%	
Foreign Currency [1]	87,052	97,845	12.4%	
Demand Deposits	**716,960**	**745,299**	**4.0%**	
Time Deposits – Window				
National Currency [2]	307,402	311,661	1.4%	
Foreign currency	6,250	4,144	-33.7%	
Window Capture	**1,030,612**	**1,061,104**	**3.0%**	
Money Table				
National Currency [3]	62,544	50,673	-19.0%	
Foreign Currency [3]	48,769	40,602	-16.7%	
Comprehensive Deposits Banking Sector	**1,141,925**	**1,152,379**	**0.9%**	

1. Includes balance of the Global Deposit Account without Movement.
2. Includes eliminations between subsidiaries
3. Money Desk and Time Deposits

4.3. Liquidity Coverage Ratio (LCC)

The CCL allows quantifying Liquidity Risk through the relationship between Liquid Assets and Net Cash Outflows, in the next 30 days, under assumptions of a regulatory stress scenario.

The LCC is an indicator that should be interpreted as the Institution's liquidity sufficiency to cover its short-term obligations, under an extreme scenario, using only its highest quality Liquid Assets.

The following tables present the average evolution of the components of the LCC in 4Q24.

	CCL Components *(Millions of pesos)*	Consolidated Calculation	
		Unweighted Amount (Average)	**Weighted Amount (Average)**
ELIGIBLE LIQUID ASSETS			
1	Total Eligible Liquid Assets	**Not applicable**	**184,204**
CASH OUTFLOWS			
2	**Unsecured Retail Financing**	605,899	41,261
3	Stable financing	386,570	19,329
4	Less stable funding	219,329	21,933
5	**Unsecured wholesale financing**	390,233	97,439
6	Operational Deposits	369,774	85,496
7	Non-operational deposits	15,147	6,631
8	Unsecured debt	5,312	5,312
9	**Guaranteed wholesale financing**	272,188	25,689
10	**Additional Requirements:**	552,069	41,827
11	Outflows related to derivative financial instruments and other collateral requirements	19,142	11,088
12	Loss-related outflows from debt instrument financing	-	-
13	Lines of credit and liquidity	532,927	30,740
14	Other contractual financing obligations	1,560	377
15	Other contingent funding obligations	-	-
16	**TOTAL CASH OUTFLOWS**	**Not applicable**	**206,593**
CASH INFLOWS			
17	Cash inflows from secured transactions	98,860	11,143
18	Cash inflows from unsecured transactions	111,674	75,002
19	Other cash inflows	7,058	7,058
20	**TOTAL CASH INFLOWS**	**217,592**	**93,203**
			Adjusted Amount
21	**TOTAL ELIGIBLE LIQUID ASSETS**	**Not applicable**	**184,204**
22	**TOTAL NET CASH OUTFLOWS**	**Not applicable**	**113,390**
23	**LIQUIDITY COVERAGE RATIO**	**Not applicable**	**164.15%**

	CCL Components *(Millions of pesos)*	Individual Calculation	
		Unweighted Amount (Average)	**Weighted Amount (Average)**
ELIGIBLE LIQUID ASSETS			
1	Total Eligible Liquid Assets	**Not applicable**	**184,204**
CASH OUTFLOWS			
2	**Unsecured Retail Financing**	605,899	41,261
3	Stable financing	386,570	19,329
4	Less stable funding	219,329	21,933
5	**Unsecured wholesale financing**	382,136	94,016
6	Operational Deposits	369,774	85,496
7	Non-operational deposits	7,050	3,208
8	Unsecured debt	5,312	5,312
9	**Guaranteed wholesale financing**	272,188	25,689
10	**Additional Requirements:**	491,552	38,698
11	Outflows related to derivative financial instruments and other collateral requirements	19,142	11,088
12	Loss-related outflows from debt instrument financing	-	-
13	Lines of credit and liquidity	472,409	27,610
14	Other contractual financing obligations	1,560	377
15	Other contingent funding obligations	-	-
16	**TOTAL CASH OUTFLOWS**	**Not applicable**	**200,041**
CASH INFLOWS			
17	Cash inflows from secured transactions	98,860	11,143
18	Cash inflows from unsecured transactions	110,174	78,072
19	Other cash inflows	7,058	7,058
20	**TOTAL CASH INFLOWS**	**216,092**	**96,273**
			Adjusted Amount
21	**TOTAL ELIGIBLE LIQUID ASSETS**	**Not applicable**	**184,204**
22	**TOTAL NET CASH OUTFLOWS**	**Not applicable**	**103,768**
23	**LIQUIDITY COVERAGE RATIO**	**Not applicable**	**180.07%**

During 4Q24, a 92-day average consolidated QC of 164.15% and an average 92-day individual QC of 180.07% were observed, with a consolidated QC at the end of 4Q24 of 145.18%, and an individual QC at the end of the quarter of 152.81% above the Desired Risk Profile and the regulatory minimum established in current regulations. The above results indicate that Banorte is in a position to meet all of its short-term obligations in a crisis scenario[5].

4.4. Evolution of the Components of the CCL

The evolution of the components of the Liquidity Coverage Ratio between the end of 3Q24 and the end of 4Q24 is presented in the table below.

Componente CCL *(Millions of pesos)*	**3T24**	**4T24**	**Var vs. 3T24**
Liquid Assets	187,676	181,736	(3.2%)

[5] The information on the Liquidity Coverage Ratio is preliminary and is subject to validation by Banco de México.

Cash Inflows	73,082	71,125	(2.7%)
Cash Outflows	205,452	196,309	(4.5%)

The Liquid Assets that are computed for the CCL of the Bank and Sofomes between the end of 3Q24 and the end of 4Q24 are distributed as follows:

Asset Type *(Millions of pesos)*	**3T24**	**4T24**	**Var vs. 3T24**
Total	**187,676**	**181,736**	**(3.2%)**
Level I	179,697	100,695	(44.0%)
Level II	7,979	7,820	(2.0%)
Level II A	5,598	5,423	(3.1%)
Level II B	2,381	2,397	0.7%

4.5. Main Causes of CCL Results

The variations in the Liquidity Coverage Ratio between 3Q24 and 4Q24 are due to the maturity of an issue of the institution for Ps. 4,400 million, the effect of the dividend payment to Banco a Grupo Financiero, and the issuance of two Perpetual Capital Notes (Tier 1) for Ps. 30,484 million.

It should be noted that Banorte has not used the Permanent Liquidity Facilities of Banco de México.

4.6. Exposure to Derivative Instruments and Possible Margin Calls

Banorte applies the regulatory criteria for the determination of potential cash outflows from derivatives. At the end of 4Q24, the following can be observed:

Cash Outflows from Derivatives *(Millions of pesos)*	**3T24**	**4T24**	**Var vs. 3T24**
Net outflow at market value and by potential exposure	6,962	6,962	0.0%
Cash Outflows due to Downgrade of 3 Notches in Credit Rating	-	-	0.0%

The above measurement indicates that potential outflows from derivatives could represent a liquidity requirement of up to Ps 6,962 million.

4.7. Net Stable Funding Ratio (CFEN)

The CFEN is an indicator that should be interpreted as the proportion between the Stable Financing Available, made up of own and external resources that are considered reliable in a time horizon; and Required Stable Financing, consisting of liquidity, asset maturities and off-balance sheet positions.

The following tables present the average evolution of the components of the CFEN in 4Q24:

CFEN		Consolidated Figures				
(Millions of Pesos)		Unweighted amount by residual term				Weighted amount
		No expiration	< 6 months	From 6 months to < 1 year	>1 year	
Elements of the Amount of Stable Financing Available						
1	Capital:	228,812	-	-	-	228,812
2	*Fundamental capital and non-fundamental basic capital.*	228,812	-	-	-	228,812
3	*Other capital instruments.*	-	-	-	-	-
4	Retail Deposits:	-	693,276	2,265	449	647,490
5	*Stable deposits.*	-	420,502	576	155	400,179
6	*Less stable deposits.*	-	272,774	1,690	294	247,311
7	Wholesale Financing:	-	653,282	3,328	115,079	424,327
8	*Operational deposits.*	-	52,625	-	-	26,312
9	*Other wholesale financing.*	-	600,657	3,328	115,079	398,014
10	Interdependent liabilities	-	954	291	6,916	-
11	Other liabilities:	35,847		26,492		12,618
12	*Derivatives liabilities for purposes of the Net Stable Funding Ratio*	Not applicable		-		Not applicable
13	*All liabilities and own funds not included in the above categories.*	35,847	2,780	22,189	1,523	12,618
14	**Total Amount of Stable Financing Available**	Not applicable	Not applicable	Not applicable	Not applicable	**1,313,247**
Elements of the Stable Funding Amount Required						
15	Total liquid assets eligible for the purposes of the Net Stable Funding Ratio.	Not applicable	Not applicable	Not applicable	Not applicable	97,298
16	Deposits in other financial institutions for operational purposes.	-	2,098	-	-	1,049
17	Current loans and securities:	-	402,098	83,749	657,172	746,144
18	*Guaranteed financing granted to financial institutions with eligible Tier I liquid assets.*	-	46,888	589	-	4,984
19	*Financing granted to financial institutions secured with eligible liquid assets other than Level I, and financing granted to unsecured financial institutions.*	-	33,850	15,176	4,593	17,259
20	*Financing granted to counterparties other than financial institutions, which:*	-	270,507	60,474	392,564	490,763
21	*They have a credit risk weighting of less than or equal to 35% according to the Basel II Standard Method for credit risk.*	-	102,611	4,069	42,036	80,663
22	*Housing Loans (in stages 1 and 2), of which:*	-	8,179	5,362	247,466	191,885

23	*They have a credit risk weighting of less than or equal to 35% according to the Standard Method established in the Provisions.*	-	3,697	2,029	126,162	84,868
24	*Debt securities and shares other than Eligible Liquid Assets (which are not in default).*	-	42,673	2,147	12,549	41,254
25	*Interdependent assets.*	-	954	291	6,916	-
26	Other Assets:	51,142		695,507		118,633
27	*Physically traded commodities, including gold.*	3	Not applicable	Not applicable	Not applicable	3
28	*Initial margin granted on transactions in derivative financial instruments and contributions to the loss-absorbing fund of central counterparties*	Not applicable		-		-
29	*Derivative assets for purposes of the Net Stable Funding Ratio.*	Not applicable		25,248		6,615
30	*Derivatives liabilities for purposes of the Net Stable Funding Ratio before deduction for the change in initial margin*	Not applicable		500,476		1,244
31	*All assets and operations not included in the above categories.*	51,139	158,838	-	10,944	110,771
32	Off-balance sheet transactions.	Not applicable		564,036		28,202
33	**Total Amount of Stable Financing Required.**	Not applicable	Not applicable	Not applicable	Not applicable	991,325
34	**Net Stable Financing Ratio (%).**	Not applicable	Not applicable	Not applicable	Not applicable	**132.47%**

CFEN		Individual Figures				
(Millions of pesos)		Unweighted amount by residual term				Weighted amount
		No expiration	< 6 months	From 6 months to < 1 year	>1 year	
Elements of the Stable Financing Amount Available						
1	Capital:	228,812	-	-	-	228,812
2	*Fundamental capital and non-fundamental basic capital.*	228,812	-	-	-	228,812
3	*Other capital instruments.*	-	-	-	-	-
4	Retail Deposits:	-	693,276	2,265	449	647,490
5	*Stable deposits.*	-	420,502	576	155	400,179
6	*Less stable deposits.*	-	272,774	1,690	294	247,311
7	Wholesale Financing:	-	637,878	2,570	107,670	409,279
8	*Operational deposits.*	-	52,625	-	-	26,312
9	*Other wholesale financing.*	-	585,253	2,570	107,670	382,966
10	Interdependent liabilities	-	954	291	6,916	-
11	Other liabilities:	35,847		26,492		12,618
12	*Derivatives liabilities for purposes of the Net Stable Funding Ratio*	Not applicable		-		Not applicable
13	*All liabilities and own funds not included in the above categories.*	35,847	2,780	22,189	1,523	12,618
14	**Total Amount of Stable Financing Available**	Not applicable	Not applicable	Not applicable	Not applicable	1,298,200
Elements of the Stable Financing Required						
15	Total liquid assets eligible for the purposes of the Net Stable Funding Ratio.	Not applicable	Not applicable	Not applicable	Not applicable	97,298
16	Deposits in other financial institutions for operational purposes.	-	2,098	-	-	1,049
17	Current loans and securities:	-	391,242	80,005	646,255	727,072
18	*Guaranteed financing granted to financial institutions with eligible Tier I liquid assets.*	-	46,888	589	-	4,984
19	*Financing granted to financial institutions secured with eligible liquid assets other than Level I, and financing granted to unsecured financial institutions.*	-	43,613	15,679	10,760	25,141
20	*Financing granted to counterparties other than financial institutions, which:*	-	249,887	56,228	375,480	463,808
21	*They have a credit risk weighting of less than or equal to 35% according to the Basel II Standard Method for credit risk.*	-	102,611	4,069	42,036	80,663
22	*Housing Loans (in stages 1 and 2), of which:*	-	8,179	5,362	247,466	191,885
23	*They have a credit risk weighting of less than or equal to 35% according to the Standard Method established in the Provisions.*	-	3,697	2,029	126,162	84,868

24	*Debt securities and shares other than Eligible Liquid Assets (which are not in default).*	-	42,673	2,147	12,549	41,254
25	*Interdependent assets.*	-	954	291	6,916	-
26	Other Assets:	51,142		746,645		118,633
27	*Physically traded commodities, including gold.*	3	Not applicable	Not applicable	Not applicable	3
28	*Initial margin granted on transactions in derivative financial instruments and contributions to the loss-absorbing fund of central counterparties*	Not applicable		-		-
29	*Derivative assets for purposes of the Net Stable Funding Ratio.*	Not applicable		25,248		6,615
30	*Derivatives liabilities for purposes of the Net Stable Funding Ratio before deduction for the change in initial margin*	Not applicable		500,476		1,244
31	*All assets and operations not included in the above categories.*	51,139	158,838	-	10,944	110,771
32	Off-balance sheet transactions.	Not applicable		509,012		25,451
33	**Total Amount of Stable Financing Required.**	Not applicable	Not applicable	Not applicable	Not applicable	969,502
34	**Net Stable Financing Ratio (%).**	Not applicable	Not applicable	Not applicable	Not applicable	**133.90%**

During 4Q24, an average consolidated CFEN for the 92 days of the quarter of 132.47% was observed and an average individual CFEN of the 92 days of the quarter of 133.99%, with CFEN consolidated at the end of 4Q24 of 132.47%, placing it above the Desired Risk Profile and the regulatory minimum established in current regulations. The above results indicate that Banorte maintains a stable financing profile in relation to the composition of its off-balance sheet assets and operations.

4.8. Evolution of the Components of the CFEN

The evolution of the components of the Net Stable Funding Coefficient between the end of 3Q24 and the end of 4Q24 is presented in the following table:

	3T24			4T24			Variation		
	Stable Anchoring Available	Stable Anchoring Required	CFEN	Stable Anchoring Available	Stable Anchoring Required	CFEN	Stable Anchoring Available	Stable Anchoring Required	CFEN
< 6 months	1,151,558	317,297		1,193,609	311,701		3.7%	(1.8%)	
From 6 months to < 1 year	14,181	40,029		15,109	48,630		6.5%	21.5%	
>1 year	111,557	607,437	**132.39%**	112,871	637,352	**132.47 %**	1.2%	4.9%	0.05%

4.9. Main Causes of CFEN Results

The institution's solid Net Stable Funding Ratio levels are mainly due to: (1) the institution's solid capitalization levels, reinforced by a strong long-term funding structure derived from subordinated debt issuances; (2) the stability of customer deposits, which allow the natural coverage of the active balance sheet with high-quality liabilities.

4.10. Foreign Currency Liquidity Risk

For the quantification and monitoring of the Liquidity Risk, the criteria established by Banco de México for the preparation of the Liquidity Ratio, in foreign currency, are used for the dollar portfolio.

The Liquidity Ratio in foreign currency should be interpreted as the institution's ability to cover its liquidity mismatches with liquid assets, both in foreign currency.

4.11. Liquidity Gaps

As part of the Bank's liquidity analysis, the liquidity gaps resulting from the Institution's 30-day active and passive obligations are analyzed. Under this scheme, it is monitored at the Bank level, with the following results for 4Q24.

Concept *(Millions of pesos)*	**3T24**	**4T24**	**Var vs. 3T24**
One-month cumulative gap	(6,350)	(21,029)	+231.2%
Liquid Assets	185,266	177,060	(4.4%)

The mismatch between the inputs and outputs (gaps) for the next 30 days is covered with liquid assets. Additionally, a more granular breakdown of liquidity gaps is presented, as follows for 4Q24:

Concept *(Millions of pesos)*	**1 day**	**7 days**	**1 month**	**3 months**	**6 months**	**12 months**
Natural Gap	(3,043)	(11,121)	(6,865)	64,209	44,460	93,595
Cumulative Gap	(3,043)	(14,160)	(21,029)	43,180	87,640	181,235

4.12. Testing under extreme liquidity conditions

As part of the management of Liquidity Risk management, Banorte conducts tests under extreme liquidity conditions with internal scenarios to evaluate the adequacy of the bank's liquidity under adverse conditions both in the environment and due to intrinsic conditions of the bank. For these purposes, a total of 9 scenarios have been considered, based on 3 sources of risk (systemic, idiosyncratic and combined) with 3 levels of severity each (moderate, medium and severe).

4.13. Contingency Financing Plan

In order to have comprehensive practices in liquidity management, and to guarantee its operation in adverse liquidity situations, Banorte has implemented a contingency financing plan that incorporates elements to identify possible liquidity problems and defines the alternative sources of funding available to deal with contingencies.

4.14. Balance Sheet Risk

Interest rate risk consists of estimating the impact on the financial margin. The financial margin is the difference between the income generated by interest and the costs associated with liabilities with financial costs (interest expense). Depending on the structure of the balance sheet, movements in interest rates can have positive or negative impacts on the scenarios of rising or falling rates.

Because the financial margin obeys the flow structure of assets and liabilities on the balance sheet, the model used to estimate this metric is a reprice gap model. All assets and liabilities are allocated in different bands depending on their nature of re-price and/or maturity structure. Once the reprice structure is in place, the impact of each band on the indicator can be calculated.

4.14.1. Financial Margin Sensitivity

Financial margin sensitivity is a static metric that considers the twelve-month budget exercise, i.e., only bands less than one year are impacted by the different movements of interest rates. The assumptions are:

- It considers the re-valuation effects of all financial assets and liabilities in the balance sheet.
- The monitoring of the negotiation book is kept separately.
- It considers the behavior of all balance sheet models (e.g., mortgage prepayment, and deposit survival).
- The balance sheet is considered static and constant over time, i.e., it does not consider organic growth, movements in the rate structure, or changes in the product mix or strategies.

The following table shows the Sensitivity of the Financial Margin for Banco Banorte.

Margin Sensitivity *(Millions of pesos)*	**3Q24**	**4Q24**	**Var vs. 3Q24**
Balance in National Currency	36	90	+150.0%
Foreign Currency Balance	531	687	+29.4%

During 4Q24, the sensitivity of the balance sheet in national currency to a variation of 100 bps in national rates went from Ps 36 million in 3Q24 to Ps 90 million. On the other hand, the sensitivity of the foreign currency balance sheet to a variation of 100 bps in foreign rates goes from Ps 531 million to Ps 687 million. It is important to note that Financial Markets positions immunize, through intermediation results, the impact of lower rates on the Balance Sheet. Financial Instruments for Receivable and Sale (previously Available for Sale) at the end of 4Q24 amounted to Ps 182,594 million, and on average during 4Q24 to Ps 180,574 million.

4.14.2. Economic Value of Capital

The economic value of capital is a long-term metric that contrasts the difference in the present value of assets and the present value of liabilities, under different interest rate scenarios. This metric also considers the results of all the internal models on the behavior of the balance sheet, previously mentioned for sensitivity to the financial margin.

The following table shows the economic value of capital for Banco Banorte, in a scenario of +100 bps in parallel.

Economic Value of Capital *(Pbs)*	**4Q24**
Overall Increase +100bp	178

4.15. Subsidiaries

The Balance Sheet and Liquidity Risk Management processes of the Bank and its Sofomes are centralized in the General Directorate of Risk and Credit Management of La Tenedora. To monitor the liquidity of the Sofomes, analyses of the structural behavior of the balance sheet are carried out, as well as the diversification of the Funding. Additionally, liquidity gap analysis is carried out. Specifically, for the Brokerage House, the regulatory liquidity requirements are followed.

The following table presents the composition of the gap indicators of the Bank's subsidiaries and Sofomes at the end of 4Q24.

Liquidity Indicator *(Millions of pesos)*	**Casa de Bolsa Banorte**	**Lessor and Factor**
One-month cumulative gap	4,017	(11,217)
Liquid Assets	4,286	78

5. OPERATIONAL RISK

The Holding Company has a formal Operational Risk area that reports directly to the General Directorate of Risk and Credit Management.

Operational Risk is defined as the potential loss due to failures or deficiencies in internal controls, errors in the processing and storage of operations or in the transmission of information, as well as adverse administrative and judicial resolutions, fraud or theft (this definition includes Technological and Legal Risk).

The objectives of Operational Risk Management are:

a) Enable and support the organization to achieve its institutional objectives through the prevention and management of operational risks,

b) Ensure that existing operational risks and required controls are duly identified, assessed and aligned with the risk strategy established by the organization

c) Ensure that operational risks are duly quantified to enable the adequate allocation of capital by Operational Risk.

5.1. Policies, objectives and guidelines

As part of the institutional regulations, the policies, objectives, guidelines, methodologies and areas responsible for Operational Risk Management are documented, for its management, coverage and mitigation.

The Operational Risk Directorate maintains close communication and coordination with the Regulatory Audit Directorate, in order to promote effective Internal Control in which procedures and adequate controls are established to mitigate Operational Risk within the processes, monitoring compliance with them through the Internal Audit Department.

The Regulatory Comptroller's Office, as part of the Internal Control System, carries out the following activities related to risk mitigation:

a) Validation of internal control.
b) Administration and control of institutional regulations.
c) Monitoring of the internal control of the operational processes through the reports of control indicators, reported by the process controllers of the different areas.
d) Administration of the Anti-Money Laundering process.
e) Control and monitoring of regulatory provisions.
f) Analysis and evaluation of operational processes and projects with the participation of the directors responsible for each process, in order to ensure adequate internal control.

5.2. Quantitative and Qualitative Measurement Tools

5.2.1. Operating Loss Database

For the registration of operational loss events, there is a system that allows the central areas providing information to record these events directly and online, which are classified by Event Type according to the following categories:

Internal Fraud: Losses derived from any type of action aimed at defrauding, misappropriating assets or circumventing regulations, laws or company policies (excluding diversity/discrimination events) in which at least one party internal to the company is involved.

External Fraud: Losses derived from some type of action aimed at defrauding, misappropriating goods or circumventing the legislation, by a third party.

Labour Relations and Safety in the Workplace**:** Losses arising from actions incompatible with labour legislation or agreements, on health or safety at work, on the payment of claims for personal injury, or on cases related to diversity/discrimination.

Customers, Products and Business Practices: Losses arising from the inadvertent or negligent breach of a professional obligation to particular customers (including fiduciary and adequacy requirements), or from the nature or design of a product.

External Events: Losses arising from damage or harm to material assets as a result of natural disasters or other events.

Business Incidents and System Failures: Losses derived from business incidents and system failures.

Process Execution, Delivery, and Management: Losses arising from errors in the processing of operations or in the management of processes, as well as from relationships with business counterparties and suppliers.

This Historical Database allows us to have statistics on the operational events in which the institution has incurred in order to determine the trends, frequency, impact and distribution they present.

5.2.2. Database of Legal and Fiscal Contingencies

For the registration and follow-up of judicial, administrative and fiscal matters that may lead to the issuance of unfavorable resolutions that cannot be appealed, the system called "Monitoring System of Legal Risk Matters" (SMARL) was developed internally. This system allows the central areas that provide information to register these events directly and online, which are classified by company, sector and legal matter, among others.

As part of the management of Legal Risk in La Tenedora , an estimate of the Legal and Fiscal Contingencies is made by the lawyers who handle the cases, determining the degree of risk of each matter based on an internal methodology. This allows the creation of the necessary Accounting Reserves within a certain period of time (depending on the duration of the demand), in order to deal with these Contingencies.

5.3. Management Model

La Tenedora's companies have defined objectives, which are achieved through different plans, programs and projects. The fulfillment of these objectives can be affected by the presence of operational risks, which is why it is necessary to have a methodology to manage them within the organization, so Operational Risk management is now an institutional policy defined and supported by Senior Management.

To carry out Operational Risk Management, it is essential to identify each of the operational risks involved in the processes in order to be able to analyze them in an appropriate way. In this sense, currently the risks identified, by the Regulatory Comptroller's Office with the support of the Process Comptrollers, are registered and managed in order to eliminate or mitigate them (seeking to reduce their severity or frequency) and defining tolerance levels where appropriate.

5.4. Capital Requirement Calculation

In accordance with the Operational Risk Capitalization Rules in force, in the case of Banorte, the institution has adopted the Business Indicator Method, which is calculated and periodically reported to the authority.

5.5. Information, Measurement and Reporting Systems of Operational Risk

Operational Risk Management is supported by various risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems, as well as the reports they generate, are continuously backed up following institutional procedures in terms of computer security.

The information generated by the Databases and by the Management Model is processed periodically in order to report to the CPR and the Board of Directors the main operational events detected, trends, identified risks and their mitigation strategies. Additionally, the status of the main initiatives in terms of Operational Risk mitigation implemented by the different areas of the organization is reported.

5.6. Technology Risk

Technology Risk is defined as the potential loss for damage, interruption, alteration, or failure arising from the use of or reliance on hardware, software, systems, applications, networks, and any other information distribution channel in the provision of banking services to customers. This risk is an inherent part of Operational Risk, so its management is carried out jointly with the entire organization.

To address the Operational Risk related to the integrity of information, the Operational Risk Committee has been created whose objectives are to align information security and control efforts under the prevention approach, define new strategies, policies, processes or procedures and seek to solve computer security problems that affect or may affect the Institutional assets.

The functions established by the CNBV in the area of Technological Risk Management are carried out by the Institution under the guidelines established by institutional regulations and the Operational Risk Committee.

To face the Operational Risk caused by high-impact external events, there is a Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) based on a synchronous data replication scheme, in an alternate data center. With the above, the backup and recovery of the main critical applications of the institution is covered, in case of any relevant operational event.

5.7. Legal Risk

Legal Risk is defined as the potential loss due to non-compliance with applicable legal and administrative provisions, the issuance of unfavorable administrative and judicial resolutions and the application of sanctions, in relation to the operations carried out by the institution.

It is essential to measure Legal Risk as an inherent part of Operational Risk to understand and estimate its impact. Therefore, the legal issues that result in real operating losses of the SMARL system are subsequently recorded in the operational events database, according to a predefined taxonomy.

Based on the statistics of ongoing legal matters and actual loss events, it is possible to identify specific legal or operational risks, which are analyzed in order to eliminate or mitigate them, seeking to reduce or limit their future occurrence or impact.

6. SECURITIZATIONS CARRIED OUT BY THE HOLDING COMPANY

The main objective of the securitization operations carried out by the Institution is to transfer the risks and rewards of certain financial assets in its own position to third parties. Likewise, for the institution it represents a source of alternative funding.

The Holding Company has carried out the following securitization:

- On October 11, 2006, Fincasa Hipotecaria (Fincasa), currently merged with Banorte, entered into an irrevocable trust agreement for the issuance of stock certificates No. 563, with issuer code FCASACB, whose underlying asset is mortgage loans originated and assigned by Fincasa.

- On December 5, 2023, Banorte entered into irrevocable trust agreement No. 4907 for the issuance of stock certificates with the issuer symbol BANORCB. The issuance of the stock certificates by the trust took place on December 21, 2023, these are backed by credits to governments, states and municipalities, all originated and assigned by Banorte.

The institution is not responsible for the risks assumed or retained with respect to the assets of the trusts, its only responsibility is in relation to the fulfillment of the obligations that are expressly provided for in the trust agreement and in the management contract. However, with respect to the BANORCB 23 securitization, the risks assumed and retained by the trust are relevant given the participation in the stock certificates.

The Institution is responsible for ensuring that each of the assigned receivables meets the eligibility criteria at the time of the respective assignment. If the trustee, common representative, or financial guarantor identifies any ineligible credit, Banorte may be required to replace such credit or, if such replacement is not possible, payment of the "uneligible unreplaced credit" in question. If Banorte identifies any ineligible credit, it must notify it and replace it or make the corresponding payment.

There are no predetermined policies for the issuance of securitizations by the Board of Directors of the Institution, authorization to originate any new issuance would be requested when required.

The Institution does not participate in the securitization of positions of third parties.

There are several risk factors that can affect the assets of securitization trusts. If these risks materialize, the payment to the holders of the stock certificates could be adversely affected. The main risks to which these financial instruments are exposed are: Credit Risk, Market Risk, Liquidity Risk and Operational Risk, which have been detailed in previous sections.

To monitor the credit quality of the credit risk exposure of financial instruments originating from securitized assets, the Institution calculates the expected loss with a time horizon of one year, while to monitor the Market Risk exposure it calculates the value at risk over a time horizon of one day and with a confidence level of 99%. for such instruments.

In the securitizations carried out, in which Banco Mercantil del Norte participates, it is the settlor and trustee of the trusts. In addition, the Institution also performs administrator functions in each of the trusts.

On the other hand, the Institution also acts as an investor by acquiring securities of the stock certificates issued by the trusts constituted for securitizations. As of 4Q24, The Holding Company has in its own position the following securities and amounts of the securitizations carried out by the same Institution:

Securitization *(Millions of pesos)*	Banorte		Insurance		Total	
	Titles	Amount	Titles	Amount	Titles	Amount
91_BANORCB_23	270,000,000	26,695	-	-	270,000,000	26,695
97_FCASACB_06U	-	-	-	-	-	-

Below is the proportion of securities held in GFNorte's own position, in relation to the total number of securities issued by each series:

Securitization *(Millions of pesos)*	Securities issued	Banorte	Insurance	Total The Fork	Total Customers
91_BANORCB_23	270,000,000	100.0%	0.0%	100.0%	0.0%
97_FCASACB_06U	1,351,386	0.0%	0.0%	0.0%	100.0%

Below are the ratings assigned by each rating agency at the end of the quarter for each stock certificate issued by the aforementioned trusts:

Securitization	Standard & Poor's		Fitch Ratings		Moody's		HR Ratings		Verum		Best		DBRS	
	National	Global	National	Global	National	Global	National	Global	National	Global	National	Gobal	National	Global
91_BANORCB_23							HRAAA		AAA/M					
97_FCASACB_06U	mxBB		CCC (mex)											

As of 4Q24, the amounts of the underlying assets of the securitization are:

Securitization *(Millions of pesos)*	Amount		
	In effect	Defeated	Total
91_BANORCB_23	Ps 28,785	Ps -	Ps 28,785
97_FCASACB_06U	Ps 41	Ps 96	Ps 137

The maintained exposure of securitizations carried out, broken down by Credit Risk weight, is shown below:

Concept *(Millions of pesos)*	Exposition	Capital requirement
Securitizations with Risk Grade 1	26,695	957
Securitizations with Risk Grade 2	-	-
Securitizations with Risk Grade 3	-	-
Securitizations with Risk Grade 4	-	-
Securitizations with Risk Grade 5.1 to 5.4	-	-

There is no securitization position recorded in suspense accounts and no securitization positions held are deducted from fundamental capital.

The securitizations of trusts 563 and 4907 have early amortization clauses. The Institution has not securitized revolving transactions or resecuritizations during the quarter

6.1 Accounting policies applied

The securitization operations carried out by the Institution were recognized in accordance with the provisions of Financial Reporting Standard C-14 *Transfer and deregistration of financial assets*. With regard to the securitization of BORHIS, it was concluded that despite retaining the contractual rights to receive the cash flows from the financial assets, it assumes a contractual obligation to pay such cash flows to a third party. In addition, in the analysis of the transfer of these assets, it was concluded that the entity transfers substantially all the risks and rewards inherent in the ownership of the financial assets.

The recognition of the profit on sales is in accordance with the provisions of paragraph 43.1.1 of NIF C-14, which states:

a) Derecognition of transferred financial assets at the last carrying amount;
b) Recognize the consideration received in the transaction;
c) Recognize in the results of the year the gain or loss, for the difference between the carrying amount of the financial assets derecognized and the sum of (i) the consideration received (recognized at fair value) and (ii) the effect (gain or loss) from accumulated valuation that may have been recognized in stockholders' equity.

With respect to the GEM securitization, it was concluded that the Entity did not make a sale to a third party, as it does not transfer substantially all the risks and benefits inherent in the transferred assets. For this reason, these assets are not derecognized at the consolidated level.

Both securitizations issued instruments known as certificates in favor of the Institution, as holders of the rights in the last place under the trust contract. These certificates give the right to receive a percentage of the distributions and in general to the corresponding proportion of the remainder that may be in the trust assets after the total payment of the stock certificates. The valuation of the certificates is based on the net present value method of the expected remaining cash flows over the life of the securitization. The remaining cash flow is the sum of the cash flow to be received from the securitized loan portfolio, less the cash flow payable from the stock certificates, less the monthly expense for administration and maintenance, less any increase in principal or interest reserve, if any. At the end of the year, the record generated by the securitization FCASACB 06U has a fair value of zero, given that it does not include receiving remaining cash flows. On the other hand, the evidence generated by the BANORCB 23 securitization has a fair value of 3,857 million pesos, which is only recognized in the accounts of Banco Banorte (individual). At the consolidated Banco Banorte level, this record is eliminated as part of the consolidation entries.

The remaining flows are discounted with the B1 bank curve, which takes into account the Credit Risk of the trusts. Among the most important assumptions in the valuation of the GEM certificate are the following:

a) Default: The credit reserve of the securitized loans is considered in accordance with the CNBV's rating methodology to reflect the risk of default on principal and/or interest payments of the securitized portfolio.
b) Prepayment: In the event of the existence of prepayments, the notional of the portfolio is adjusted to update the future cash flows to be discounted.
c) Portfolio term: All contractual payments of principal and interest at each payment date of each of the securitized assets are considered.
d) Portfolio interest rate: The contractual rates of each of the securitized assets are considered. In the case of variable interest rates, forward rates are estimated based on the TIIE28 curve at the valuation date.
e) General Account: The present value of the remaining flows is added with the amount of cash or cash equivalents deposited in the general account, collection account and, where appropriate, in the expense

reserve, interest and principal accounts, since, in the event of full payment of the stock certificates, these assets would be distributed to the holders of the certificate.

With respect to the policies for the recognition of obligations on the balance sheet of the agreements that may require financial support from the Institution for the securitization of assets, it is necessary that all the amounts owed under the stock certificates of the different securitizations in force, will be paid out of the assets of the trust. In the event that, for any reason, the liquid resources of the trust's assets are not sufficient to pay in full the amounts owed under the stock certificates, the holders shall not have the right to claim payment from the Institution, the trustee, the common representative, the placement intermediary, the guarantor or guarantors, as the case may be, or anyone. The stock certificates have not been guaranteed or guaranteed by any of the persons participating in the issuance of the same, so none of them is obliged to make payments to the holders, except, in the case of the trustee, the payments that have to be made by the trust assets in accordance with the provisions of the trust agreement.

7. STOCK POSITION

As of 4Q24, the shareholding position in Banco Mercantil del Norte is equivalent to Ps 1,705 million, with a capital gain of Ps 451.5 million accumulated.

During the fourth quarter of the year, no gains were recorded from the purchase and sale of securities.

The capital requirement for Market Risk was Ps 663.78 million.

Institution	Type of Quote	Classification Accountant	Treatment Capitalization	Value Market 4Q24	Surplus value/ Minusvalía Acum.	Usefulness/ Loss Sales / Purchases
Banorte	Public Contribution	Negotiation	Market Risk	872.7	(55.2)	-
Banorte	Public Contribution	Negotiation	Capital deduction	203.5	102.8	-
Banorte	No Public Listing	Negotiation	Market Risk	629.1	403.9	-
Banorte	No Public Listing	Negotiation	Market and Credit Risk	0.0	0.0	-
			Total	**1,705.3**	**451.5**	**-**

As of 4Q24, the equity position in Casa de Bolsa Banorte is equivalent to Ps 549.6 million, with a capital gain of Ps 241.2 million accumulated

During the fourth quarter of the year, gains were recorded from the purchase and sale of securities in the amount of Ps 3.6 million.

The capital requirement for Market Risk was Ps 164.5 million.

Institution	Type of Quote	Classification Accountant	Treatment Capitalization	Value Market 4Q24	Surplus value/ Disability Acum.	Usefulness/ Loss Sales / Purchases
Casa de Bolsa Banorte	Public Contribution	Negotiation	Market Risk	549.6	241.2	3.6

			Total	**549.6**	**241.2**	**3.6**

41 - MEMORANDUM ACCOUNTS (unaudited)

	2024	2023
Operations on behalf of third parties		
Banks customers (current accounts)	Ps. 21	Ps. 13
Settlement of customer transactions	(150)	(53)
Customer securities received in custody	1,059,245	873,526
Customer repurchase agreements	Ps. 250,325	246,140
Collateral pledged on account of clients	250,038	240,997
Collateral delivered as guarantee on behalf of clients	104	5,050
Managed trusts	265	246
Investment banking transactions on account of third parties, (net)	336,778	322,821
	Ps. 1,896,626	**Ps. 1,688,740**
Proprietary transactions		
Contingent assets and liabilities	Ps. 30	Ps. 29
Assets in trust or under mandate	348,837	312,660
Managed assets in custody	734,276	623,956
Shares on custody or guarantee	49,442	45,542
Credit commitments	572,012	453,193
Collateral received	212,285	235,218
Collateral received and sold or given as a pledge	52,708	88,155
Deposits of assets	3,823	3,706
Interest accrued but not charged of stage 3	457	410
Other registration accounts	726,121	655,197
	Ps. 2,699,991	**Ps. 2,418,066**

42 - COMMITMENTS

As of December 31, 2024 and 2023, the Financial Group had the following contingent obligations and commitments:

Other contingent obligations and opening of credits totaling Ps. 572,012 and Ps. 453,193, respectively, which are recorded in memorandum accounts.

43 - CONTINGENCIES

As of December 31, 2024, there are lawsuits filed against the Financial Group in civil and business court cases; however, the Financial Group attorneys consider that the claims filed are unsubstantiated and, in the event of an adverse ruling, they would not significantly impact the Financial Group consolidated financial position. As of December 31, 2024, the Financial Group has recorded a reserve for contentious matters of Ps. 1,069 (Ps. 1,915 in 2023).

44 - PREVENTIVE MECHANISM FOR SAVINGS' PROTECTION

The objective of the Institute for the Protection of Bank Savings (IPAB) is to protect the deposits of small customers and thereby contribute to maintain the financial system's stability and the proper functioning of the payments systems.

According to the Law of Bank Savings Protection (LPAB), the IPAB manages a bank savings protection system that guarantees the payment of bank deposits or loans or credits to Full Service Banking Institution up to an amount equivalent to 400 thousand UDIS per individual or business entity, regardless of the number or type of such obligations in the customer's favor and charged to a single bank.

On July 30, 2007, general rules were issued for addressing joint accounts or those in which there is more than one account holder, referred to in art. 14 of the LPAB, as well as the rules banks must observe for classifying information relative to transactions associated with guaranteed obligations.

The IPAB plays a major role in the implementation of the LPAB resolutions methods and the Law of Credit Institutions (LIC) as timely and adequate mechanisms for salvaging and liquidating Full Service Banking Institutions in financial trouble that may affect their solvency. The purpose is to provide maximum protection to the public while minimizing the negative impact that salvaging an institution may have on others in the banking system.

During 2024 and 2023, the amount of contributions to the IPAB payable by Banorte for fees amounted to Ps. 4,740 and Ps. 4,292, respectively.

45 – LATER EVENTS

On February 12, 2025, Bineo completed the capitalization of the contributions for future capital increases that the Holding Company had made during 2024 for Ps. 1,050.

45 - NEW ACCOUNTING GUIDELINES

As of December 31, 2024, the CINIF has promulgated the following NIFs and Improvements to the NIFs that could have an impact on the financial statements of the Parent Company.

a. Improvements to the NIFs that generate accounting changes

NIF B-14, Earnings per share – its scope was modified so that it is applicable only to entities that have capital instruments listed or to be listed on a stock exchange.

NIF B-15, Conversion of foreign currencies – the applicable regulations on what an entity must do when on the date of conversion of foreign currencies it is determined that a certain currency is not exchangeable are included.

NIF C-3, Accounts receivable – the requirement to present an item with the amount of bonuses, discounts and returns is eliminated.

NIF C-6, Property, plant and equipment – eliminates the special depreciation method of the standard, which was based on using average depreciation rates on a group of unimportant assets.

NIF C-19, Financial instruments payable – certain requirements are added to derecognize a financial liability when payment is made in cash using an electronic payment system. Additionally, it incorporates information disclosure requirements that allow users of financial statements to know the uncertainty of future cash flows, as an investor and/or issuer of financial instruments (this requirement comes into effect for fiscal years beginning on or after January 1, 2026).

NIF C-20, Financial instruments to collect principal and interest – disclosures are added for financial instruments linked to contingent events (this requirement comes into effect for fiscal years beginning on or after January 1, 2026).

NIF D-1, Income from contracts with clients – clarifies that when an entity issues contracts that in economic substance are similar to an insurance contract, it must apply NIF D-1 provided that the entity is a service provider and meets specific requirements.

These rules will be effective for fiscal years beginning on or after 1 January 2025, except where a different date has been indicated and early application is permitted.

b. Improvements to the IFRS that do not generate accounting changes

IFRS A-1, Conceptual Framework for Financial Reporting Standards – Various modifications were made for consistency between the IFRS and the Sustainability Reporting Standards and to require disclosures of significant risks due to environmental, social or governance issues that may have an effect on the financial statements.

Clarifications were made to clarify how other comprehensive income (OCI) is recycled, considering that the recycling of OCI to the comprehensive income statement must be proportional to the realization of the item that gave rise to it.

IFRS B-1, Accounting changes and correction of errors – clarifications are made for consistency with the definition of “reclassification”.

IFRS B-5, Financial information by segments – it is clarified that the standard is applicable to Public Interest Entities (PIEs) that have financial instruments listed or to be listed on a stock exchange.

IFRS B-17, Determination of fair value – indicates the information that must be disclosed.

NIF C-2, Investments in financial instruments – modifications were made for purposes of consistency with the definition of “concentration”.

NIF C-6, Property, Plant and Equipment – the disclosure of the amount of accumulated and estimated investment for the completion of construction in progress was eliminated.

NIF C-8, Intangible Assets – requires that in all cases an analysis be made of whether an acquired intangible asset meets the criteria for its recognition.

NIF C-9, Provisions, Contingencies and Commitments – a description of the costs to be considered in determining the costs of onerous contracts was added.

NIF C-10, Derivative Financial Instruments and Hedging Relationships – clarifies, in an introductory paragraph, that NIF C-10 has an additional criterion to those indicated in International Financial Reporting Standard 9, Financial Instruments, as a requirement to determine the effectiveness of a hedging relationship.

NIF C-15, Impairment of long-lived assets – it is clarified that the discount rate to be used in projections of future cash flows should not exceed the average long-term growth rate for the products or industries, as well as for the country or countries in which the entity operates and for the market in which the asset is used, unless a higher growth rate can be justified.

NIF C-19, Financial instruments payable – clarifications were made to clarify that accounts payable, whose term exceeds one year, must be valued at their amortized cost, considering the value of money over time.

NIF C-20, Financial instruments to be collected and sold – modifications were made for purposes of consistency with the definition of “concentration”

NIF D-8, Share-based payments – the necessary clarifications were made to clarify the recognition of taxes withheld from a third party for a share-based payment, not only when it is an employee.

These standards come into effect for fiscal years beginning on or after January 1, 2025, allowing early application.

a. Sustainability Reporting Standards (SRS).

SRS A-1 establishes the basis for the development of specific SRS and their application in the preparation and disclosure of an entity's sustainability information, and also establishes the quality requirements that this information must meet.

SRS B-1 requires determining and disclosing Core Sustainability Indicators (CSI). CSIs are a starting point for identifying risks and opportunities related to sustainability and, consequently, implementing the necessary infrastructure in the entity to manage them and establish best sustainability practices, as well as to provide information that meets the needs of users.

These standards come into force for fiscal years beginning on or after January 1, 2025, allowing early application, provided they are applied jointly.

For the year 2023-2022

Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Grupo Financiero Banorte, S.A.B. of C.V. and Subsidiaries (the Holding), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Holding as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the accounting criteria established by the National Banking and Securities Commission (the Commission) through the "General Provisions applicable to Holding Companies of Financial Groups subject to the Supervision of the National Banking and Securities Commission "(the Accounting Criteria).

Basis of opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). 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 Holding in accordance with the International Ethics Standards Board for Accountants´ Code of Ethics for Professionals Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code with the IMCP Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying consolidated financial statements, where required, present unaudited financial information within their Notes, which is required in the Provisions established by the Commission.

The accompanying consolidated financial statement have been translated into English for the convenience of users.

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. We have determined that the matters described below are the key audit matters which should be communicated in our report.

- **Allowance for loan losses (See Notes 5 and 13 to the consolidated financial statements)**

  The methodology for calculating allowance for loan losses requires that the expected loss be evaluated in accordance with the Accounting Standards issued by the National Banking and Securities Commission (the Commission). This expected loss considers 3 credit risk factors that are (i) the probability of default, (ii) the severity of the loss and (iii) the exposure to non-compliance.

  To carry out the above identification, said rules establish a method, which considers a series of qualitative and quantitative factors, such as: 1) in consumer loans: payment behavior, potential losses and credit risk; 2) in mortgage loans: delinquency periods, possibility of non-payment and net potential losses of the guarantees received; and 3) in commercial credits: evaluation of the ability to repay the credit, financial risk, payment history, as well as the corresponding guarantees.

  It has been considered a key audit matter due to the importance of the book value of the loan portfolio and its corresponding allowance for loan losses, and because the process for determining the estimate requires considering the completeness and accuracy of the information. source used, in addition to updating each of the credit risk factors mentioned above in the calculations of said estimates.

  Our audit procedures to cover this key audit issue included:

  e) Test the design and implementation, and operational effectiveness of the relevant controls regarding the valuation of allowance for loan losses of the Holding.

  f) Reperformance the valuation on a sample of credits, considering the risk factors and the source of information used to carry out this calculation. In addition, we review the source of information used to determine and update each of the risk factors in the calculation.

  g) Our tests were developed with the involvement of our team of credit risk specialists, who ensured that the models to determine the preventive estimates used by the Holding were in accordance with the stipulated and authorized models (so it corresponds to the internal models) by the Commission.

  h) We validate the correct presentation and disclosure in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditors' Report

Management is responsible for the other information. The other information will include the information that will be incorporated in the annual report which will be presented before the Commission and Mexican Stock Exchange (which will not include the consolidated financial statements and our audit report). The annual report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information and we will 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have anything to report in this regard.

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 the Accounting Standards issued by the Commission and the internal control that management deems necessary to enable the preparation of consolidated financial statements free of material misstatement, due to fraud or error.

In preparing of the consolidated financial statements, management is responsible for assessing the Holding'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 Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Holding's consolidated financial reporting process.

Independent 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 auditor's 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Holding'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 Holding's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Holding to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.

Affiliate of a Member of Deloitte Touche Tohmatsu Limited

C.P.C. Daniel Castellanos Cárdenas

Registration in the General Administration
Of Federal Tax Audit No. 17195
Monterrey, Nuevo León, México

February 28, 2024

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 and 2022
(In millions of Mexican pesos)

ASSETS	2023	2022
CASH AND CASH EQUIVALENTS	**Ps. 100,230**	**Ps. 108,254**
MARGIN SECURITIES (DERIVATIVE FINANCIAL INSTRUMENTS)	**4,918**	**5,478**
INVESTMENTS IN SECURITIES		
Trading Financial Instrument	335,756	289,855
Financial Instruments to collect or sell	222,018	209,351
Financial instruments to collect principal and interest	338,578	313,244
	896,352	**812,450**
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**41,606**	**22,826**
DERIVATIVE FINANCIAL INSTRUMENTS		
For trading purposes	28,957	35,701
For hedging purposes	4,442	1,854
	33,399	**37,555**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1		
Commercial loans		
Business loans	404,688	357,273
Financial institution's loans	25,470	18,277
Government loans	171,537	171,720
Consumer loans	172,328	142,074
Mortgage loans		
Medium and residential	248,257	221,771
Low-income housing	2	2
Loans acquired from INFONAVIT or FOVISSSTE	1,618	1,932
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1	**1,023,900**	**913,049**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2		
Commercial loans		
Business loans	1,406	1,328
Government loans	424	-
Consumer loans	2,936	2,278
Mortgage loans		
Medium and residential	3,193	3,130
Loans acquired from INFONAVIT or FOVISSSTE	68	97
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2	**8,027**	**6,833**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3		
Commercial loans		
Business loans	3,759	4,572
Financial institutions' loans	123	4
Government loans	11	4
Consumer loans	4,820	3,528
Mortgage loans		
Medium and residential	1,831	1,553
Loans acquired from INFONAVIT or FOVISSSTE	346	312
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3	**10,890**	**9,973**
LOAN PORTFOLIO	**1,042,817**	**929,855**
(Minus) DEFERRED ITEMS	2,386	2,042
(Minus) ALLOWANCE FOR LOAN LOSSES	(19,603)	(17,686)
LOAN PORTFOLIO OF INSURANCE AND BOND	**3,503**	**3,188**
(Minus) ALLOWANCE FOR LOAN LOSSES	(254)	**(213)**
LOAN PORTFOLIO OF INSURANCE AND BOND, net	**3,249**	**2,975**
ACQUIRED COLLECTION RIGHTS	**1,094**	**654**
TOTAL LOAN PORTFOLIO, net	**1,029,943**	**917,840**
DEBTORS OF INSURANCE AND SURETY COMPANIES	**4,660**	**3,960**
AMOUNTS RECOVERABLE BY REINSURANCE AND COUNTER-GUARANTEE, net	**5,773**	**5,402**
OTHER ACCOUNTS RECEIVABLE, net	**44,932**	**40,285**
MERCHANDISE INVENTORY	**938**	**975**
FORECLOSED ASSETS, net	**4,881**	**2,961**
ADVANCE PAYMENTS AND OTHER ASSETS, net	**13,183**	**16,406**
PROPERTY, FURNITURE AND EQUIPMENT, net	**30,551**	**28,785**
LEASE RIGHT OF USE ASSETS	**3,903**	**7,112**
PERMANENT STOCK INVESTMENTS	**15,495**	**14,954**
INTANGIBLE ASSETS, net	**17,270**	**18,088**
GOODWILL	**26,825**	**26,741**
TOTAL ASSETS	**Ps. 2,274,859**	**Ps. 2,070,072**

LIABILITIES AND STOCKHOLDERS' EQUITY	2023	2022
DEPOSITS		
Demand deposits	Ps. 678,923	Ps. 597,782
Time deposits		
General public	332,098	274,201
Money market	8,098	4,954
Senior debt issued	33,643	17,002
Global account of deposits without movements	3,656	3,253
	1,056,418	**897,192**
INTERBANK AND OTHER LOANS		
Short-term loans	25,731	22,407
Long-term loans	7,411	14,798
	33,142	**37,205**
TECHNICAL RESERVES	**288,892**	**259,161**
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**381,012**	**369,239**
COLLATERAL SOLD OR PLEDGED		
Repurchase or resale agreements (creditor balance)	**88,145**	**72,562**
DERIVATIVE FINANCIAL INSTRUMENTS		
For trading purposes	21,534	29,120
For hedging purposes	2,259	3,956
	23,793	**33,076**
ACCOUNTS PAYABLE TO REINSURERS, net	**2,379**	**1,729**
LEASE LIABILITY	**3,947**	**6,771**
OTHER ACCOUNTS PAYABLES		
Creditors from settlements of transactions	13,148	8,680
Creditors from collaterals received in cash	19,747	20,640
Contributions payable	2,707	2,207
Sundry creditors and other payables	37,037	34,847
	72,639	**66,377**
FINANCIAL INSTRUMENTS THAT QUALIFY AS LIABILITY		
Subordinated debentures	**55,421**	**65,981**
INCOME TAX LIABILITIES	**6,933**	**10,733**
EMPLOYEE BENEFIT LIABILITY	**11,399**	**9,550**
DEFERRED CREDITS AND ADVANCED COLLECTIONS	**1,534**	**1,464**
TOTAL LIABILITIES	**2,025,654**	**1,831,040**

STOCKHOLDERS' EQUITY		
PAID-IN CAPITAL		
Common stock	14,988	14,955
Additional paid-in capital	47,648	48,440
	62,636	**63,395**
OTHER CAPITAL		
Capital reserves	33,885	33,342
Retained earnings from prior years	155,928	145,218
Other comprehensive income		
Result from valuation of securities to collect or sell	(1,411)	(2,783)
Result from valuation of instruments for cash flow hedging	181	(1,543)
Defined remeasurements for employees benefits	(1,947)	(1,866)
Result from valuation of reserve for unexpired risks variations in rates	189	197
Cumulative Translation Adjustment	(108)	83
	186,717	**172,648**
CONTROLLING INTEREST	**249,353**	**236,043**
NON-CONTROLLING INTEREST	**(148)**	**2,989**
TOTAL STOCKHOLDERS' EQUITY	**249,205**	**239,032**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**Ps. 2,274,859**	**Ps. 2,070,072**

"These statements of financial position were formulated in accordance with the accounting criteria for controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law Regulating the Financial Groups, of general and obligatory observance, applied in a consistent manner, reflecting the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are capable of being consolidated up to the aforementioned date, which they were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

As of December 31, 2023, the stockholders' equity amounts to Ps. 10,032.

The accompanying Consolidated Statements of financial positions have been approved by the Board of Directors in accordance with the responsibility assigned to them.

"The attached Notes are an integral part of these consolidated financial statements."

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González
Managing Director – Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director – Controller

C.P.C. Mayra Nelly López López
Deputy Managing Director – Accounting

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED COMPRENHENSIVE INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
(In millions of Mexican pesos)

	2023	2022
Interest income	Ps. 375,497	Ps. 268,628
Interest expense	(248,015)	(152,469)
NET INTEREST INCOME	**127,482**	**116,159**
Allowance for loan losses	(15,942)	(11,881)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	**111,540**	**104,278**
Commission and fee income	35,073	32,348
Commission and fee expense	(18,119)	(15,305)
Premium revenue, net	48,259	42,855
Increase in technical reserves	(28,288)	(29,541)
Net cost for insurance and bond operations	(1,735)	(1,387)
Casualty rate, claims and other contractual obligations, net	(29,222)	(26,566)
Brokerage revenues	3,913	3,660
Other operating income (expenses)	(3,278)	(4,548)
Non-interest expense	(48,582)	(44,772)
	(41,979)	**(43,256)**
OPERATING INCOME	**69,561**	**61,022**
Equity in earnings of unconsolidated subsidiaries and associated companies	1,413	966
INCOME BEFORE INCOME TAX	**70,974**	**61,988**
Current income tax	(17,832)	(15,963)
INCOME BEFORE DISCONTINUED OPERATIONS	**53,142**	**46,025**
NET INCOME	**Ps. 53,142**	**Ps. 46,025**

Other comprehensive income:				
Financial instruments to collect or sell valuation	1,417		(4,376)	
Result from valuation of instruments for cash flow hedging	1,725		1,118	
Defined remeasurements for employees benefits	(81)		92	
Result from valuation of reserve for unexpired risks variations in rates	(7)		315	
Cumulative Translation Adjustment	(192)	**2,862**	(86)	**(2,937)**
COMPREHENSIVE INCOME		**Ps. 56,004**		**Ps. 43,088**
Attributable net income to:				
Controlling interest	Ps. 52,418		Ps. 45,408	
Non-controlling interest	724	**Ps. 53,142**	617	**Ps. 46,025**
Attributable comprehensive income to:				
Controlling interest	55,230		42,520	
Non-controlling interest	774	**Ps. 56,004**	568	**Ps. 43,088**
Earnings per ordinary share		**Ps. 18.311**		**Ps. 16.112**

“These consolidated comprehesnive income statements were formulated in accordance with the accounting criteria for the controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law Regulating the Financial Groups, of general and obligatory observance, applied in a consistent manner, reflecting all the income and expenses derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are susceptible to consolidation, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

The accompanying comprehesnive income statements have been approved by the Board of Directors in accordance with the responsibility assigned to them.

The attached notes are an integral part of these consolidated income statements.

Act. José Marcos Ramírez Miguel
CEO

Eng. Rafael Arana de la Garza
Managing Director - COO, Administration and Finance

C.P. Isaías Velázquez González

Lic. Jorge Eduardo Vega Camargo

C.P.C. Mayra Nelly López López

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In millions of Mexican pesos)

	PAID-IN CAPITAL		OTHER CAPITAL			
	Common Stock	Additional paid-in capital	Capital reserves	Retained earnings from prior years	Result from valuation of securities to collect and sell	Result from valuation of instruments for cash flow hedging
Balances, December 31, 2021	**Ps. 14,957**	**Ps. 48,292**	**Ps. 8,835**	**Ps. 165,124**	**Ps. 1,593**	**(Ps. 2,662)**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	(2)	96	(337)	-	-	-
Dividends Decreed by the Ordinary General Assembly of Shareholders on May 23 and November 29, 2022	-	-	-	(34,283)	-	-
Total transactions approved by stockholders	**(2)**	**96**	**(337)**	**(34,283)**	**-**	**-**
RESERVES TRANSACTION:						
Release of reserve for the repurchase of shares	**-**	**-**	**24,844**	**(24,844)**		
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	**-**	**52**	**-**	**(248)**	**-**	**-**
Interest on subordinated debentures	**-**	**-**	**-**	**(4,768)**	**-**	**-**
Effect of adoption of changes in accounting criteria	**-**	**-**	**-**	**(1,171)**	**-**	**-**
Total	**-**	**52**	**-**	**(6,187)**	**-**	**-**
COMPREHENSIVE INCOME:						
Comprehensive income	**-**	**-**	**-**	**45,408**	**-**	**-**
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	-	(4,596)	-
Effect of subsidiaries, affiliates and mutual funds	-	-	-	-	174	-
Cumulative Translation Adjustment	-	-	-	-	-	-
Result from valuation of instruments for cash flow hedging	-	-	-	-	-	1,118
Defined remeasurements for employees benefits	-	-	-	-	-	-
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	-	-	-
Effect of adoption of changes in accounting criteria	-	-	-	-	46	-
Total	**-**	**-**	**-**	**45,408**	**(4,376)**	**1,118**
Non-controlling interest						
Balances, December 31, 2022	**14,955**	**48,440**	**33,342**	**145,218**	**(2,783)**	**(1,544)**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	33	304	543	53	-	-
Dividends Decreed by the Ordinary General Assembly of Shareholders on June 23 and October 5, 2023	-	-	-	(37,704)	-	-
Transfer of shares between entities under common control	-	(1,141)	-	-	-	-
Total transactions approved by stockholders	**33**	**(837)**	**543**	**(37,651)**	**-**	**-**
RESERVES TRANSACTION:						
Release of reserve for the repurchase of shares	**-**	**-**	**-**	**-**		
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	-	45	-	(69)	(45)	-
Interest on subordinated debentures	-	-	-	(3,988)	-	-
Effect of adoption of changes in accounting criteria	-	-	-	-	-	-
Total	**-**	**45**	**-**	**(4,057)**	**(45)**	**-**
COMPREHENSIVE INCOME:						
Comprehensive income	**-**	**-**	**-**	52,418	**-**	**-**
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	-	1,417	-
Effect of subsidiaries, affiliates and mutual funds	-	-	-	-	-	-
Cumulative Translation Adjustment	-	-	-	-	-	-
Result from valuation of instruments for cash flow hedging	-	-	-	-	-	1,725
Defined remeasurements for employees benefits	-	-	-	-	-	-
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	-	-	-
Total	**-**	**-**	**-**	**52,418**	**1,417**	**1,725**
Non-controlling interest			-	-	-	-
Balances, December 31, 2023	**Ps. 14,988**	**Ps. 47,648**	**Ps. 33,885**	**Ps. 155,928**	**(Ps. 1,411)**	**Ps. 181**

"These consolidated statements of changes in consolidated stockholders' equity were formulated in accordance with the accounting criteria for holding and subholding companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law to Regulate Financial Groups, of general and mandatory observance, applied consistently, reflecting all movements in the stockholders' equity accounts derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are likely to be consolidated, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions.

These consolidated statements of changes in consolidated stockholders' equity were approved by the Board of Directors under the responsibility of the executives who sign it."

The attached notes are an integral part of these consolidated statements of changes in stockholders' equity.

	OTHER CAPITAL					
	Defined remeasurements for employees benefits	Result in the valuation of unexpired risk reserves due to changes in rates	Cumulative foreign currency translation adjustment	Total Controlling interest	Total Non-controlling interest	Total stockholders' equity
Balances, December 31, 2021	**(Ps. 1,958)**	**(Ps. 119)**	**Ps. 170**	**Ps. 234,232**	**Ps. 3,006**	**Ps. 237,238**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	-	-	-	(243)	-	(243)
Dividends Decreed by the Ordinary General Assembly of Shareholders on May 23 and November 29, 2022	-	-	-	(34,283)	-	(34,283)
Total transactions approved by stockholders	**-**	**-**	**-**	**(34,526)**	**-**	**(34,526)**
RESERVES TRANSACTION:						
Release of reserve for the repurchase of shares						
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	**-**	**-**	**-**	(196)	**-**	(196)
Interest on subordinated debentures	**-**	**-**	**-**	(4,768)	**-**	(4,768)
Effect of adoption of changes in accounting criteria	**-**	**-**	**-**	(1,171)	**-**	(1,171)
Total	**-**	**-**	**-**	**(6,135)**	**-**	**(6,135)**
COMPREHENSIVE INCOME:						
Comprehensive income	**-**	**-**	**-**	45,408	617	46,025
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	(4,596)	-	(4,596)
Effect of subsidiaries, affiliates and mutual funds	-	-	-	174	-	174
Cumulative Translation Adjustment	-	-	(86)	(86)	-	(86)
Result from valuation of instruments for cash flow hedging	-	-	-	1,118	-	1,118
Defined remeasurements for employees benefits	92	-	-	92	-	92
Result from valuation of reserve for unexpired risks variations in rates	-	315	-	315	-	315
Effect of adoption of changes in accounting criteria	-	-	-	46	-	46
Total	**92**	**315**	**(86)**	**42,471**	**617**	**43,088**
Non-controlling interest	**-**	**-**	**-**	**-**	**(634)**	**(634)**
Balances, December 31, 2022	**(1,866)**	**196**	**84**	**236,042**	**2,989**	**239,031**
TRANSACTIONS APPROVED BY STOCKHOLDERS:						
Share repurchase for executive shares' plan payable in equity instruments	-	-	-	933	-	933
Dividends Decreed by the Ordinary General Assembly of Shareholders on June 23 and October 5, 2023	-	-	-	(37,704)	-	(37,704)
Transfer of shares between entities under common control	-	-	-	(1,141)		(1,141)
Total transactions approved by stockholders	**-**	**-**	**-**	**(37,912)**	**-**	**(37,912)**
RESERVES TRANSACTION:						
Release of reserve for the repurchase of shares	**-**	**-**	**-**	**-**	**-**	**-**
OTHER STOCKHOLDERS' TRANSACTIONS:						
Effect of subsidiaries, affiliates and mutual funds	**-**	**-**	**-**	(69)	-	(69)
Interest on subordinated debentures	**-**	**-**	**-**	(3,988)	-	(3,988)
Effect of adoption of changes in accounting criteria	**-**	**-**	**-**	-	-	-
Total	**-**	**-**	**-**	**(4,057)**	**-**	**(4,057)**
COMPREHENSIVE INCOME:						
Comprehensive income	**-**	**-**	**-**	52,418	724	53,142
OTHER COMPREHENSIVE INCOME:						
Financial instruments to collect or sell valuation	-	-	-	1,417	-	1,417
Effect of subsidiaries, affiliates and mutual funds	-	-	-	-	-	-
Cumulative Translation Adjustment	-	-	(192)	(192)	-	(192)
Result from valuation of instruments for cash flow hedging	-	-	-	1,725	-	1,725
Defined remeasurements for employees benefits	(81)	-	-	(81)	-	(81)
Result from valuation of reserve for unexpired risks variations in rates	-	(7)	-	(7)	-	(7)
Total	**(81)**	**(7)**	**(192)**	**55,280**	**724**	**56,004**
Non-controlling interest	-	-	-	-	(3,861)	(3,861)
Balances, December 31, 2023	**(Ps. 1,947)**	**Ps. 189**	**(Ps. 108)**	**Ps. 249,353**	**(Ps. 148)**	**Ps. 249,205**

Act. José Marcos Ramírez Miguel
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Deputy Managing Director – Accounting

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
(In millions of Mexican pesos)

	2023	2022
Operating activities		
Income before income tax	**Ps. 70,974**	**Ps. 61,988**
Adjustments for items associated with investing activities		
Depreciation of property, furniture and equipment	3,685	3,564
Amortization of intangible assets	800	804
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,413)	(966)
Adjustments for items associated with financing activities		
Interest associated with interbank and other loans	3,214	2,296
Interest associated with financial instruments that qualify as liability	2,530	1,100
	8,816	**6,798**
Changes in operating activities:		
Changes in margin accounts (derivative financial instruments)	560	2,522
Changes in investments in securities (net)	(82,540)	(66,690)
Changes in debtor balances under repurchase and resale agreements (net)	(18,779)	32,767
Changes in derivative financial instruments (asset)	6,744	(8,720)
Change in loan portfolio (net)	(111,664)	(99,739)
Changes in acquired collection rights (net)	(440)	382
Changes in debtors of insurance and surety companies	(700)	324
Changes in reinsurance and surety agencies (net)	(372)	2,050
Changes in merchandise inventory	37	51
Change in other accounts recivables	(1,834)	(9,985)
Change in foreclosed assets	(1,920)	(1,088)
Change in deposits	159,226	98,166
Change in technical reserves	29,731	28,736
Change in interbank and other loans	(7,277)	(4,579)
Change in creditor balances under repurchase and sale agreements	11,773	202,562
Collateral sold or pledged	15,583	(188,968)
Change in liability position of derivative financial instruments	(7,586)	6,678
Changes in reinsurance and surety agencies (net) (liability)	650	(785)
Change in hedging instruments related to operations	(2,560)	(2,297)
Change in assets / liabilities for employees benefits	1,848	1,512
Change in other account payable	3,497	25,444
Income tax payment	(21,855)	(10,524)
Net cash flows provided by operating activity	**51,912**	**76,605**
INVESTING ACTIVITIES:		
Payments for acquisition of property, furniture and equipment	(9,064)	(11,791)
Proceeds on disposal of property, furniture and equipment	3,940	962
Payment on acquisitions of subsidiaries and associated companies	(94)	(914)
Proceeds for cash dividends	954	1,817
Net cash flows in investment activity	**(4,264)**	**(9,926)**
FINANCING ACTIVITIES:		
Leasing liability paid	(362)	(1,018)
Payments associated with financial instruments that qualify as equity	(3,988)	(4,768)
Dividends paid	(37,704)	(34,283)
Repurchase of shares	-	(1,042)
Payments associated with financial instruments that qualify as liability	(13,090)	(15,693)
Interest of leasing paid	(379)	(408)
Net cash flow by financing activity	**(55,523)**	**(57,212)**
Net decrease in cash and cash equivalents	(7,875)	9,467
Effects from changes in the value of cash and cash equivalents	(149)	(55)
Cash and cash equivalents at the beginning of the year	108,254	98,842
Cash and cash equivalents at the end of the year	**Ps. 100,230**	**Ps. 108,254**

"These consolidated cash flow statements were formulated in accordance with the accounting criteria for the controlling and sub-controlling companies, issued by the Supervisory Commissions, based on the provisions of Articles 91, 92, 94 and 101 of the Law for Regulate the Financial Groups, of general and mandatory observance, applied consistently, reflecting the cash inflows and cash outflows derived from the operations carried out by the Holding and the financial entities and other companies that are part of the Financial Group that are capable of being consolidated, during the aforementioned period, which were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions".

The attached notes are an integral part of these consolidated cash flow statements.

1 – ACTIVITY AND REGULATORY ENVIRONMENT

Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries (the Financial Group or Holding) are authorized by Mexico's Ministry of Finance and Public Credit (SHCP) to operate as a Financial Group under the form and terms established by the Law Regulating Financial Groups, subject to the supervision and monitoring of the National Banking and Securities Commission (the Commission). Its main activities consist of acquiring and managing entities engaged in the financial services industry and supervising their activities, as defined in the above-mentioned law. The Financial Group is regulated, depending on its activities, by the Commission, the Mexican National Insurance and Bonding Commission (CNSF) (the Commissions), the Mexican Central Bank (Banco de México) and other applicable laws and regulations.

The main activity of its subsidiaries is the execution of financial operations such as the provision of services of commercial banking, brokerage, leasing, financial factoring, warehousing services in general, pensions, life and damage insurance, as well as disposal, management, collection and negotiation, in any form, with credit rights.

The main regulating aspect compels the Financial Group to maintain a minimum capitalization ratio for market and loan risks, to meet certain acceptance limits for deposits, obligations and other types of funding that may be denominated in foreign currency, as well as to establish the minimum limits for paid-in capital and capital reserves. The Financial Group complies satisfactorily with all of the above as of December 31, 2023.

By legal requirements, the Financial Group has unlimited liability for the obligations assumed and losses incurred by each of its subsidiaries.

The powers of the Commission, in its capacity as regulator of the Financial Group and its subsidiaries, include reviewing the financial information and requesting modifications to such information.

The Financial Group performs its activities throughout Mexico and until March 2017, the United States of America.

The Financial Group's consolidated financial statements have been approved by the Board of Directors at its January 17, 2024 meeting in accordance with the responsibility assigned to this Organ.

2 – SIGNIFICANT EVENTS DURING THE YEAR

Issuance of bank stock certificates

On February 22, 2023, Banco Mercantil del Norte, S. A., Institución de Banca Múltiple (Banorte or the Bank) placed the amount of $10,761 through the issuance of bank stock certificates, in two different issuances, under the recurring issuer program by up to Ps. 50,000 or its equivalent in Investment Units ("UDIs"), authorized on July 12, 2018 by the Commission.

The characteristics of the issuances are the following:

• BANORTE 23-2 for an amount of Ps. 6,582 for a term of 2 years and TIIE28 rate plus spread of 0.04%.

• BANORTE 23-3 for an amount of Ps. 4,180 for a term of 4 years and TIIE28 rate plus spread of 0.08%.

Partial amortization of structured bank bonds BANORTE 1-22

On April 10, 2023, Banorte exercised the right to partially amortize the BANORTE 1-22 structured bank bonds, issued on July 1, 2022, the amount of partial amortization was Ps. 167.

Amortization of BANORTE 23 bank stock certificates

On April 10, 2023, Banorte exercised the right to fully redeem the BANORTE 23 bank stock certificates, issued on January 12, 2023, the amortization amount was Ps. 15,151.

Issuance of bank stock certificates

On May 25, 2023, Banorte placed the amount of Ps. 9,813 through the issuance of bank stock certificates in three different issuances, under the recurring issuer program for up to Ps. 50,000 or its equivalent in UDIs, authorized on July 12, 2018 by the Commission.

The characteristics of the issue are the following:

• BANORTE 23-4 for an amount of Ps. 5,276 with a term of 3 years and TIIE rate plus spread of 30 basis points (bp).

• BANORTE 23-5 for an amount of Ps. 2,387 with a term of 7 years and a fixed rate of 9.41%.

• BANORTE 23U for an amount of 275 million UDIs (equivalent to Ps. 2,148) for a term of 10 years and a real rate of 4.68%.

Amortization of subordinated obligations BANORTE 08U

On August 22, 2023, Banorte exercised the right to fully amortize the preferred subordinated obligations that cannot be converted into BANORTE 08U shares, issued on March 11, 2008, the amortization amount was 276,936,300 UDIS.

Securitization of the portfolio of State and Municipal Governments

During December 2023, Banorte securitized the portfolio of State and Municipal Governments for the amount of Ps. 30,015, transferring said credits to a Trust created especially for the purposes of this transaction. The Trust issued stock certificates for Ps. 27,000 that it placed in the Stock Market, which guarantee its holders a specific rate of return of TIIE + 40 bp. As consideration for the loan portfolio, Banorte received cash of Ps. 26,126 from the Trust, which maintains an amount of Ps. 3,889 as part of its equity, to which Banorte will be entitled and which it will receive during the securitization period in the form of remainders of the Trust flow, after the settlement of its obligations.

Investment in Tarjetas del Futuro

The Holding made capital investments in Tarjetas del Futuro, S.A.P.I de C.V. (TDF) for a total amount of Ps. 1,135, which represents a participation of 4.99% of its share capital, in the acquisition a goodwill of Ps. 146 was generated, likewise, through this acquisition control of TDF was obtained, therefore as of December 2023, it consolidates its financial statements with those of the Holding.

Authorization for the constitution of a new digital bank and start of operations

On September 30, 2022, the Financial Group received authorization from the Ministry of Finance and Public Credit (SHCP) and the Commission for Ixe Servicios, S. A. de C. V., to organize and operate as a Multiple Banking Institution under the name of Banco Bineo, S.A. Multiple Banking Institution, Banorte Financial Group (Bineo). Likewise, on November 17, 2022, the SHCP authorized the incorporation of Bineo as an entity of the Financial Group. Authorization for the start of operations was granted on December 11, 2023 by the Commission, with the favorable opinion of the Bank of Mexico. The launch and start of operations of Bineo took place in January 2024.

On November 2022 Ixe Servicios, S. A. de C. V., changed its corporate name to Banco Bineo, S.A. Institution de Banca Múltiple, Grupo Financiero Banorte, which was registered in the Public Property Registry on January 3, 2023, taking effect from said date. On July 28, 2023, a contribution was authorized for future capital increases for a total amount of Ps. 600.

3 – BASIS OF PRESENTATION

Presentation of consolidated financial statements

The consolidated financial statements as of December 31, 2023 and 2022, which are accompanied, have been prepared by Management assuming that the Holding will continue to operate as a going concern due to the uncertainty and duration of the pandemic in accordance with the accounting criteria established by the Commission.

Monetary unit of the consolidated financial statements

The consolidated financial statements and notes for the years ended as of December 31, 2023 and 2022 include balances and transactions in Mexican pesos of purchasing power of such dates.

As of December 31, 2023 and 2022, the registration currency and functional currency of the Parent Company is the Mexican peso.

Recognition of the effects of inflation in financial consolidated information

Inflation recognition is done pursuant to MFRS B-10, “Inflation Effects,” which considers two types of economic environments: a) inflationary, when the accumulated inflation of the three previous years is 26% or over, in which case the inflation effects must be acknowledged; b) non-inflationary, when in the same period inflation is less than 26%; in this case the effects of inflation should not be recorded in the consolidated financial statements.

The cumulative Mexican inflation over the three years prior to 2023 and 2022 was 19.50% and 14.16%, respectively. Therefore, the Mexican economy is considered as non-inflationary. However, assets, liabilities and stockholders’ equity as of December 31, 2023 and 2022 include the restatement effects recorded up through December 31, 2007. The cumulative Mexican inflation over the three years including the year ended December 31, 2023 was 20.83%.

The Mexican inflation rates for the years ended December 31, 2023 and 2022 were 4.38% and 7.58%, respectively.

Consolidation of financial statements

The accompanying consolidated financial statements include those of Grupo Financiero Banorte, S.A.B. de C.V. and its subsidiaries mentioned below. All significant intercompany balances and transactions have been eliminated in consolidation.

As of December 31, 2023 and 2022, the Grupo Financiero Banorte S.A.B. de C.V.’s consolidated subsidiaries and its equity ownership is as follows:

Entity	2023	2022
Banco Mercantil del Norte, S.A. y Subsidiarias (Banorte)	98.26%	98.26%
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM, ER y Subsidiarias (AyF)*	99.90%	99.90%
Almacenadora Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%
Banorte Ahorro y Previsión, S.A. de C.V. y Subsidiarias	99.99%	99.99%
Casa de Bolsa Banorte, S.A. de C.V. y Subsidiaria	99.99%	99.99%
Operadora de Fondos Banorte, S.A. de C.V.	99.99%	99.99%
Banco Bineo, S.A. de C.V., Institución de Banca Múltiple	99.99%	99.99%

Equity investments in mutual funds and investments in associated companies are valued under the equity method according to the accounting principles established by the Commission.

* The permanent investment in AyF includes the participation in the Trusts created in conjunction with GEO, URBI and HOMEX, constituted for the construction of real estate developments (the Trusts). As of December 31, 2023 and 2022, AyF consolidated the financial statements of said trusts.

Conversion of financial statements of foreign subsidiary

In order to consolidate the financial statements of Banorte Financial Services, INC., they are first adjusted to the recording and functional currency (U.S. dollar) to conform to the accounting criteria established by the Commission. The financial statements are then converted to the reporting currency (Mexican pesos) according to the following methodology:

Foreign operations whose recording and functional currency are one and the same convert their financial statements using the following exchange rates for the year-end rate for assets and liabilities (16.9666 for 2023), historical rate for non-monetary assets and liabilities as well as stockholders' equity, and the weighted average rate of the period for income, costs and expenses (17.7337 for 2023). The conversion effects are presented in the Institution's stockholders' equity.

Comprehensive Income

This is the change in stockholders' equity during the year, for items other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income (loss) items of the same period, which are presented directly in stockholders' equity and do not affect the Consolidated Income Statements, in accordance with the accounting practices established by the Commission. In 2023, comprehensive income includes the net income of the year, the result from valuation of securities to collect and sell; the effect of subsidiaries, affiliates and mutual funds; the cumulative conversion effect; remeasurements for employee benefits; Interest on subordinated debentures, Commission special accounting criteria and the result from valuation of cash flow hedging instruments.

4 – CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES FOR THE ESTIMATION OF UNCERTAINTIES

In applying the Financial Group's accounting policies, which are described in note 5, management must make judgments, estimates and assumptions about the book values of assets and liabilities in the consolidated financial statements. Estimates and relative assumptions are based on experience and other factors considered relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the change is made and future periods if the change affects both the current period and subsequent periods.

c. Critical judgments when applying accounting policies

Below are critical judgments, apart from those involving estimates, made by management during the process of applying the Financial Group's accounting policies and that have a significant effect on the consolidated financial statements.

- *Business model evaluation*

The classification and evaluation of financial assets depend on the result of the SPPI tests (only principal and interest payments) and the business model test. The Financial Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular objective. This task includes judgments that reflect all relevant evidence including how the performance of the assets is evaluated and how their performance is measured, the risks that affect the performance of the assets and how the assets are managed and how the managers of the assets are compensated. The Financial Group monitors the financial assets evaluated at amortized cost and at fair value through other comprehensive income that were derecognized before their maturity, to understand the reason for their derecognition and if the reasons are consistent with the objective of the business for which assets are held. Monitoring is part of the Holding Company's ongoing assessment of whether the business model for the remaining financial assets is appropriate and if it is not appropriate, whether there has been a change in the business model and a prospective change should be made to those assets. These changes were not necessary during the periods presented

- *Significant increase in credit risk*

As explained in note 5, ECP (expected credit loss) is measured as an allocation equal to 12 months of the total expected loss for stage 1 assets, the total life of the total expected loss for stage 2 or 3 assets. An asset is moved to stage 2 when the credit risk has increased significantly since initial recognition. MFRS C-16 "Impairment of financial instruments" does not define what constitutes a significant increase in credit risk. In assessing whether credit risk has significantly increased, the Financial Group considers prospective quantitative and qualitative information.

- *Technical reserves*

The current risk reserve is determined as the sum of the best estimate and a risk margin, where the best estimate will be equal to the expected value of future flows of obligations, understood as the probability-weighted average of those flows, considering the time value of money based on the market risk-free interest rate curves for each currency or monetary unit provided by the price provider. The amount of the reserve for unfulfilled obligations is determined as the sum of the best estimate and a risk margin, where the best estimate will be the amount that corresponds to each of the known obligations at the time of valuation. As indicated in note 5 to the consolidated financial statements, the Financial Group annually reports on its technical reserves by independent actuaries.

d. Key sources of uncertainty in estimates

Key forward-looking assumptions and other key sources of uncertainty in estimates at the end of the period, which have a significant risk of resulting in significant adjustments to the carrying amounts of assets and liabilities during the coming year, are explained below.

Discount rate used to determine the book value of the defined benefit obligation

The determination of the benefits of the borrowed obligations depends on some assumptions, which include the selection of the discount rate. The discount rate is set by reference to the market return at the end of the period in corporate bonds. Significant assumptions need to be made when setting the criteria for the bonds and must be included in the yield curve. The most important criteria to consider for bond selection include the current size of corporate bonds, quality, and identification of exclusionary guidelines.

5 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Holding are in conformity with practices prescribed by the Commission through issued accounting standards and other applicable laws, which require Management to make certain

estimates and use certain assumptions to determine the valuation of certain items included in the consolidated financial statements and make the required disclosures therein. Even though they may differ in their final effect, management considers the estimates and assumptions to have been adequate under the current circumstances.

Pursuant to accounting criteria A-1, “Basic Framework of the Accounting Criteria Applicable to Banking Institutions", prescribed by the Commission, the Institutions’ accounting will adhere to Mexican Financial Reporting Standards, (MMFRS or individually referred to as Normas de Informacion Financiera (MFRSs)) defined by the Mexican Board of Financial Reporting Standards (previously the Mexican Board for Research and Development of Financial Reporting Standards (CIMFRS)), except when the Commission deems it necessary to apply a specific accounting standard or Circular, considering the fact that financial institutions perform specialized operations.

Explanation for translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for the convenience of users. These consolidated financial statements are presented on the basis of accounting practices prescribed by the Commission. Certain accounting practices applied by the Institution may not conform to Mexican Financial Reporting Standards (“MMFRS”) or other accounting principles generally accepted outside of Mexico.

Arithmetical translation of the consolidated financial statements from Mexican pesos into United States of America (U.S.) dollars for the year ended December 31, 2023

The consolidated financial statements are stated in millions of Mexican pesos ("Ps.") the currency of the country in which the Institution is incorporated and has its principal operations. The translations of Mexican pesos into U.S. dollars ("US$") are included solely for the convenience of the readers and have been made at the rate of Ps. 16.9666 per one U.S. dollar on December 31, 2023, as issued by Banco de México. Such translation should not be construed as representations that the Mexican peso amounts have been, could have been, or could in the future, be converted into U.S. dollars at this rate or at any other rate, if at all.

Changes in accounting policies

Special accounting treatment of the support programs granted by the Holding Company derived from Hurricane Otis

Given the negative impact generated by the hydrometeorological phenomenon with severe impact in the state of Guerrero, Mexico, the Holding Company has determined to support its clients by implementing various support programs that will be applicable to all clients located in the aforementioned state. and subscribe to the program from October 24, 2023 until April 30, 2024, in accordance with the following:

Credit card:

• The support consists of maintain interests from the October 2023 cutoff and recommence interests in May 2024. This applied to the entire State of Guerrero. The accounts that were included were accounts with up to 2 payments due as of October 24, 2023.

Non-revolving consumer credit, housing credit and Pymes

• The support consists of a 6-month deferral without capitalization of interests, during which no payment of capital or interest is required and the term is extended by 6 months. Those credits are considered for all clients domiciled in the State of Guerrero, whose credit risk corresponds to stage 1 and stage 2 as of October 24, 2023.

By virtue of the above, on October 27, 2023, through official letter P307/2023, the Commission issued the Special Accounting Criteria, applicable to credit institutions for the period from October 24, 2023 to April 30, 2024, according to the following:

Those loans with the schemes of single payment of principal at maturity and periodic payments of interest, single

payment of principal at maturity and interest at maturity, periodic payments of principal and interest, as well as revolving credits, which are renewed or restructured, were not transferred to the next immediate category with the highest credit risk in terms of what is established in paragraphs 98 to 112 of criterion B-6, the special accounting criterion applied only to credits that as of October 24, 2023 were registered as a credit portfolio with stage 1 and stage 2 credit risk and that the new maturity period does not exceed six months from the expiration date of the original contract.

Additionally, the credits subject to the special accounting criterion were not considered as restructured in accordance with the provisions of paragraph 35 of Criterion B-6, nor were they reported as overdue credits before to the credit information institutions.

The amounts that would have been recorded and presented both in the statement of financial position and in the statement of comprehensive income by type of portfolio, if the special accounting criteria had not been applied, as well as the details of the concepts and amounts by type of portfolio, for which the accounting impact has been made due to the application of the special accounting criterion as of December 31, 2023, are shown below:

Concept	Balances with special accounting criteria	Effects on portfolio and allowance	Balances without special accounting criteria
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1			
Commercial loans	Ps. 601,695	(Ps. 3)	Ps. 601,692
Consumer loans	172,328	-	172,328
Mortgage loans	249,877	-	249,877
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 1	**1,023,900**	**(3)**	**1,023,897**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2			
Commercial loans	1,830	3	1,833
Consumer loans	2,936	-	2.936
Mortgage loans	3,261	-	3,261
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 2	**8,027**	**3**	**8,030**
LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3			
Commercial loans	3,893	-	3,893
Consumer loans	4,820	-	4,820
Mortgage loans	2,177	-	2,177
TOTAL LOAN PORTAFOLIO WITH CREDIT RISK STAGE 3	**10,890**	**-**	**10,890**
LOAN PORTFOLIO	**1,042,817**	**-**	**1,042,817**
(+/-) DEFERRED ITEMS	2,386	-	2,386
(Minus) ALLOWANCE FOR LOAN LOSSES	(19,603)	(347)	(19,950)
LOAN PORTFOLIO OF INSURANCE AND BOND	3,503	-	3,503
(Minus) ALLOWANCE FOR LOAN LOSSES	254	-	254
LOAN PORTFOLIO OF INSURANCE AND BOND, net	3,249	-	3,249
ACQUIRED COLLECTION RIGHTS	1,094	-	1,094
LOAN PORTFOLIO	**1,029,943**	**(347)**	**1,029,596**
TOTAL ASSETS	**2,274,859**	**(347)**	**2,274,512**
Allowance for loan losses (Net income)	**(15,942)**	**(347)**	**(16,289)**
NET INCOME	**53,142**	**(347)**	**52,795**
TOTAL STOCKHOLDERS' EQUITY	**249,204**	**(347)**	**248,857**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**Ps. 2,274,859**	**(Ps. 347)**	**Ps. 2,274,512**

As of December 31, 2023, the balance of credits subject to support program is Ps. 3,309.

Offsetting of financial assets and financial liabilities

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

Recording of operations

Transactions with securities and repurchase agreements, among others, for its own account or for the account of third parties, are recorded on the date they are agreed, regardless of the date of their settlement.

Financial instruments valuation

To determine the fair value of the positions in financial instruments, both its own and those of third parties, the Financial Group uses the prices, rates and other market information provided by a price provider authorized by the Commission, except for what refers to the operations with futures, which are valued with the market prices determined by the clearing house of the stock exchange in which they are operated.

Cash and cash equivalents

Cash and cash equivalents are stated and valued at nominal value, except for precious metal coins, which are stated at fair value at the end of the period. Cash and cash equivalents available in foreign currency are valued at the closing of the day exchange rate published by Banco de México at the Consolidated statement of financial position.

Margin securities

Margin securities on cash in transactions with derivative financial instruments in recognized markets are recorded at nominal value.

The cash is intended to ensure the compliance with the obligations corresponding to derivatives held in recognized markets and correspond to the initial margin, to partial or total settlements, additional contributions or withdrawals, returns generated by the account itself, as well as commissions that correspond to charge in the validity of the corresponding contracts.

Partial or total settlements deposited and withdrawn by the clearing house due to fluctuations in the prices of derivatives must be recognized within the margin account, affecting as a counterpart a specific account that may be of a debtor or creditor nature, and that It will reflect the effects of the derivative valuation prior to its liquidation. The counterpart of a debtor or creditor nature will represent an advance received, or, a financing granted by the clearing house prior to the liquidation of the derivative.

The amount of margin accounts granted and received in cash in derivative transactions not carried out in recognized markets or exchanges will be presented under other accounts receivable, while the account payable generated by the receipt of cash collateral It will be presented in other accounts payable.

Collaterals granted in such operations, other than restricted cash must remain in the same area from which they originate. The payable account, which represents the obligation of the assignee to return to the transferor the collateral other than cash that has been sold must be presented in the statement of financial position, on collaterals sold or given as collateral. The amount of the collateral other than cash on which the right to sell or give as guarantee has been granted shall be presented in memorandum accounts in a specific item.

As of December 31, 2023 and 2022, the Financial Group maintained standardized derivative and future operations,

so cash collateral (cash margin calls) were recognized to ensure compliance with the obligations corresponding to the operations held in markets recognized for the purpose to mitigate the default risk.

Investments in securities

Business model

Pursuant to MFRS C-2, the Financial Group determined a business model consistent with the management of its investments in financial instruments, in order to classify them properly. The business model is based on the way in which financial instruments are managed to generate cash flows for the Financial Group when carrying out its activities and not on a particular intention to hold an instrument.

The Financial Group's business model is determined at a level that reflects how the groups of financial instruments are managed as a whole to achieve a business objective and not based on management's intentions regarding a particular instrument.

The business model for managing financial instruments is based on facts and not on intention. It is typically observable through the activities carried out to achieve the business objective and judgment is applied to determine the business model, since it is not based on a single factor or activity, therefore all the evidence available at the time is considered to do the evaluation.

Derived from the analysis that the Financial Group carried out to determine the business model, financial instruments are classified as follows:

a) financial instruments to collect principal and interest (IFCPI), whose objective is to collect the contractual cash flows and the terms of the contract consider cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount payment. Due to the above, the IFCPI has loan characteristics and are managed based on its contractual performance. These instruments are valued after their initial recognition at their amortized cost, as established in MFRS C-20.

b) financial instruments to collect or sell (IFCV), the objective is to obtain a possible profit in their sale when it is convenient or to collect the contractual cash flows to obtain a profit for the contractual interest that they generate. These instruments are valued at their fair value through Other Comprehensive Income (ORI); or

c) trading financial instrument (IFN), which are all those investments in financial instruments that do not have the characteristics mentioned in the two previous paragraphs, and are made up of debt or capital financial instruments, whose objective is to obtain a profit between the purchase price and the sale price and not to collect principal and interest, that is, its administration is based on the market risks of said instruments, which are valued at their fair value through results.

For the application of the business model, the Financial Group performs SPPI tests (Only payments of principal and interest) to the investments in financial instruments, which consist of testing whether the recovery of the flows is represented only by concept of principal and interest

Trading financial instruments

Trading financial instruments are securities owned by the Financial Group, acquired with the intention of selling them for a profit derived from the price differences in short-term purchase and sale operations made by the Financial Group as a market participant.

At the time of the acquisition they are initially recorded at fair value, which may include either a discount or premium.

These securities (including both capital and accrued interest) are stated at fair value, which is determined by the price vendor contracted by the Financial Group.

The trading financial instruments valuation result is recorded in the results of the period.

Financial instruments to collect or sell

Financial instruments to collect or sell are debt or equity securities that are neither classified as trading nor held to maturity, therefore they represent a residual category, which means that, they are purchased with an intention different from trading or collect principal and interest.

They are valued in the same way as trading financial instruments, but with unrealized gains and losses recognized in other comprehensive income in consolidated stockholders' equity.

Financial instruments to collect principal and interest

Financial instruments to collect principal and interest consist of debt instruments whose payments are fixed or can be determined with a set maturity, which are acquired with the intent and capability to hold them to maturity.

They are initially recorded at fair value and valued at amortized cost, which means that the amortization of the premium or discount (included in the fair value at which they were initially recorded), is part of the earned interest.

The provisions of paragraph 41.1.1 numeral 4 of MFRS C-20 regarding the use of the market rate as the effective interest rate in the valuation of the financial instrument to collect principal and interest when both rates are substantially different are not applicable.

The option to irrevocably designate a financial instrument to collect principal and interest upon initial recognition, to be subsequently valued at fair value with effect on net income referred to in paragraph 41.3.4 of MFRS C-20, is not applicable.

General valuation standards

Upon the sale of trading financial instruments, the valuation result previously recorded in the year's results is reclassified as part of the gain or loss on the sale. Similarly, upon the sale of financial instruments to collect or sell, the cumulative valuation result recorded in other comprehensive income in stockholders' equity is reclassified as part of the gain or loss on the sale.

Accrued interest on debt instruments is determined using the effective interest method and is recorded in the corresponding category of investments in securities and in the year's results.

Dividends on equity instruments are recorded in the corresponding category of investments in securities and in the year's results when the right to receive such dividends is established.

The foreign exchange gain or loss on investments in securities denominated in foreign currency is recorded in the year's results.

In the event of reclassifications under section 44 of MFRS C-2 among the different categories of investments in financial instruments, they may be made due to changes in the business model, which must be reported in writing to the Commission within the 10 business days following the authorization issued for such purposes by the Risk Committee, detailing the change in the business model that justifies them.

If securities to collect principal and interest are reclassified as securities to collect and sell, the corresponding valuation result on the reclassification date is recorded in other comprehensive income within stockholders' equity.

In the case of debt instruments reclassified from securities to collect and sell to securities to collects principal and interest, the valuation result on the transfer date continues to be reported in stockholders' equity, and it is amortized based on such instrument's remaining life.

Regarding authorized reclassifications from trading financial instreuments to any other category, the valuation result on the reclassification date is already acknowledged in the year's results.

An impairment loss on a security is recorded against the year's results if there is objective evidence of such impairment as a result of one or more events, occurring after the initial recording of the security, that have had an impact on the estimated future cash flows that can be reliably determined. The effect of recording the impairment of securities is shown in Note 7.

A previously recorded impairment loss is reversed against the year's results if, in a later period, the amount of the loss decreases and such decrease is objectively associated with an event occurring after the impairment was recorded.

The Financial Group periodically assesses whether its financial instruments to be collected or sold and its financial instruments to be collected principal and interest present impairment under the expected credit loss method (PCE), in accordance with MFRS C-16, considering the credit risk of them. The PCEs are estimated based on all possible default events in the entire life of the IFCVs and IFCPI.

The PCE are the losses accrued in the IFCV and IFCPI that can be evidenced later in view of their probability of default and their severity of loss. Therefore, its recognition begins from the time the IFC is generated, since there is already a risk of uncollectibility, even if it is minimal at that time.

The Financial Group evaluates the PCE on the IFCV and IFCPI considering the following:

d) The PCE are not the losses verified at the date of the financial statements, but the losses accrued in the IFCV and IFCPI that could be evidenced later in view of their probability of default and their severity of loss. Therefore, its recognition begins when the IFCV and IFCPI are generated, since there is already a risk of uncollectibility, even if it is minimal at that time.
e) The time value of money; and
f) Reasonable and supported information that is available without any undue effort or cost at the date of analysis, about past events, current conditions and forecasts of future economic conditions.

In accordance with MFRS C-16, the Financial Group determines the stage of default of IFCV and IFCPI as follows:

Stage 1: They are all those for which their risk of default has not increased significantly since their initial recognition, up to the date of the financial statements. The Probability of Default (PI) is determined at 12 months

Stage 2: Includes those that have already shown a significant increase in credit risk from their initial recognition to the date of the financial statements. The PI is determined by the total term.

Stage 3: They are those for which one or more events have occurred that have a detrimental impact on future cash flows. The IP considered for these investments is 100%.

Based on the identification of the three stages of default described, the amount of the allowance for PCE is determined. For this, the following steps are applied

7) The investments with non-compliance of each of the three previous stages are determined, considering the IP applicable to each stage

8) Based on the severity of loss (SP), the recoverable amount (MR) of the defaulted investments is determined, valuing the cash flows that are estimated to be recovered at their present value, with the original effective interest rate; and

9) The recoverable amount is compared against the defaulted portfolio determined in step 1 above.

The PCE allowance is recognized in the income statement at the time it is determined.

Customer repurchase agreements (repos)

This is a transaction through which the purchaser acquires ownership of credit securities for a sum of money and is obliged to transfer the property of another amount of securities of the same kind to the seller of the securities within the agreed term and in exchange for the same price plus a premium. The purchaser keeps the premium unless agreed otherwise.

Repurchase transactions are recorded according to their economic substance, which is financing with collateral, through which the Financial Group, acting as the purchaser, provides cash as financing in exchange for financial assets as guarantee in case of non-compliance.

On the repurchase agreement transaction contract date, the Financial Group, acting as the seller, records the cash inflow, or else a settlement debtor account as well as a payable account at its fair value, initially at the agreed price, which represents the obligation to reimburse the cash to the purchaser. The account payable is subsequently valued over the term of the repurchase agreement at amortized cost by recognizing the interest from the repurchase agreement in the year's results using the effective interest method.

As to the collateral granted, the Financial Group reclassifies the financial asset in the Consolidated statement of financial position as restricted and values it according to the criteria mentioned earlier in this note until the maturity of the repurchase agreement.

The Financial Group, acting as the purchaser, on the repurchase transaction contract date records cash and cash equivalents or a creditor settlement account, with an account receivable at its fair value, initially at the agreed price, which represents the right to recover the cash that was delivered. The receivable is subsequently valued over the life of the repurchase agreement at amortized cost by recognizing the repurchase agreement interest in the year's results using the effective interest method.

As to the collateral received, the Financial Group records it in off statement of financial position memorandum accounts until the repurchase agreement's maturity, following the guidelines of Circular B-9, "Asset Custody and Management", issued by the Commission.

When the Financial Group sells the collateral or delivers it as a guarantee, the proceeds from the transaction are recognized, as well as an account payable for the obligation to return the collateral to the reported (initially measured at the agreed price), which is valued, to the case of its sale at fair value or, in the event that it is given as collateral in another repurchase agreement, at its amortized cost (any difference between the price received and the value of the account payable is recognized in the results of the year). For presentation purposes, said account can be offset with the account receivable "Repo debtors" in accordance with the provisions of MFRS B-12.

Derivative financial instruments

The Financial Group is authorized to perform two types of transactions involving derivative financial instruments:

Transactions to hedge the Financial Group's open risk position: Such transactions involve purchasing or selling derivative financial instruments to mitigate the risk resulting from one or a group of given transactions.

Transactions for trading purposes: The Financial Group enters into such transactions as a market participant for reasons other than to hedge its exposed position.

Transactions with derivative financial instruments are presented in assets or liabilities, as applicable, under the heading "Derivative financial instruments", separating derivatives for trading purposes from those for hedging purposes.

When entering into transactions involving derivative financial instruments, the Financial Group's internal policies and norms require an assessment and if necessary, determination of different risk exposures for each counterparty in the financial system that have been authorized by Banco de México to enter into these types of transactions. Regarding corporate customers, a preauthorized credit line by the National Credit Committee must be granted or liquid guarantees must be given through a securitized collateral contract before entering into these types of transactions. Medium and small sized companies and individuals must provide liquid guarantees established in securitized collateral contracts with this type of transactions.

The recognition or cancellation of assets and/or liabilities resulting from transactions involving derivative financial instruments occurs when these transactions are entered into, regardless of the respective settlement or delivery date of the goods.

Forward and futures contracts

Forward and futures contracts with trading purposes establish an obligation to buy or sell a financial asset or an underlying at a future date in the quantity, quality and prices pre-established in the contract. Future contracts are recorded initially by the Financial Group in the Consolidated statement of financial positions as an asset and a liability at fair value, which represents the price agreed in the contract in order to acknowledge the right and obligation of receiving and/or delivering the underlying, as well as the right and obligation of receiving and/or delivering the cash equivalent to the underlying, object of the contract.

The derivatives are presented in a specific item of the assets or liability depending on whether their fair value (as a consequence of the rights and/or obligations it establishes) corresponds to the debtor balance or creditor balance Such debtor or creditor balances in the Consolidated statement of financial positions are offset when the Financial Group has the contractual right to offset the stated amount, the intention of liquidating the net amount or to realize the asset and cancel the liability simultaneously.

In the case of transactions for trading purposes, their balance represents the difference between the fair value of the contract and the established "forward" price.

Option contracts

Through paying a premium, options contracts grant the right but not the obligation to buy or sell a financial asset or underlying instrument at a given price within an established term.

Options are divided into: options to buy (calls) and options to sell (puts). Both can be used as trading or hedging instruments.

Options can be executed on a specific date or within a certain period of time. The price is agreed in the option and may be exercised at the discretion of the buyer. The instrument used to establish the price is the reference or underlying value.

The premium is the price the holder pays to the issuer for the option rights.

The holder of a call option has the right, but not the obligation, to purchase from the issuer a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The holder of a put option has the right, but not the obligation, to sell a certain financial asset or underlying instrument at a fixed price (transaction price) within a certain term.

The Financial Group records the option premium as an asset or liability at the transaction date. The fluctuations resulting from market valuation of the option's premium are recorded by affecting the Consolidated Income Statement in the account "Trading results" and the corresponding Consolidated statement of financial position account.

Swaps

These are two-party contracts through which a bilateral obligation is established to exchange a series of cash flows for a certain period of time on pre-set dates at a nominal or reference value.

They are recorded at fair value which corresponds to the net amount between the asset and liability portion for the rights and obligations agreed upon; they are subsequently valued at fair value using the present value of the future flows to receive or grant according to the projections for future implicit applicable rates, discounting the market rate on the valuation date with yield curves given by the price provider. The result of such valuation is recorded in the year's results.

Management's risk policy regarding hedging contracts is to protect the Financial Group's Consolidated Statement of financial positions and to anticipate interest and exchange rate fluctuations, thereby protecting the stockholders' equity.

For hedging derivatives, the Financial Group applies the fair value and cash flow hedging methods and the accumulated compensation method to measure effectiveness. Such methods are approved by current accounting standards. In case ineffective hedges are detected, they are recorded in the year's results.

The Financial Group documents hedging transactions from the moment that derivatives instruments are designated as hedging transactions. A file for each transaction is created in order to have documented proof as per Circular B-5, paragraph 72 "Derivative financial instruments and hedging transactions" (B5) issued by the Commission, which establishes conditions for the use of hedging accounting.

Accordingly, the Financial Group documents its cash flow's hedging transactions based on the following guidelines:

c. The effective portion of the hedging instrument's gain or loss is recorded as a component of other comprehensive income in stockholders' equity using an asset or liability account called derivative financial instruments'' with an offsetting account in liquid assets or liabilities. The portion determined as ineffective is measured through retrospective testing, and when it results in over-hedging, it is immediately recognized in the period's results under "Trading results".

d. The effective hedging component recognized in stockholders' equity associated with the hedged item is adjusted to equal the lowest (in absolute terms) of:

   i. The accumulated gain or loss of the hedging instrument from its inception.
   ii. The accumulated change in fair value (present value) of the hedged expected future cash flows from the beginning of the transaction.

Valuation techniques

Since the derivatives used by the Financial Group are considered as conventional (''Plain Vanilla'') standard valuation models contained in the derivative transaction systems and the Financial Group's risk management are used.

All of the valuation methods that the Financial Group uses result in fair value of the transactions and are periodically adjusted. Furthermore, they are audited by internal and external auditors as well as by the financial authorities.

Valuation of the positions is done on a daily basis and a price provider generates the input used by the transaction and risk management systems. The price provider generates these valuations based on daily market conditions.

The valuation methods are based on the market's accepted and commonly used principles. As of December 31, 2022, derivatives are valued by the cash flow present value method, except in the case of options. This method consists of estimating future derivative flows, using the difference between the derivative's fixed level and the forward market curves on the valuation date, and then discounting such flows and updating them to the present value. Options are valuated under the Black_Scholes model, which in addition to the present value calculation, involves the volatility

and probability of occurrence for calculating the premium. Once the option's market value is obtained, it is compared to the original premium accrued on the valuation date.

Cancellation of hedging accounting

A cash flow hedging relation is cancelled when:

5. The hedging instrument expires or is sold, terminated or enforced;
6. The hedging fails to meet the requirements of documentation, evaluation and effectiveness measuring;
7. The projected transaction is not expected to occur;
8. The hedging designation is revoked.

For cases 1 and 2, the profit or loss recorded in net income stays in that account until the projected transactions occurs. For case 3, the profit or loss recorded in net income should be immediately restated in results; and for case 4, if the hedging is on a projected transaction, the loss or profit stated in net income should stay in that account until the projected transactions is realized. Otherwise, it should be immediately restated in results.

A fair value hedging relation is canceled when:

4. The hedging instrument expires or is sold, terminated or enforced;
5. The hedging fails to meet the requirements of documentation, evaluation and effectiveness measuring;
6. The hedging designation is revoked.

Any adjustment to the result from the valuation adjustment of the hedged item attributable to the covered risk, should be amortized in the period's results. The amortization begins as soon as the adjustment turns up, and under no circumstance after the hedged item is no longer adjusted due to changes in the fair value attributable to the risk covered. The adjustment should be amortized in full on the due date of the hedged item.

Operation strategies

Trading

The Financial Group participates in the derivatives market with trading purposes, and the risk exposures generated are computed within its overall VaR limit.

The trading strategy is submitted on a weekly basis to the Financial Group's Treasury Committee, which analyzes the current risks and takes any necessary decisions.

The trading strategy is carried out according to market levels and expectations, maximizing the circumstances to obtain a benefit by trading, margin and volatility. Each trading strategy is submitted to the Treasury Committee on a weekly basis for its consideration. The Risk Policies Committee analyzes the risks and then decides accordingly.

Hedging

The hedging strategy is determined annually and when market conditions require it. Hedging strategies are submitted to the Risk Policies Committee.

Hedging transactions comply with the applicable norm set forth in Circular B-5, "Derivatives and hedging transactions", issued by the Commission. This implies, among other things, that the hedge's effectiveness must be evaluated both prior to its arrangement (prospective) as well as thereafter (retrospective). These tests are performed on a monthly basis.

The hedging strategy is determined annually and each time the market conditions require. Hedges are used to reduce foreign exchange risks, through both, exchange rate forwards and currency swaps, as well as interest rates by means of interest rate swaps. This is done with the purpose of setting the rates paid on debt issued by the Financial Group, thereby ensuring the debt servicing, as well as to make investments that generate greater value for the customers. The main strategy is to ensure that the Financial Group's future income and expenses are covered, maximizing its profitability.

Hedging derivatives can be restated whole or partially due to hedging inefficiencies, maturity or sale of primary position.

Contingencies

To enter the derivatives market, the Financial Group is bound by agreement to deliver its financial information in a timely manner and to abide by the applicable laws, regulations and provisions, as well as to provide written notice to the affected parties in case that an event arises that could be considered as early termination, which could lead to a credit contingency. These include the following: bankruptcy filing, payment suspension, restructuring, intervention, liquidation, dissolution or other similar judicial or extra-judicial proceedings that affect the Financial Group; if the statements stipulated in the contract are incorrect; the Financial Group's failure to fulfill its obligations and/or payments; breach of contract; the Financial Group's consolidates or merges with another entity thereby transferring a substantial portion of its assets; failure to provide the guarantees that were agreed in the event of noncompliance with obligations or if such guarantees expired or diminished in value; the Financial Group's falls into insolvency, lower credit quality or illegality due to changes in the tax or legal legislation; the existence of a ruling, proceeding or embargo against the Financial Group that could substantially affect its ability to fulfill its obligations in a timely manner; or general noncompliance with obligations. Each ground for early termination is subject to the counter-party's consideration in order to determine its importance and sigMFRSicance regarding the Financial Group's ability to comply.

As of December 31, 2023 and 2022, there have been no contingency situations.

Embedded derivatives

Embedded derivatives are those contract components that do not intend to explicitly originate a derivative financial instrument but rather that the implicit risks generated or hedged by those components differ in their economic and risk features from those of the contract, and therefore display a behavior and features similar to those of a common derivative.

Identified embedded derivatives are separated from the host contract for valuation purposes and are treated as a derivative when they meet the features outlined in Circular B-5 paragraph 22, unless the implicit derivative is denominated in a currency commonly used for the purchase and sale of non-financial items in the economic environment where the transaction takes place. The main embedded derivatives recognized by the Financial Group prior to January 2011 are from service and leasing contracts established in US dollars.

Loan portfolio

Business model

In accordance with criterion B-6, the Financial Group has implemented a business model in accordance with the provisions of MFRS C-2 based on the administration and management of the loan portfolio to generate cash flows, with this business model the Financial Group determines whether the cash flows will come from obtaining contractual cash flows, from the sale of the credit portfolio, or from both.

The business model to administer and manage the loan portfolio is a matter of facts, not an intention or statement. It is typically observable through the activities carried out to achieve the business objective and judgment is applied to determine the business model, since it is not based on a single factor or activity, therefore all the evidence available at the time is considered to do the evaluation.

The loan portfolio is recognized if the objective of the business model is to hold it to collect the contractual cash flows and the terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest on the outstanding principal amount payment, in this case the portfolio is valued at amortized cost in accordance with criterion B-6, if the above is not met, it is valued in accordance with the provisions of MFRS C-2.

Loans or loan portfolios previously evaluated, whose contractual conditions are modified and in the case of new products, are submitted to the SPPI tests and are authorized by the Credit Committee of the Financial Group, it is also communicated in writing to the Commission within the 10 calendar days prior to its application, stating in detail the justification for its classification within the business model for collection of principal and interest, to negotiate or to collect or sell.

The Financial Group evaluates periodically the business model, in accordance with its established policies for the classification of the portfolio based on the business model. The aforementioned policies are duly documented.

Loan portfolio represents the balance of the amounts actually delivered to borrowers plus accrued interest not collected, less interest collected in advance. The allowance for loan losses is presented by deducting the balances of the portfolio. Transaction costs and commissions charged at the beginning of the loan are recognized separately as a deferred charge or credit, and are presented net in deferred items, as part of the loan portfolio.

Interest collected in advance is recognized as a deferred credit and is presented net of the loan portfolio that originated it.

The unpaid loan balance is classified as stage 1 as follows:

- Loans with single amortization at maturity of principal and interest that accumulate from 0 to 29 calendar days after payment overdue.
- In the case of loans with a single amortization of principal at maturity, but with periodic interest payments, when they accumulate between 0 and 29 days after payment overdue of principal, or between 0 and 30 days after payment overdue in interest payments.
- Commercial loans whose amortization of principal and interest have been agreed in partial periodic payments, when the first amortization is 0 to 30 calendar days after payment overdue, in the case of consumer credits when they accumulate zero arrears or the equivalent of 1 arrears or less.

The unpaid loan balance is classified as stage 2 as follows:

- In the case of commercial loans with a single amortization of principal at maturity, but with periodic interest payments, when interest accumulates from 31 to 89 calendar days after payment overdue.
- Loans whose amortization of principal and interest have been agreed in partial periodic payments, when they are 31 to 89 calendar days after payment overdue in their amortizations, in the case of consumer loans when they accumulate more than 1 arrears or the equivalent of 3 arrears or less.

The unpaid loan balance is classified as stage 3 as follows:

- Loans with single amortization at maturity of principal and interest, 30 calendar days after maturity occurs
- In the case of loans with a single amortization of principal at maturity, but with periodic interest payments, the total principal and interest at 30 and 90 calendar days after payment overdue, respectively.
- Loans whose amortization of principal and interest have been agreed in partial periodic payments, 90 calendar days after payment overdue in their amortizations, in the case of consumer loans when they accumulate more than 3 arrears or 90 or more days after payment overdue in their payments, whichever comes first.
- In the case of revolving loans, when payment has not been made for two periods or they are 90 or more days after payment overdue, in the case of consumer loans when they accumulate more than 3 arrears or 90 or more days in arrears in their payments.

- In the case of overdrafts in customer checking accounts, they are considered as a stage 3 portfolio at the time the overdraft occurs.

Interest is recognized and accrued as income when earned. The accrual of interest income is suspended when loans are transferred to stage 3.

The commissions collected for the initial granting, restructuring and renewal of loans, interest collected in advance, as well as the loss from renegotiation, are recorded as a deferred crédit, which is amortized against the results of the year as interest income, under the effective interest method, through the application of the effective interest rate, during the life of the credit, except those originating from credit cards that are recognized directly in results.

Annual credit card fees, whether the first annual charge or subsequent of a renewal, are recorded as a deferred credit and amortized over a 12-month period against the year's results in the commission and fee income line item.

The costs and expenses associated with the initial granting, restructuring and renewal of a loan, as well as the profit from renegotiation, are stated as a deferred charge, which is amortized against the results of the year as interest income, under the effective interest method, through the application of the effective interest rate, during the life of the credit, except those originating from credit cards that are recognized directly in results.

When a loan is considered to have stage 3 credit risk, the balance pending amortization of transaction costs, as well as commissions charged for the initial granting, restructuring and renewal of credits, and interest collected in advance are recognized in results and, if applicable, the effect of the profit or loss in renegotiation pending amortization against the results of the year.

The restructured or renewed loans that have been transferred to the next immediate risk stage, until the moment in which there is evidence of sustained payment, which is considered when the Financial Group receives the collection without delay and in its entirety of three consecutive amortizations, in the case of loans with amortizations that cover between 61 and 90 days, the payment of two amortizations, or, the collection of an exhibition in the cases in which the amortization covers periods greater than 90 days.

The restructured credits are renewed with single payment of principal at maturity, regardless of whether the payment of interests is periodic or at maturity, it is considered that there is sustained payment of credit when, The accredited has covered at least 20%t of the original amount of the loan at the time of the restructuring or renewal, Or, has covered the amount of accrued interest in accordance with the scheme of payments by restructuring or renewal for a period of 90 days and this period has passed.

When a loan is restructured in stage 1 or 2 and remains in one of those stages, the effect of renegotiation is determined as follows:

d) The book value of the loan is determined, which corresponds to the amortized cost at the date of the renegotiation,
e) The new future cash flows are determined on the partially restructured or renewed amount, discounted at the original effective interest rate,
f) The difference between the book value and the cash flows determined in subparagraph b) above is determined and recognized as a deferred charge or credit against the profit or loss from loan portfolio renegotiation in the statement of comprehensive income.

The determination of profit or loss from renegotiation is not applicable to credit cards, or to credits with stage 3 credit risk.

If the Financial Group renews a loan, it is considered that there is a new loan, therefore the previous loan is canceled in the event of a total renewal.

Accrued interest during the period in which the loan was included in stage 3 is recognized as income when collected.

The recognition of interest income is renewed when the portfolio is no longer considered stage 3, which occurs when the outstanding balances, including the principal, interest and any other item, are paid in full.

Restructured loans are those whose terms have been modified due to the borrowers' financial difficulties, and it was decided to grant them a concession. Such modifications may include reductions in the interest rate, debt discount or term extensions.

The Financial Group regularly evaluates whether a stage 3 loan should remain in the statement of financial position or be written off. Such write-offs are done by canceling the outstanding loan balance against the allowance for loan losses. The Financial Group may opt to eliminate from its assets those stage 3 loans that are 100% provisioned according to the following parameters:

- Commercial loans – Must be classified in stage 3 loans, with an E risk rating, 100% reserved, unsecured by any fund.
- Consumer loans – 180 days or more overdue.
- Mortgage loans – 270 days or more overdue.

Write-offs and discounts, that is, the amount forgiven for the payment of the loan partially or totally, is recorded with a charge to allowance for credit risks. In the event that the amount of these exceeds the balance of the estimate associated with the loan, estimates are made up to the amount of the difference.

When the balance of the allowance for credit risks exceeds the amount required under the Provisions, the differential is canceled in the period in which said excesses occur, against the results of the year, affecting the allowance for loan losses.

Allowance for loan losses

As of January 1, 2022, regulatory modifications of the Commission entered into force, regarding the classification and registration of the loan portfolio (Accounting Criterion B-6) for the implementation of the MFRS C-16 (IFRS 9), modifications to the standard methodologies for rating and calculating allowance for loan losses, recalibration of the standard methodologies for calculating the probability of default of the commercial portfolio and changes in the requirements to certify internal models and methodologies for calculating capital requirements for credit risk and estimate of preventive reserves.

Within these modifications, loans are classified into three "Stages" based on their risk: those cataloged within Stage 1 are considered to have no significant increase in credit risk, Stage 2 are considered those that have a significant increase in credit risk, but without objective evidence of impairment. Stage 3 classifies those loans where there is objective evidence of impairment. With the above description, for loans classified in Stage 1 and 3, the expected loss was calculated over a 12-month time horizon, while for those loans classified in Stage 2, expected losses were recognized throughout the life of the loan.

Among the most relevant regulatory changes in standard portfolio rating methodologies and in the requirements to certify internal models and methodologies, the following stand out:

<u>Standar methodology</u>

- All portfolios
    - In loans classified as Stage 2, allowances are estimated considering the higher of the expected loss with a 12-month horizon or the expected loss considering the remaining term of the loan.

- Comercial loans

- The methodologies for determining the Probabilities of Default of all types of borrowers (Governments loans, Financial Holding Companies and Business with Sales of less than 14 million udis) are replaced.
- The methodology for determining the percentage of reserves in loans granted to Investment Projects with their own source of payment is modified, where in addition to the cash flow, a series of qualitative factors specific to each type of project are evaluated.
- The Severity of the Loss of unsecured credits is modified to differentiate the factor according to the type of borrower, and additionally, the evolution of said Severity of the Loss of credits classified in Stage 3 is modified, which will gradually increase to reach 100% in a period of 36 months after its classification in Stage 3
- The formulas for estimating the Exposure at Default in committed lines of credit are adjusted
- In certain exposures, Rebuttal of Stage 2 is allowed when the borrower's delay event is due to an operational issue, a quantitative and qualitative analysis is carried out, and it is also approved by a collegiate body.

In the event of impairment in the credit quality of the borrower, in certain exposures the deterioration to a Stage of higher risk is allowed after a quantitative and qualitative analysis, and that is also approved by a collegiate body.

Internal models

In October 2016, the Board of Directors approved the implementation plan for the internal models for calculating reserves and capital requirements for all modelable portfolios, which was sent to the Commission that same year. Pursuant to this implementation plan, the models for the Credit Card, Business and Personal Automotive portfolios were certified.

At the end of 2018, the Commission released the project to migrate standard and internal methodologies under the IFRS 9 approach, but it was not until March 2020 that the definitive rules for Internal Methodologies on the Official Gazette of the Federation (DOF). reserves based on MFRS C-16 (IFRS 9), effective as of January 2021, however, derived from the Covid-19 pandemic, the Commission issued a statement in April 2020, indicating that the rule would be effective as of January 2022.

Due to the foregoing, the Financial Group adhered to the new regulation and adopted the Internal Reserve Methodologies based on MFRS C-16, requesting in April 2021 the CPR and the Board of Directors, the approval of the new Implementation Plan (Capital and Reserves), which was authorized by the Commission in January 2022 through Official Letter No. 111-2/852/2022.

Therefore, as of January 2022, when the MFRS C-16 (IFRS 9) standard came into force, it is being used to calculate preventive reserves for credit risks, both in the Standard Approach and in the Internal Models. Consequently, for the Internal Models there will be estimates for the risk parameters under two approaches: IRB for calculating the capital requirement and IMFRS9 for calculating reserves:

- The approach for equity will maintain long-term estimates under Annex 15 of the CUB.

- The approach for reserves captures current behaviors and with a prospective approach (future macroeconomic environment), under Annex 15 Bis of the CUB. In addition, the new methodology indicates that the portfolio must be classified into 3 risk stages, being necessary for stage 2 a reserve calculation for the remaining term.

Given the new guidelines of the CUB on Internal Models, the Commission will only issue an official letter of approval for the use of the methodology for the Calculation of Equity, for a maximum period of 18 months. The use of the internal reserve methodology is authorized by the Board of Directors with the support of the Technical Evaluation made by the Independent Evaluator that guarantees compliance with the model under the standards established in

Annex 15 Bis. It should be noted that the Technical Evaluation Report is sent to the Commission for its review, the validity of this model is also for a maximum period of 18 months.

Advanced Internal Model for Credit Card

On November 15, 2017, the Financial Group obtained approval from the Commission for the use of Internal Models (IM) for Credit Card (TDC) qualification for the constitution of regulatory reserves and capital for credit risk with an advanced approach (Official 111-3/706/2017). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on December 17, 2021, the Commission granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months. (Official Letter 111-2/272/2021) and the Board of Directors authorized the use of the reserve methodology based on MFRS C-16 at its meeting held on October 21, 2021. The maximum period of use of the reserve model is also for 18 months.

These internal models improve comprehensive credit risk management, estimating risk parameters through the Institution's experience, and have been applied as of February 2018 (with January figures). The aforementioned parameters are:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

- Loss severity (SP). Measures the intensity of the loss at default expressed as a percentage of the Exposure at Default (EI)

- Exposure at Default (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

Advanced Internal Model for Individual Auto Loan

On November 25, 2019, the Financial Group obtained approval from the Commission for the use of Internal Models (IM) for the qualification of Individuals Auto Loans (Auto PF) for the constitution of regulatory reserves and capital for credit risk with a focus advanced (Official 111/678/2019). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on September 29, 2022, the Commission (Official 111-2/272/2021) granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months, and the Board of Directors authorized the use of the reserve methodology based on MFRS-C16 at its meeting on July 21, 2022. The maximum period of use of the reserve model also is for 18 months.

These internal models improve comprehensive credit risk management, estimating risk parameters through the Institution's experience. The aforementioned parameters are:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

- Loss severity (SP). Measures the intensity of the loss at default expressed as a percentage of the Exposure at Default (EI)

- Exposure at Default (EI). It is the amount of the debt at the time of default on a loan, considering a horizon of the following 12 months with respect to the month of qualification.

Basic Internal Model for Business

The Financial Group obtained on November 30, 2018 from the Commission the approval for the use of the Internal

Model for business for the constitution of reserves and regulatory capital requirement for credit risk with a basic approach (Official Letter 111-3/1472/ 2018) in Banorte, and on March 1, 2019 for AyF (Oficios 111-1/160/2019 and 111-1/161/2019). Every year, the Internal Models are recalibrated, and the certification is obtained again, and given that, on December 17, 2021, the Commission granted authorization for the use of the MI only for the calculation of capital requirements for a maximum period of 18 months. for Banorte (Official 111-2/269/2021) and AyF (Official 111-2/267/2021). Likewise, the Board of Directors authorized the use of the reserve methodology based on MFRS C16 at its meeting held on October 21, 2021 for Banorte and on October 20, 2021 for AyF. The maximum period of use of the reservation model is also for 18 months.

The positions subject to those qualification are Business Entities (other than federal entities, municipalities and financial entities) and individuals with business activity, both with annual sales greater than or equal to 14 million UDIs.

The Internal Model improves comprehensive credit risk management, estimating risk parameters through the Institution's experience, and has been applied as of February 2019 (with figures as of January) at Banorte; and as of March 2019 (with figures as of February) in AyF. The authorized parameter under the Basic Internal Model of Companies is:

- Probability of default (PI). Indicates the probability that a borrower defaults on his contractual obligations in the following twelve months with respect to the month of qualification. A score is obtained for each credit, which is mapped to a Master rating scale.

Acquired collection rights

Are represented by the acquisition cost of the various packages of credit assets acquired by the Financial Group and are valued at amortized cost through the effective interest method with the effective interest rate.

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

The Financial Group periodically evaluates the estimate of the cash flows expected from the collection rights.

The collection rights acquired by the Financial Group are considered as financial instruments receivable with high credit risk (stage 3), and cannot be transferred to another stage for any subsequent effect.

Impairment of credit assets.- The Financial Group performs an evaluation of the expected cash flows periodically during the term of the collection rights, discounts them based on the effective interest rate of each portfolio in accordance with the provisions of the MFRS C-16, in the event that, based on events and information, it is determined that said discounted cash flows will decrease, it constitutes an estimate for irrecoverability or difficult collection against the results of the year, for the amount by which said discounted cash flows are less to the book value of the account receivable.

Premium receivables

This balance represents the premiums pending collection on the statement of financial position date. Pursuant to the provisions of the General Law of Institutions and Mutual Insurance Companies (the Law) and the Mexican National Insurance Commission CNSF, premiums over 45 days old should be cancelled against the year’s earnings including, if applicable, the technical reserves, acquisition cost and relative reinsurance granted, and should not be considered in the coverage of technical reserves.

Based on the internal policy approved by the CEO, where it establishes that the policies will be protected based on the payment agreement on the 2023 y 2022, premiums older than 45 days that have not been paid amount to approximately $217 and $98, respectively, excluding maturities of less than 45 days and even receipts that were not

yet in force on the indicated date, a situation that arises when considering the total debit balance of the policy if it has at least one receipt older than 45 days, as well as debts in charge of dependencies and entities of the federal public administration, amount to which the net unearned premium, commissions and corresponding reinsurance must be reduced to determine its net effect on results. Said amount was not computed for the coverage of technical reserves.

Reinsurance

According to the rules of the CNSF, a portion of the insurance contracted by the Financial Group is ceded in reinsurance to other insurance or reinsurance companies. Therefore they are part of both the premiums and the casualty rate cost.

Other accounts receivable and payable

The Financial Group performs a study to quantify the different future events that could affect the amount in accounts receivable over 90 days and thus determine the percentage of non-recoverability in order to calculate its allowance for doubtful accounts, as per the provisions. The remaining balance of accounts receivable is reserved at 90 calendar days from the initial recognition.

The balances of asset and liability settlement accounts represent transactions involving the sale and purchase of currency and securities, recorded when entered into and are settled within 48 hours.

The investment projects' balances represent financing to investment projects' trusts (especially in the development of social housing). The Financial Group acknowledges a yield from the trust financing disposal, which is related to the construction project's progress compliance and/or sale as stated in each trust's agreement. Failure to meet the construction project's progress and/or sale as stipulated in the agreement, the Financial Group stops recording the funding yield.

To assess investment projects, each project's expected value is determined according to the expected flow of the sale of investment project's potential inventory or that of a portfolio of investment projects of the Financial Group based on the current business plan.

The impairment of investment projects will be determined based on the projection of cash flows to be recovered discounted at present value using a corresponding interest rate, in accordance with the policy mentioned in note 5.

Merchandise inventory

This is comprised mainly of finished goods and is restated to the lower of replacement cost or market. Cost of sales, included in "Other Operating Income (expenses)" in the Consolidated Income Statements is restated using the replacement cost at the time of the sale.

Impairment of the value of long-lived assets and their disposal
The Financial Group has established guidelines to identify and, if applicable, record losses derived from the impairment or decrease in value of long-lived tangible or intangible assets, including goodwill.

Foreclosed assets, net

Foreclosed property or property received as payments in kind are recorded at the lower of their cost or fair value minus the strictly necessary costs and expenses disbursed in the foreclosure. Cost is determined as the forced-sale

value established by the judge upon foreclosure or, in the case of payments in kind, the price agreed between the parties involved.

The recognition of the awarded asset will be the lower between the gross book value of the asset that gave rise to the award (without deducting the reserve), and the net realizable value of the assets received, when the entity's intention is to sell said assets. to recover the amount to be collected. The net realizable value is the estimated amount of what you expect to receive from the sale of the asset less disposal costs.

When the gross value of the asset or the accrued or past due amortizations leading to the foreclosure, is higher than the foreclosed property, the difference is recorded in the period's results under "Other operating income (expenses)".

When the value of the asset or the accrued or past due amortizations leading to the foreclosure, estimates, is lower than the foreclosed property, its value is adjusted to the asset's value.

The carrying value is only modified when there is evidence that the fair value is lower than the recorded carrying value. Reductions in the carrying value of the loan are recorded in the current earnings as they occur.

The provisions applicable to the new valuation methodology for the allowance for loan losses mentioned above define the valuation methodology for reserves related to either foreclosed property or those assets received as payment in kind, establishing that additional quarterly provisions must be created to recognize the potential decrease in value over time of property awarded under legal proceedings, out-of-court or received as payment in kind and the investments in financial instruments received as foreclosed goods or payment in kind, based on the following guidelines:

I. In the case of collection rights and movable property, the provisions referenced in the preceding paragraph must be treated as follows:

Movable property reserves	
Time elapsed as of award date or receipt as payment in kind (months)	**Reserve percentage**
Up to 6	-%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the value of collection rights or foreclosed property, received as payment in kind or awarded in a court proceeding.

II. Investments in financial instruments must be valued in accordance with the provisions of the MFRS C-2 or MFRS C-20, using annual audited financial statements and monthly financial information of the issuer.

Following the valuation of foreclosed assets or those received as payment in kind, the reserves resulting from applying the percentages established in the table of Section I above to the estimated value, must be created.

III. In the case of real estate property, provisions must be created as follows:

Real estate property reserves	
Time elapsed as of award date or receipt as payment in kind (months)	**Reserve percentage**
Up to 12	-%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%

More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

The amount of the reserves to be created will be the result of applying the reserve percentage determined under the preceding table to the awarded value of the property based on the accounting criteria. Furthermore, when problems are identified regarding the realization of the value of the foreclosed property, the Financial Group records additional reserves based on management's best estimates. On December 31, 2023 and 2022, there were no reserves other than those created by the percentage applied based on the accounting criteria that could indicate realization problems with the values of the foreclosed properties.

If appraisals subsequent to the foreclosure or payment in kind result in the recording of a decrease in the value of the collection rights, securities, movable or real estate property, the reserve percentages contained in the preceding table can be applied to the adjusted value.

Property, furniture and equipment

Property, furniture and equipment are recorded at acquisition cost. The balances of acquisitions made up to December 31, 2007 are restated using factors derived from the value of the UDI of that date.

Depreciation is calculated using the straight-line method based on the useful lives of the assets as estimated by independent appraisers.

Lease right of use assets / Lease liability

Asset for rights of use.

It represents the initial valuation amount of the lease liability, plus the lease payments made in advance, plus the initial direct costs incurred. Subsequently, the right-of-use asset is depreciated monthly in accordance with MFRS C-6 during the life of the lease.

Lease liability.

It represents the present value of future lease payments. Future payments are discounted using a risk-free rate, which is maintained until the end of the lease. The subsequent valuation of the lease liability is at amortized cost.

Permanent stock investments

The Financial Group recognizes its investments in associated companies where it has significant influence but not control using the equity method, based on the book values shown in the most recent financial statements of such entities.

Income taxes

Income tax (ISR) is recorded in the year it is incurred. Deferred income taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. The deferred income tax assets are recorded only when there is a high probability of recovery.

The net effect of the aforementioned items is presented in the Consolidated Statement of Financial Position under the "Deferred Income taxes, net" line.

Intangible assets

Intangible assets are recognized in the Consolidated Statement of Financial Position provided they are identifiable and generate future economic benefits that are controlled by the Financial Group. The amortizable amount of the intangible asset is assigned on a systematic basis during its estimated useful life. Intangible assets with indefinite lives are not amortized and their value is subject to the annual impairment tests.

Goodwill

The Financial Group records goodwill when the total fair value of the acquisition cost and the Non-controlling interest is greater than the fair value of the net assets of the acquired business, pursuant to MFRS B-7, “Business acquisitions.” As goodwill is considered an intangible asset with an indefinite life, it is subject to impairment tests at least annually according to MFRS C-15, “Impairment in the value of long-lasting assets and their disposal.” No indicators of impairment of goodwill have been identified as of December 31, 2023 and 2022.

Deposits

Liabilities derived from deposits, including promissory notes settled at maturity, are recorded at their funding or placement cost plus accrued interest, determined according to the number of days elapsed at each monthly close, which are charged against results when accrued as an interest expense.

Interbank and other loans

These loans are recorded based on the contractual value, recognizing the interest in the year’s earnings as accrued. The Financial Group records in this item the direct loans obtained from domestic and foreign banks, loans obtained through bids with Banco de Mexico and development funds’ financing. Furthermore, this includes discounted loan portfolios from funds provided by banks specializing in financing economic, productive or development activities.

Technical reserves

According to the Commission, all technical reserves must be audited by independent actuaries on a yearly basis. On February 9, 2024 and February 10, 2023, the actuaries have confirmed that in their opinion, the amounts of the reserves recorded by the Financial Group as of December 31, 2023 and 2022, respectively, are reasonably acceptable based on its liabilities, and are within the parameters that the actuarial practice indicates and comply with the criteria considered by the authorities in the matter.

Technical reserves are constituted pursuant to the terms set forth by the Law, as well as to the provisions issued by the CNSF. To value the technical reserves, the Insurance Company used the valuation methods of the provisions set forth in Chapter 5, “Technical Reserves” in the CUSF published in the Official Gazette on December 19, 2014.

1) Unexpired risk reserve:

In terms of the provisions of section I of article 217 of the LISF, the unexpired risk reserve is intended to cover the expected value of future liabilities arising from the payment of claims, benefits, guaranteed securities, dividends, acquisition and administrative costs, as well as any future liability arising from insurance contracts.

The unexpired risk reserve will include the amount of premiums issued in advance, understanding that a premium issued in advance is when it is ssued on a date prior to the effective date of the policy to which said premium corresponds.

The reserve for insurance operations is determined in accordance with actuarial formulas, considering the characteristics of policies in force, reviewed and approved by the Commission.

The unexpired risk reserve is valued in accordance with the following:

I. The amount of the unexpired risk reserve shall be equal to the sum of the best estimate and a risk margin, which shall be calculated separately.

II. The best estimate will be equal to the expected value of the future flows of liabilities, understood as the weighted average probability of these flows, considering the time value of t money based on the risk-free market interest rate curves for each currency or monetary unit provided by the price provider with which they maintain a contract.

III. The calculation of the best estimate shall be based on timely, reliable, homogeneous and sufficient information as well as realistic assumptions and shall be made using actuarial methods and statistical techniques based on the application of the actuarial practice standards referred to in Chapter 5.17 of the CUSF. For these purposes, when an Insurance Institution or Mutual Society does not have reliable, homogeneous and sufficient information of its own, it must use the corresponding market information.

IV. The projection of future flows used in the calculation of the best estimate will consider the total of gross revenues and expenses (without deducting Reinsurance Recoveries), which are necessary to meet the obligations of the insurance and reinsurance contracts throughout their period of validity, as well as other liabilities that the Insurance Institution or *Sociedad Mutualista* assumes in relation to them.

V. The future income flows will be determined as the best estimate of the expected value of the future income that the Insurance Institution or *Sociedad Mutualista* will have for premiums that, according to the payment method established in the contracts that are in force at the time of valuation, will mature in the future time of validity of such contracts, as well as recoveries and adjustments of less than the estimates of claims. Future premiums for these effects will not be considered as premiums due and unpaid at the time of valuation, or the fractional payments that are accounted for under the concept of debtor for the premium.

VI. Future outflows will be determined as the best estimate of the expected value of future payments and expenses to be incurred by the Insurance Institution or *Sociedad Mutualista* as a result of claims and adjustments of having more derivatives vs. the risks covered, dividend payments, redemptions, administrative and acquisition costs for contracts in force at the time of valuation. Future outflows must also consider all other payments to the insured and beneficiaries, as well as the expenses that the Insurance Institution or *Sociedad Mutualista* will incur in order to meet the obligations of the insurance and reinsurance contracts, as well as the effect of the exchange rate and inflation, including that relating to expenses and claims.

VII. In the constitution and valuation of the unexpired risk reserve, the amount of the guaranteed assets, as well as the possible options for the insured or beneficiary included in the insurance contracts, should be considered. Any hypothesis used by the Insurance Institution or *Sociedad Mutualista* with respect to the likelihood that the insured or beneficiaries will exercise the contractual options, including those related to resolution, termination and redemption, must be realistic and based on timely, reliable, homogeneous and sufficient information. The assumptions must consider, explicitly or implicitly, the consequences that future changes in financial and other conditions may have on the exercise of such options;

VIII. The risk margin will be calculated in accordance with the provisions of Chapter 5.4 of the CUSF.

IX. In the valuation and constitution of unexpired risk reserves, the liabilities should be segmented into homogeneous risk groups.

X. The short-term and long-term liabilities should be segmented in the valuation and constitution of the unexpired risk reserve so that the Institutions maintain an adequate balance in the investments of resources in the short and long term, and these hold are coherent with the nature of the liabilities to which they are related, and

XI. Processes and procedures should be established to ensure that the best estimate, as well as the assumptions underlying its calculation, is periodically compared with its previous experience. When such a comparison reveals a systematic deviation between the experience and the best estimate, the Insurance Institution or *Sociedad Mutualista* shall make the necessary adjustments to the actuarial methods or assumptions used. For these purposes, it will be understood that there is a systematic deviation when, in a given class or type of insurance, it is observed that the best estimate of the obligations differs by a reasonable amount from the actual value that the liabilities have attained, in a number of times Such that, by statistical criteria, it is determined that such number of times exceeds the maximum number of times that such estimate could have been deferred. The methodology for the estimation of Reinsurance Recovery should be included as part of the actuarial method.

2) Contractual obligations:

a) Claims and expirations - Claims for life, accidents, health and damage are recorded as soon as they are reported. Life insurance claims are based on the insured sums. Accident, illness and damage claims are adjusted based on the estimate of the amount of the obligations, and, at the same time, the pay back is recorded in the ceded reinsurance. Expirations are payments for expired endowments set forth in the insurance contract.

b) Unreported claims – This reserve is intended for recognizing the amount of actual claims not yet reported to the Financial Group. The estimate is based on prior years' casualty rate, adjusting the actuarial calculations on a quarterly basis, pursuant to the methodology approved by the cap.5.4 CNSF.

c) Dividends on policies - This reserve is determined based on actuarial studies, considering the casualty rate. The dividends are established in the insurance contract.

d) Insurance funds under management - These are the dividends on policies earned by the insured and withheld by the Financial Group to manage, as established in the insurance contract.

e) Security premiums - They are the amounts of segmented collections on the policies.

3) Catastrophic reserve:

The reserve for catastrophic risks is intended to cover the Financial Group's obligations assumed under insurance policies for earthquakes or other catastrophic risks. This reserve is increased as per the bases and percentages established by the CNSF. CNSF authorization is required to release this reserve.

4) Special Technical Reserve

In the operation of insurance that, due to its nature, special characteristics or lack of experience, experimental rates are used, the Insurance Institutions and Mutual Societies must constitute, by indication or prior authorization of the Commission, a technical reserve special for use of experimental rates.

Provisions

Provisions are recognized when the Financial Group has a current obligation resulting from a past event and is likely to result in the use of economic resources and can be reasonably estimated.

Employee benefits labor obligations

According to Mexican Federal Labor Law, the Financial Group has obligations derived from severance payments and seniority premiums payable to employees that cease to render their services under certain circumstances.

Defined benefit plan

The Financial Group records a liability for seniority premiums, pensions and post-retirement medical services as incurred based on calculations by independent actuaries using the projected unit credit method, using nominal interest rates. Accordingly, this recognizes the liability whose present value will cover the obligation from benefits projected to the estimated retirement date of the Holding overall employees, as well as the obligation related to retired personnel.

At the end of 2023 and 2022, actuarial earning / losses were generated in all benefits, these amounts are integrated into the other comprehensive income account and will be recycled to results during the future working life of the workers according to the benefit.

The Financial Group applies the provision of MFRS D-3 related to the recognition of the liability for severance payments for reasons other than restructuring, which is recorded using the projected unit credit method based on calculations by independent actuaries.

Defined contribution plan

As of January 2001, the Holding provided defined contribution pension plan in place. The participating employees are those hired as of this date as well as those hired prior to such date that enrolled voluntarily. The pension plan is invested in a fund, which is included in “Other assets”.

Employees who were hired prior to January 1, 2001 and who decided to enroll voluntarily in the defined contribution pension plan received a contribution from the Financial Group for prior services equivalent to the actuarial benefit accrued in their previous defined benefit plan that was cancelled. The initial contribution was made from the plan assets that had been established for the original defined benefit plan and participants were immediately assigned 50% of such amount with the remaining 50% to be assigned over 10 years.

The initial payment to the defined contribution plan for past services was financed with funds established originally for the defined benefit plan as a result of the early termination of its obligations and recognized in accordance with the provision guidelines.

The labor obligations derived from the defined contribution pension plan do not require an actuarial valuation as established in MFRS D-3, because the cost of this plan is equivalent to the Financial Group’s contributions made to the plan’s participants.

Provisions for PTU are recorded in the results of the year in which they are incurred as administrative expenses. The Financial Group determines employee statutory profit sharing based on the criteria established in the guidelines set forth by the Mexican Constitution.

Foreign currency conversion

Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate at the close of each period. The exchange rate used to establish Mexican peso equivalence is the FIX exchange rate published by Banco de México. Foreign exchange fluctuations are recorded in the results of operations.

Interest from outstanding subordinated debentures

Accrued interest from outstanding subordinated debentures is recognized as it is accrued and translated according to the exchange rate in effect at each monthly close.

Transfer of financial assets

The Financial Group can act as the assignor o assignee, as applicable, in this type of transactions. Moreover the Financial Group evaluates whether or not to retain the risks and benefits associated with the asset property to determine whether or not there was a transfer of property in a transaction. In transactions involving the transfer of ownership in financial assets, the assignor yields control and substantially transfers all the risks and benefits over such assets. Therefore, the assignor derecognizes such assets and records the consideration received from the transaction. Conversely, the assignee recognizes such financial assets and the transfer consideration in its accounting records.

Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of MFRS D-8, “Share-based payments.” The compensation expense is recorded at fair value as of the date the stock options are granted. Pursuant to MFRS D-8 and given that the Financial Group grants its own stock options, the Financial Group records the expense as if the plan were payable in cash. This expense is then restated at a fair value in each reporting period as per the provisions known on such date.

In accordance with MFRS D-8 and given that the Holding Company grants shares of the Financial Group, the Holding Company recognizes the expense as a capital contribution by the Financial Group.

Memorandum accounts

Memorandum accounts are used to record assets or commitments that are not part of the Financial Group’s general statement of financial position, as no rights are acquired on the assets and such commitments are not acknowledged as liabilities until they materialize, respectively. The accumulated amounts in the memorandum accounts have only been subject to audit tests when their information is derived from an accounting record. The memorandum accounts not audited are indicated in each case:

- Contingent assets and liabilities (unaudited):

  It records the amount of economic penalties imposed by the administrative or judicial authorities until such payments are made, as a motion for revocation has been filed. It also records the exposure to risk line item for its participation in the Expanded Use Electronic Payments System.

- Loan commitments (unaudited):

  The balance represents the amount of the letters of credit granted by the Financial Group that are considered as irrevocable commercial loans not disposed by the borrowers. It includes the lines of credit granted to clients that were not disposed.

- Assets in trust or mandate (unaudited):

  For the assets in trust, the value of the goods is recorded and any information related to their individual administration is recorded independently. For assets under mandate, the declared value of the assets, subject to the mandates executed by the Financial Group is recorded.

- Assets in custody or under management (unaudited):

  This account records the movement of others’ assets and securities that are received in custody or are to be managed by the Financial Group.

- Collateral received:

The balance represents all the collateral received in securities repurchase agreement operations when the Financial Group is the buyer.

- Collateral received and sold or given as a pledge:

  The balance represents all the collateral received in securities repurchase agreements when the Financial Group is acting as the buyer, and which in turn are sold by the Financial Group acting as the seller.

Main subsidiaries' income recognition

Banco Mercantil del Norte

- Income from cash and cash equivalents, financial instruments, repurchasing operations, hedging transactions and loan interest is recorded as income when accrued.
- The fees charged for the initial granting, restructuring and renewal of loans will be recorded as a deferred credit, which will be amortized as interest income.
- Securities purchase-sales results are recorded when performed.
- Permanent stock investments in affiliates are originally recorded at their acquisition cost and are valued using the equity method based on the last available financial statements.

Casa de Bolsa Banorte Ixe

- Recognition of income from services, financial advisory and securities intermediation fees and commissions generated by customer securities' operations are recorded as they are performed.
- Income from financial advisory is recorded when accrued as per the contract.
- Securities intermediation results are recorded when performed.
- Income and expenses - are recorded as generated or accrued as per the relative contracts.
- Share dividends - share dividends are recorded at zero value in investments; therefore they only affect the results when the shares are sold.
- Permanent stock investments in affiliates – they are originally recorded at their acquisition cost and are valued using the equity method based on the last available financial statements.

Arrendadora y Factor Banorte

- Credit from financial leasing operations, net – financial leasing operations are recorded as direct financing, wherein the account receivable is the total amount of the settled rents, and potential profit is the difference between such amount and the cost of the leased properties. Net financed capital is recorded on the Consolidated Statement of financial position, deducting the total of rents from the potential profit.
- Loans from operating leasing operations – represent company assets given to a third party for the latter's temporary use and enjoyment for a given term equal to or over six months. The operating leasing contract rents are recorded as revenues when accrued.

- Loans from factoring operations, net – funded or non-funded factoring is recorded as follows:
    - Ceded portfolio – the amount is recorded in loan portfolios, minus the difference between loans and the financed amount.
    - Profit from acquired documents (interest) - calculated in advance, per month completed and upon maturity, recorded in factoring, and both are applied to results when accrued.
- Recognition of income – interest from leasing and financial factoring is recognized as income when accrued; however the accumulation of interest is suspended whenever the uncollected interest and/or total loan is transferred to past-due loans. Accrued, normal and past-due interest during the period the loan is considered past-due is recognized as income when collected.
- Profits to be realized from financial leasing are recognized as income when accrued. The final value of the good in financial leasing is recognized as income when purchased.
- The fees for credit opening in leasing and factoring operations are recognized as income as accrued.

Banorte Ahorro y Previsión (Seguros y Pensiones)

Income from premiums – Recognized as follows:

- The premium revenue for group and collective life insurance is recorded in income as the segmented payment receipt is issued, deducting the premiums ceded in reinsurance.
- Premium revenue for accidents, health and damage is recorded in terms of the policies contracted in the year, even though their term is for over one year, deducting the premiums ceded in reinsurance.
- The rights on premiums are recognized in the income at the time of issuance except for the policies that the Insurer agrees with the insured, where the right policy is fractioned in each of the receipts in this scheme, the right policy is recognized in income as it accrues. Revenue from surcharges on policyholders is recognized in income at the time of accrual and the unearned portion is recorded as deferred credits.
- Premium income is recorded at the time premiums are settled.

6 - CASH AND CASH EQUIVALENTS

As of December 31, 2023 and 2022, cash and cash equivalents are as follows:

	2023	2022
Cash	Ps. 29,566	Ps. 25,928
Banks	70,632	82,284
Other cash equivalents	32	42
	Ps. 100,230	**Ps. 108,254**

"Banks" is represented by cash in Mexican pesos and US dollars converted at the exchange rate issued by Banco de México of Ps. 16.9666 and Ps. 19.5089 as of December 31, 2023 and 2022, respectively, and is made up as follows:

	Mexican pesos		USD		Total	
	2023	2022	2023	2022	2023	2022
Call money	Ps. 26,474	Ps. 13,404	Ps. -	Ps. -	Ps. 26,474	Ps. 13,404
Deposits with foreign credit institutions	-	-	12,662	20,080	12,662	20,080
Domestic banks	2,310	6,049	-	-	2,310	6,049
Banco de México	29,186	42,751	-	-	29,186	42,751
	Ps.57,970	**Ps. 62,204**	**Ps. 12,662**	**Ps. 20,080**	**Ps. 70,632**	**Ps. 82,284**

In June 2014, Banco de Mexico issued Circular 9/2014, which establishes banking institutions' obligation to constitute a new monetary regulation deposit, and modifies the interest rate such deposits pay. As of December 31, 2023 and 2022, the Financial Group had made monetary regulation deposits of Ps. 25,980 and Ps. 25,967, respectively.

As of December 31, 2023 and 2022, the total sum of restricted cash and cash equivalents is de Ps. 52,454 and Ps. 39,371, respectively. This includes monetary regulation deposits, futures placed in the domestic and foreign market, call money and contracted transactions pending liquidation in 24 and 48 hours.

The exchange rates used for the conversion of gold and silver coins (Centenarios and Troy ounces, respectively) was Ps. 864.879 and Ps. 453.26, per unit, respectively, in 2023; and Ps. 868.61 and Ps. 524.66, per unit, respectively, in 2022.

As of December 31, 2023 and 2022, "Other cash equivalents" includes:

	2023	2022
Minted metals in gold and silver	Ps. 10	Ps. 10
Cashable checks received, pending payment at a 3-day term	3	15
Remittances	19	17
	Ps. 32	**Ps. 42**

7 - INVESTMENTS IN SECURITIES

a. Trading financial instruments

As of December 31, 2023 and 2022, trading securities are as follows:

	2023			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 285,142**	**Ps. 3,533**	**Ps. 668**	**Ps. 289,343**
Not restricted	**26,656**	**307**	**310**	**27,273**
F Bonds	68	-	-	68
M Bonds	5,357	36	190	5,583
BPA	7	-	-	7
CEBUR – Government	11	-	2	13
Cetes	14,137	247	11	14,395
Eurobonds	59	1	(10)	50
Udibonos	6,814	22	117	6,953
Treasury Bills	195	1	-	196
Treasury Notes	8	-	-	8
Restricted	**258,486**	**3,226**	**358**	**262,070**
D Bonds	27,087	91	18	27,196
F Bonds	43,827	225	29	44,081
M Bonds	3,453	29	58	3,540
BPA	180,749	2,875	242	183,866
CEBUR – Government	1,317	6	1	1,324
Cetes	1,565	-	(3)	1,562
Udibonos	488	-	13	501
Bank securities	**26,580**	**106**	**2**	**26,688**
Not restricted	**4,450**	**3**	**-**	**4,453**
Bank Acceptances	5	-	-	5
CEBUR – development bank	6	-	-	6
CEBUR – bank	8	-	-	8
CEDES	102	-	-	102
Other bank securities	66	-	-	66
Promissory Notes	4,263	3	-	4,266
Restricted	**22,130**	**103**	**2**	**22,235**
CEBUR – development bank	8,117	22	1	8,140
CEBUR – bank	1,632	11	1	1,644
CEDES	10,824	67	-	10,891
Other bank securities	1,058	3	-	1,061
Promissory Notes	499	-	-	499
Private securities	**17,341**	**12**	**2,372**	**19,725**
Not restricted	**14,935**	**12**	**2,378**	**17,325**
Shares	(1,111)	-	971	(140)
Investment funds	15,460	-	1,417	16,877
CEBUR – corporate	536	11	(8)	539
Eurobonds	50	1	(2)	49
Restricted	**2,406**	**-**	**(6)**	**2,400**
Shares	2,406	-	(6)	2,400
	Ps. 329,063	**Ps. 3,651**	**Ps. 3,042**	**Ps. 335,756**

	2022			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 260,022**	**Ps. 2,965**	**Ps. 120**	**Ps. 263,107**
Not restricted	**16,905**	**241**	**63**	**17,209**
F Bonds	(1,297)	-	1	(1,296)
M Bonds	(545)	-	1	(544)
BPA	(58)	-	-	(58)
CEBUR – Government	8	-	2	10
CETES	11,111	206	(20)	11,297
Eurobonds	68	1	(13)	56
UDIBONOS	7,618	34	92	7,744
Restricted	**243,117**	**2,724**	**57**	**245,898**
D Bonds	47,778	158	12	47,948
F Bonds	27,108	126	(6)	27,228
M Bonds	1,700	14	(3)	1,711
BPA	164,228	2,416	65	166,709
CEBUR – Government	1,019	5	-	1,024
CETES	1,014	4	(1)	1,017
UDIBONOS	270	1	(10)	261
Bank securities	**13,300**	**27**	**2**	**13,329**
Not restricted	**3,278**	**1**	**-**	**3,279**
Bank Acceptances	5	-	-	5
CEBUR – development bank	5	-	-	5
CEBUR – bank	6	-	-	6
CEDES	61	-	-	61
Other bank securities	190	-	-	190
Promissory Notes	3,011	1	-	3,012
Restricted	**10,022**	**26**	**2**	**10,050**
Bank Acceptances	2,904	9	2	2,915
CEBUR – development bank	780	1	-	781
CEBUR – bank	5,549	15	-	5,564
Other bank securities	789	1	-	790
Private securities	**12,018**	**15**	**1,386**	**13,419**
Not restricted	**11,740**	**15**	**1,386**	**13,141**
Shares	828	-	823	1,651
Investment funds	9,769	-	600	10,369
CEBUR – corporate	345	1	(11)	335
Eurobonds	798	14	(26)	786
Restricted	**278**	**-**	**-**	**278**
Shares	278	-	-	278
	Ps. 285,340	**Ps. 3,007**	**Ps. 1,508**	**Ps. 289,855**

During 2023 and 2022, the Financial Group recognized under “Brokerage revenues” a loss of Ps. 2,108 y (Ps. 104), respectively, for the fair value valuation of these instruments.

As of December 31, 2023 and 2022, there are Ps. 286,705 and Ps. 256,226, respectively, in restricted trading securities associated mainly with repurchase operations.

b. Financial instruments to collect or sell

As of December 31, 2023 and 2022, Financial Instruments to collect or sell are as follows:

	2023			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 162,947**	**Ps. 3,131**	**(Ps. 484)**	**Ps. 165,594**
Not restricted	**42,691**	**605**	**31**	**43,327**
M Bonds	7,663	183	159	8,005
BREMs	7,778	24	-	7,802
CEBUR – Government	809	2	(71)	740
CEBUR – Udizados	102	1	184	287
Cetes	3,022	4	(2)	3,024
Eurobonds - Government	8,103	186	(356)	7,933
Udibonos	2,585	8	57	2,650
Treasury Bills	1,670	-	(5)	1,665
Treasury Notes	10,959	197	65	11,221
Restricted	**120,256**	**2,526**	**(515)**	**122,267**
D Bonds	3,042	3	3	3,048
M Bonds	9,019	84	205	9,308
BPA	79,597	2,080	76	81,753
CEBUR – Government	1,666	10	(7)	1,669
Eurobonds - Government	24,311	343	(786)	23,868
Udibonos	2,621	6	(6)	2,621
Bank securities	**36,923**	**246**	**(178)**	**36,991**
Not restricted	**24,642**	**181**	**(188)**	**24,635**
CEBUR – development bank	2,834	29	(212)	2,651
CEBUR – bank	2,747	20	(18)	2,749
CEDES	15,119	120	(12)	15,227
Other bank securities	2,070	12	54	2,136
Promissory Notes	1,872	-	-	1,872
Restricted	**12,281**	**65**	**10**	**12,356**
CEBUR – development bank	3,133	24	(3)	3,154
CEBUR – bank	9,148	41	13	9,202
Private securities	**20,186**	**375**	**(1,128)**	**19,433**
Not restricted	**15,389**	**327**	**(1,006)**	**14,710**
CEBUR – BORHIS	77	-	(77)	-
CEBUR – corporate	6,447	92	(755)	5,784
CEBUR – Municipality	874	12	67	953
Eurobonos	7,991	223	(241)	7,973
Restricted	**4,797**	**48**	**(122)**	**4,723**
CEBUR – corporate	951	4	3	958
CEBUR – Municipality	2,520	9	(12)	2,517
Eurobonos	1,326	35	(113)	1,248
	Ps. 220,056	**Ps. 3,752**	**(Ps. 1,790)**	**Ps. 222,018**

	2022			
	Acquisition cost	Accrued interest	Valuation increase (decrease)	Book value
Government securities	**Ps. 171,027**	**Ps. 2,708**	**(Ps. 2,353)**	**Ps. 171,382**
Not restricted	**23,040**	**230**	**(644)**	**22,626**
M Bonds	1,224	7	(20)	1,211
BREMs	768	2	-	770
CEBUR – Government	786	2	(64)	724
CEBUR – Municipality	897	12	61	970
CEBUR – Udiz	102	1	184	287
CETES	7,718	8	(38)	7,688
Eurobonds	8,838	190	(777)	8,251
UDIBONOS	2,707	8	10	2,725
Restricted	**147,987**	**2,478**	**(1,709)**	**148,756**
D Bonds	3,036	2	2	3,040
M Bonds	2,001	28	(78)	1,951
BPA	94,639	1,971	(9)	96,601
BREMS	7,010	18	-	7,028
CEBUR – Government	2,524	10	(4)	2,530
CEBUR – Municipality	2,527	8	(10)	2,525
Eurobonds	28,255	407	(1,420)	27,242
UDIBONOS	7,995	34	(190)	7,839
Bank securities	**20,751**	**90**	**(263)**	**20,578**
Not restricted	**9,280**	**38**	**(274)**	**9,044**
CEBUR – development bank	2,219	27	(199)	2,047
CEBUR – bank	2,312	9	(49)	2,272
CEDES	422	2	(11)	413
Structured notes	618	-	(6)	612
Other bank securities	399	-	-	399
Promissory Notes	3,310	-	(9)	3,301
Restricted	**11,471**	**52**	**11**	**11,534**
CEBUR – development bank	3,133	21	(1)	3,153
CEBUR – bank	7,338	26	12	7,376
CeDES	1,000	5	-	1,005
Private securities	**18,257**	**369**	**(1,235)**	**17,391**
Not restricted	**15,831**	**327**	**(1,062)**	**15,096**
CEBUR – BORHIS	77	-	(77)	-
CEBUR – corporate	7,122	77	(569)	6,630
Eurobonds	8,632	250	(416)	8,466
Restricted	**2,426**	**42**	**(173)**	**2,295**
CEBUR – corporate	948	3	6	957
Eurobonds	1,478	39	(179)	1,338
	Ps. 210,035	**Ps. 3,167**	**(Ps. 3,851)**	**Ps. 209,351**

As of December 31, 2023 and 2022, there are Ps. 139,346 and Ps. 162,585, respectively, in restricted securities available for sale, mainly associated with securities repurchasing transactions.

As of December 31, 2023 and 2022, the balance of BREMSR amounted 77,783,110 securities acquired in May 2016, these BREMs were initially classified in the category of Financial Instruments to collect or sell their business model corresponds to collecting contractual cash flows for principal and interest collections, or to sell them in case of changes in the Institution's liquidity strategy. A portion of these securities serves as a hedged item in a cash flow hedge relationship, which is detailed in note number 9.

c. Financial instruments to collect principal and interest

As of December 31, 2023 and 2022, financial instruments to collect principal and interest are as follows:

Medium and long-term debt securities:

	2023		
	Acquisition cost	Accrued interest	Book value
Government securities	**Ps. 321,483**	**Ps. 1,745**	**Ps. 323,228**
Not restricted	**291,665**	**1,522**	**293,187**
F Bonds	2,000	15	2,015
M Bonds	927	6	933
CEBUR – Government	1,956	26	1,982
CEBUR – Udizados	136	2	138
Cetes	3,987	-	3,987
CETES – Specials	36	426	462
Eurobonds - Government	35,838	372	36,210
Udibonos	236,837	593	237,430
Treasury Notes	9,948	82	10,030
Restricted	**29,818**	**223**	**30,041**
M Bonds	15,498	115	15,613
CEBUR – Municipality	2	-	2
Eurobonds - Government	14,147	108	14,255
Udibonos	171	-	171
Bank securities	**996**	**20**	**1,016**
Not restricted	**996**	**20**	**1,016**
CEBUR – Bank	996	20	1,016
Private securities	**13,193**	**1,141**	**14,334**
Not restricted	**10,571**	**1,131**	**11,702**
CEBUR – BORHIS	2	-	2
CEBUR – corporate	3,161	1,058	4,219
CEBUR – Municipality	2,009	40	2,049
Eurobonos	4,700	33	4,733
Other private securities	699	-	699
Restricted	**2,622**	**10**	**2,632**
CEBUR – Municipality	2,622	10	2,632
	Ps. 335,672	**Ps. 2,906**	**Ps. 338,578**

	2022		
	Acquisition cost	Accrued interest	Book value
Government securities	**Ps. 298,998**	**Ps. 1,222**	**Ps. 300,220**
Not restricted	**279,274**	**1,085**	**280,359**
F Bonds	1,997	13	2,010
M Bonds	928	6	934
CEBUR – Government	1,890	25	1,915
CEBUR – Municipality	2,250	46	2,296
CEBUR – Udizados	170	2	172
CETES	5,454	-	5,454
CETES – Specials	449	-	449
Eurobonds – Government	48,772	476	49,248
UDIBONOS	217,364	517	217,881
Restricted	**19,724**	**137**	**19,861**
M Bonds	15,515	112	15,627
CEBUR – Municipality	2,903	15	2,918
Eurobonds – Government	1,306	10	1,316
Bank securities	**1,222**	**261**	**1,483**
Not restricted	**1,222**	**261**	**1,483**
CEBUR – Bank	958	19	977
Structured notes	180	242	422
Promissory Notes	84	-	84
Private securities	**10,386**	**1,155**	**11,541**
Not restricted	**10,386**	**1,155**	**11,541**
CEBUR – BORHIS	2	-	2
CEBUR – corporate	1,059	1,107	2,166
EUROBONOS	8,700	48	8,748
Other private securities	625	-	625
	Ps. 310,606	**Ps. 2,638**	**Ps. 313,244**

As of December 31, 2023 and 2022, there are Ps. 32,673 and Ps. 19,861, respectively, in restricted trading securities associated mainly with repurchasing operations.

As of December 31, 2023, the maturities of the securities (expressed at their acquisition cost), are as follows:

	More than one and up to 5 years	More and 5 and up to 10 years	More than 10 years	Total
Government securities	**Ps. 46,105**	**Ps. 30,144**	**Ps. 246,979**	**Ps. 323,228**
Not restricted	**36,317**	**12,714**	**244,155**	**293,186**
F Bonds	2,015	-	-	2,015
M Bonds	202	731	-	933
CEBUR – Government	18	-	1,964	1,982
CEBUR – Udizados	86	51	-	137
Cetes	3,987	-	-	3,987
CETES – Specials	462	-	-	462
Eurobonds - Government	19,518	11,932	4,760	36,210
Udibonos	-	-	237,431	237,431
Treasury Notes	10,029	-	-	10,029
Restricted	**9,788**	**17,430**	**2,824**	**30,042**
M Bonds	9,786	5,828	-	15,614
CEBUR – Municipality	2	-	-	2
Eurobonds - Government	-	11,602	2,652	14,254
Udibonos	-	-	172	172
Bank securities	**1,016**	**-**	**-**	**1,016**
Not restricted	**1,016**	**-**	**-**	**1,016**
CEBUR – Bank	1,016	-	-	1,016
Private securities	**7,024**	**806**	**6,504**	**14,334**
Not restricted	**7,024**	**806**	**3,872**	**11,702**
CEBUR – BORHIS	-	-	2	2
CEBUR – corporate	3,008	89	1,122	4,219
CEBUR – Municipality	-	-	2,049	2,049
Eurobonos	4,016	717	-	4,733
Other private securities	-	-	699	699
Restricted	**-**	**-**	**2,632**	**2,632**
CEBUR – Municipality	-	-	2,632	2,632
	Ps. 54,145	**Ps. 30,950**	**Ps. 253,483**	**Ps. 338,578**

Some of the investments in securities are given as collateral in derivative transactions without any restriction; therefore, the receiver has the right to trade them and offer them as collateral.

During the year ended December 31, 2023 and 2022, the Financial Goup did not carry out sales of financial instruments to collect principal and interest.

Financial instruments impairment

For impairment testing purposes, government and corporate bonds are considered to have low credit risk as the counterparties to these investments have a minimum credit rating of BBB. Consequently, for the purposes of evaluating these financial assets for impairment, the expected loss is measured by an amount equal to 12-month PCE.

When determining the PCE for these assets, the Financial Group's management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the bonds and debentures obtained economic reports, reports from financial analysts and considering various external sources of real and forecast economic information, as appropriate, when estimating the probability of default of each of these financial assets within their respective loss assessment time horizon, as well as the loss in case of default in each case.

The following table shows the movement in expected credit losses that has been recognized for financial assets:

	12 months expected credit losses		Permanent expected credit losses and impairment credit		
	Financial Instruments to collect or sell	Financial instruments to collect principal and interest	Financial Instruments to collect or sell	Financial instruments to collect principal and interest	Total
Adoption as of January 1, 2022	$1	$1	$646	$284	$932
Increase in the estimate of loss caused by new financial assets recorded in the period	121	58	42	9	230
Decrease in the estimate caused by the derecognition of financial assets recorded in the period	-	-	(325)	-	(325)
Balances as of December 31, 2022	**$121**	**$59**	**$363**	**$293**	**$837**
Increase in the estimate of loss caused by new financial assets recorded in the period	6	-	149	-	155
Decrease in the estimate caused by the derecognition of financial assets recorded in the period	(81)	(59)	(15)	(209)	(364)
Balances as of December 31, 2023	**$46**	**$-**	**$498**	**$84**	**$628**

d. Collateral

The fair value of the collateral given in derivative transactions as of December 31, 2023 and 2022, is as follows:

	2023		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**
Cash	Ps. 1,145	Ps. 771	Ps. 38
	Ps. 1,145	**Ps. 771**	**Ps. 38**

	2022		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**
Cash	Ps. 1,252	Ps. 811	Ps. 38
	Ps. 1,252	**Ps. 811**	**Ps.38**

The fair value of the collaterals received in derivative operations as of December 31, 2023 and 2022, is made up as follows:

	2023		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**

Cash	Ps. 10,890	Ps. 522	Ps. -
	Ps. 10,890	**Ps. 522**	**Ps. -**

	2022		
	Fair value in millions		
Type of collateral:	**Pesos**	**USD**	**EUR**
Cash	Ps. 12,671	Ps. 409	Ps. -
	Ps. 12,671	**Ps. 409**	**Ps. -**

As of December 2023 and 2022, interest income is as follows:

Concept	**2023**	**2022**
Trading Financial Instrument	Ps. 41,747	Ps. 27,761
Financial Instruments to collect or sell	18,839	16,209
Financial instruments to collect principal and interest	4,895	3,654
	Ps. 65,481	**Ps. 47,624**

8 - CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS

As of December 31, 2023 and 2022, creditor and debitor balances under repurchase agreements are as follows:

Acting as seller of securities

	2023		2022	
Instrument	**Repurchase agreement from debtors**	**Received, sold collateral in repurchase**	**Repurchase agreement from debtors**	**Received, sold collateral in repurchase**
CEBUR – Government	Ps. 3,002	Ps. 5,020	Ps. 5,357	Ps. 7,379
CETES	234	100	1,000	1,000
CEBUR – Developement Bank	-	6,120	-	502
UMS (Fix) Bondes - Goverment	-	-	1,916	-
IPAB Bonds 28	500	3,924	876	-
IPAB Bonds 91	5,901	20,074	1,350	11,175
IPAB Bonds 182	-	5,385	1,000	26,493
F Bonds	28,099	31,999	7,753	7,103
D Bonds	457	1,005	2,074	9,418
Goverment Bonds (Fix)	1,912	2,088	-	975
Government securities	**40,105**	**75,715**	**21,326**	**64,045**
CEBUR – Bank	-	3,311	-	2,936
CEDES (Fix)	-	6,843	-	3,512
Multilateral Financial Organizations	-	347	-	130
Bank securities	**-**	**10,501**	**-**	**6,578**
CEBUR Municipality	-	**141**	-	28
CEBUR Corporate	-	287	-	411
CEBUR Udis	1,501	1,501	1,500	1,500
Private securities	**1,501**	**1,929**	**1,500**	**1,939**
	Ps. 41,606	**Ps. 88,145**	**Ps. 22,826**	**Ps. 72,562**

With the Financial Group acting as the vendor, accrued interest were charged to the results of operations as of December 31, 2023 and 2022 for Ps. 9,925 and Ps. 6,350, respectively, which is presented in the “Interest Expenses heading.”

During 2023 and 2022, the period of repurchase transactions carried out by the Financial Group in its capacity as vendor ranged in term from 1 day to 7 years.

As of December 31, 2023, the amount of the delivered and received securities as collateral in repurchase transactions that represent a transfer of ownership, amount to Ps. 235,218 and Ps. 88,155, respectively, and as of December 31, 2022, the collaterals delivered was Ps. 281,113 and the collaterals received was Ps. 189,333.

Acting as securities purchaser

Instrument	**2023**	**2022**
CEBUR – Government	Ps. 967	Ps. 1,507
CETES	1,564	368
CEBUR – Developement Bank	5,174	5,565
UMS (Fix) Bondes - Goverment	29,324	20,301
IPAB Bonds 28	36,884	18,997
IPAB Bonds 91	125,792	166,250
IPAB Bonds 182	72,744	42,185
D Bonds	27,890	43,056
F Bonds	36,174	27,235
Goverment Bonds (Fix)	23,312	17,576
BREMs	-	7,002
Udibonds	2,747	4,356
Government securities	**362,572**	**354,398**
CEBUR – Bank	7,540	5,224
CEDES (Fix)	4,055	3,068
PRLV	499	-
Multilateral Financial Organizations	713	662
Bank securities	**12,807**	**8,954**

Instrument	2023	2022
CEBUR Short term	5,633	5,881
Eurobond	-	6
Private securities	**5,633**	**5,887**
	Ps. 381,012	**Ps. 369,239**

With the Financial Group acting as the purchaser, accrued interest charged to the results of operations as of December 31, 2023 and 2022 were Ps. 54,834 y Ps. 33,678, respectively, which are presented in the “Interest Income” Heading.

During 2023, repurchase transactions carried out by the Financial Group in its capacity as purchaser ranged in term from 1 day to 10 years.

9 - DERIVATIVE FINANCIAL INSTRUMENTS

Transactions carried out by the Financial Group involving derivatives correspond mainly to futures, swaps and options contracts. These transactions are done to hedge various risks and for trading purposes.

The Financial Group has evaluated the effectiveness of derivatives’ transactions for hedging purposes and has concluded that they are highly effective.

As of December 31, 2023 and 2022, positions in derivative financial instruments are as follows:

Asset position	2023	2022
Forwards		
Foreign currency forwards	Ps. 939	Ps. 125
Options		
Interest rate options	910	1,154
Shares options	81	142
Foreign currency options	14	50
Swaps		
Interest rate swaps	18,464	30,380
Foreign currency swaps	8,547	3,709
Credit swaps	2	141
Total trading	**Ps. 28,957**	**35,701**
Options		
Interest rate options		-
Swaps		
Foreign currency swaps	3,701	1,854
Interest rate swaps	741	-
Total hedging	**4,442**	**1,854**
Total position	**Ps. 33,399**	**Ps. 37,555**

Liability position	2023	2022
Forwards		
Foreign currency forwards	Ps. 731	Ps. 165
Options		
Interest rate options	943	1,211
Foreign currency options	87	143
Share options	-	35
Swaps		
Interest rate swaps	11,995	23,237
Foreign currency swaps	7,765	4,318

Credit swaps	13	11
Total trading	**21,534**	**29,120**
Swaps		
Interest rate swaps	1,151	1,177
Foreign currency swaps	1,108	2,779
Total hedging	**2,259**	**3,956**
Total position	**Ps. 23,793**	**Ps. 33,076**

Trading instruments:

As of December 31, 2023, the trading derivative financial instruments are classified by fair value and the result of the period.

Trading	Book value	Valuation
Forward	Ps. 208	Ps. 245
Options	(25)	(47)
Foreign Currency Swaps	6,469	1,354
Interest Rate Swaps	782	(744)
Credit Swaps	(11)	(145)

The effect of credit risk of the derivatives portfolio in the 2023 and 2022 period amounts to Ps 289 and Ps. 264, respectively.

An analysis of undiscounted trading cash flows as of December 31, 2023 is broken down below.

Instrument	Currency	1 year	1 to 5 years	5 to 10 years	More than 10 years
Interest Rate Swap	MXN	(9,288)	(18,554)	(6,016)	(631)
Interest Rate Swap	USD	(9)	(117)	(25)	(1)
Foreign Currency Swap	MXN	2,517	(289)	355	28
Foreign Currency Swap	USD	(50)	(28)	3	1
Foreign Currency Swap	EUR	(3)	(29)	(5)	-

As of December 31, 2023, the items hedged by type of coverage and risk are detailed.

Instrument	Book value Asset	Liability	Item
Interest Rate Swaps (Forecast Fund)	Ps. $28	Ps. -	Liabilty
Interest Rate Swaps (DRM)	317	1,496	Asset
Interest Rate Swaps (Loans)	741	-	Asset
Foreign Currency Swap (UDI Liability)	147	-	Liabilty
Foreign Currency Swap (Debentures)	150	-	Liabilty
Foreign Currency Swap (EUR Assets)	1,462	533	Asset
Foreign Currency Swap (GBP Assets)	91	70	Asset
Foreign Currency Swap (USD Assets)	1,851	505	Asset

As of December 31, 2023 and 2022, ORI movements to results from cash flow hedges are detailed.

Instrument	2023	2022
Interest Rate Swaps (Forecast Fund)	Ps. 1,205	Ps. 656
Interest Rate Swaps (DRM)	9	(1,490)

Foreign Currency Swap (Debentures)	-	283
Foreign Currency Swap (ME Asset)	(986)	(992)

The instruments operated and their main underlying instruments are as follows

Forwards	Options	Interest Rate Swaps	CCS
Fx-USD	Fx-USD	TIIE 28	TIIE 28
Fx-EUR	TIIE 28	TIIE 91	TIIE 91
Fx-CAD	TIIE 91	CETES 91	Libor
Fx-CHF	Libor	Libor SOFR	Euribor

The risk management policies and internal control procedures for managing risks inherent to derivatives are described in Note 38.

Transactions carried out for hedging purposes have maturities from 2024 to 2029 and are intended to mitigate the financial risk derived from long-term loans offered by the Financial Group at fixed nominal rates, as well as the exchange rate risk generated by market instruments in the Financial Group's portfolio.

As of December 31, 2023 and 2022, the collateral was comprised mainly of cash. Their fair value is shown in Note 7 d).

During 2023 and 2022, the net earnings from the valuation and realization of derivative financial instruments were Ps. 593 and Ps. 697, respectively.

The net amount of estimated gains or losses originated by from transactions or events recorded within Comprehensive Income as of December 31, 2023 and 2022 and that are expected to be reclassified to results within the next 12 months amounts to $15 and ($247), respectively.

As of December 31, 2023, the main positions hedged by the Financial Group and the derivatives designated to hedge such positions are:

Cash flow hedging:

- Forecast funding using TIIE rate Caps and Interest Rate Swaps.
- Cash flow hedge of Banxico's monetary regulation deposits (DRM) using TIIE interest rate swaps.
- Recorded assets and liabilities in foreign currency using Cross Currency Swaps.

As of December 31, 2023, there are 166 coverage files. All hedging relationships are effective as they meet the effectiveness requirements of MFRS C-10.

The following are the Financial Group’s hedged cash flows as of December 31, 2023, expected to occur and affect earnings:

Concept	Up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years
Forecast funding	Ps. 385	Ps. 308	Ps. 99	Ps. -
Monetary regulation deposits	552	1,461	5,925	1,470
UDI	12	11	82	37
Assets denominated in EUR	199	561	1,693	818
Assets denominated in GBP	39	43	48	-
Assets denominated in USD	413	1,193	1,791	310
	Ps. 1,600	**Ps. 3,578**	**Ps. 9,638**	**Ps. 2,635**

The fair value of the instruments designated as cash flows hedging, which is recognized in comprehensive income within stockholders' equity as of December 31, 2023 and 2022, amounts to Ps. 61 and (Ps. 931), respectively. Likewise, the amount that was reclassified from stockholders' equity to results amounts to Ps. 133 and (Ps. 300), respectively. Trading derivatives and hedging derivatives: the loan risk is minimized through means of contractual compensation agreements, in which asset and liability derivatives with the same counterparty are settled for their net balance. Similarly, there may be other types of collateral such as credit lines, depending on the counterparty’s solvency and the nature of the transaction.

The following table shows the cash flows hedging valuation balance:

Balance	Valuation of cash flows hedging instruments	Net change in period	Reclassified to income
Balance, December 31, 2019	(Ps. 1,275)	Ps. 3,726	(Ps. 71)
Balance, December 31, 2020	Ps. 448	Ps. 1,723	(Ps. 266)
Balance, December 31, 2021	(Ps. 2,257)	(Ps. 2,705)	(Ps. 193)
Balance, December 31, 2022	(Ps. 869)	Ps. 1,388	(Ps. 300)
Balance, December 31, 2023	Ps. 61	Ps. 930	Ps. 133

The economic relationship between the hedged item and the hedging instrument is described below.

For hedge of liabilities, subordinated debentures, assets denominated in foreign currency:

Hedge	Use of hedge instrument	Economic relationship	Coverage ratio
Liabilities denominated in foreign currency and UDI	Agreement of a currency swap (Cross-Currency Swap) to fix the interest and principal in pesos in a fixed rate liability denominated in foreign currency or UDI	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: 1. Any increase in the exchange rate does not affect the Entity since when contracting the currency swap a fixed amount is received in foreign currency, and a fixed amount of interest is paid in pesos, which synthetically converts the hedged item in a Eurobond at a fixed rate in pesos. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected.	1:1
Liabilities denominated in foreign currency	Agreement of a currency swap (Cross-Currency Swap) to fix the interest and principal in pesos in an eurobond at fixed rate denominated in foreign currency	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: 1. Any increase in the exchange rate does not affect the Entity since when contracting the currency swap a fixed amount is paid in foreign currency, and a fixed amount of interest is received in pesos, which synthetically converts the hedged item into a eurobond at a fixed rate in pesos. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected. An economic relationship is considered to cease to exist if the Issuer invokes the Issuer's optional redemption clause during the term of the hedging relationship, since this would lead to the disappearance of the hedged item. For this purpose, a monthly monitoring will be carried out regarding the existence of the official notification by the Issuer to execute the optional redemption clause.	1:1

Monetary regulation deposits	Agreement of a portfolio of interest rate swaps (Interest-Rate Swap) to fix the interest of an DRM and/or BREM a variable rate denominated in pesos.	It is considered that there is a clear economic relationship between the hedged item and the hedging instrument since: 1. Any increase in the interest rate does not affect the Entity since when contracting the interest rate swap a variable interest amount is paid and a fixed interest amount is received, which synthetically converts the hedged item into a DRM or BREM at a fixed rate. 2. Since the critical terms of the hedged item and the hedging instrument are aligned, economic ineffectiveness is not expected.	70-99%
Promissory notes with yield payable at maturity	Agreement of a portfolio of interest rate swaps (Interest-Rate Swap) to fix the interest on future issues of promissory notes with yield payable at maturity (PRLV) issued by the Treasury at a variable rate denominated in pesos.	It is considered that there is a clear economic relationship between the hedged item and the hedging instruments since: 1. Any increase in the interest rate does not affect the Entity since when contracting interest rate swaps a fixed amount of interest is paid, and a variable amount of interest is received, which synthetically converts the hedged item into a fixed rate liabilities. 2. Given that the Entity's strategy is to cover less than 100% of all promissory notes to be issued, economic ineffectiveness is not expected.	70%-95%

10 – EXPECTED CREDIT LOSS

The Financial Group has a methodology to determine the expected credit loss based on the issuer's rating, the characteristics of the instrument, as well as the sector to which it belongs. Once these characteristics are determined, the exposure is estimated at the instrument level as amortized cost and a probability of default and severity of loss are assigned.

Default is defined as the event where the issuer does not perform the obligations to which it subscribed when issuing the instrument in a timely manner. The same definition of default is considered for each instrument.

For financial instruments that have come to maturity and the principal and interest have not been fully collected, the internal policy is periodic monitoring by the business area that acquired said instrument with respect to its possible recovery given the resolutions legal within the commercial bankruptcy or the liquidation process of the issuer.

The expected credit loss of the IFCPI is calculated by the product of the probability of default, the severity of the loss and the exposure, depending on the stage in which it is located:

Stage 1: Financial Instruments with low credit risk. They are those for which their credit risk has not increased significantly from their initial recognition to the date of the financial statements. The Financial Instruments in this Stage must have a long-term rating greater than or equal to BBB+, or mxA-2 in the case of being a short-term instrument, both ratings on a local scale. The PCE estimate at this stage will be carried out over a period of one year.

Stage 2 – Financial Instrument with a significant increase in credit risk. They are those that have shown a significant increase in credit risk from their initial recognition to the date of the financial statements. The Financial Instruments in this Stage must have a rating greater than or equal to B- and up to BBB in long-term instruments, greater than or equal to mxB and up to mxA-3 in short-term instruments. The PCE estimate at this stage will be made for the entire life of the Financial Instrument.

Stage 3 – Financial Instruments with high credit risk. They are those with credit deterioration because one or more events have occurred that have a detrimental impact on the future cash flows of the Financial Instruments. The Financial Instruments in this Stage must have a rating less than or equal to CCC+ in long-term instruments or mxC in short-term instruments. The PCE estimate at this stage will be made for the entire life of the Financial Instrument.

The probability of default is obtained through a transition matrix published by Standard and Poor's (S&P), which considers various scenarios according to past events, current conditions and economic forecasts, considering different and numerous institutions in the study.

The severity of the loss is established based on article 2 bis 73 of the Provisions, where a level of 45% is handled for instruments in stage 1 and stage 2, while for instruments in stage 3 the maximum between 45% and the difference between the unit and the quotient of the market value between the purchase price of the instrument.

The exposure is the amortized cost of the instrument at the calculation date.

During the current period there was no change in the techniques and assumptions used to determine the expected credit loss.

As of December 31, 2023 and 2022, there is the following exposure by instrument:

	2023			2022		
Classification	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Government	Ps. 323,228	Ps.	Ps.	Ps. 300,219	Ps. -	Ps. -
Bank	669			1,061	-	-
Private	12,463	2,217	1	9,139	2,824	1
Total	**Ps. 336,360**	**Ps. 2,217**	**Ps. 1**	**Ps. 310,419**	**Ps. 2,824**	**Ps. 1**

The expected credit loss classified by stages as of December 31, 2023 and 2022 is as follows:

Stage 1

Classification	2023	2022
Government	$-	$-
Bank	-	-
Private	-	-
Total	**$-**	**$-**

Stage 2

Classification	2023	2022
Government	$-	$-
Bank	-	-
Private	164	292
Total	**$164**	**$292**

Stage 3

Classification	2023	2022
Government	$-	$-
Bank	-	-

Private	1	1
Total	**$1**	**$1**

Of the expected credit loss of stage 3 instruments, the amount is broken down into:

	2023	2022
Instruments that migrated to stage 3	Ps. -	Ps. -
Instruments that already existed in stage 3	1	-
Total	**Ps. 1**	**Ps. -**

As of December 31, 2023 and 2022, there were no renegotiations or modifications in the financial instruments to collect principal and interest.

11 - LOAN PORTFOLIO

Loan portfolio management

The objectives of Credit Risk Management in the Financial Group are:

- Comply with the Risk Appetite defined by the Board of Directors.
- Improve the quality, diversification and composition of the loan portfolio in order to optimize the risk- reward ratio.
- Provide Executive Management with reliable, timely information to assist decision making regarding funding.
- Provide Business Areas with clear and sufficient tools to support and monitor funding placement.
- Create economic value for shareholders through an efficient Credit Risk Management.
- Define and update the regulatory framework for the Credit Risk Management.
- Comply with the information requirements that the authorities establish regarding Credit Risk Management.
- Perform Risk Management in accordance with the best practices, implementing models, methodologies, procedures and systems based on best practices worldwide.
- Measure Institution’s vulnerability to extreme conditions and consider those results for decisions making.

The Credit Risk Management policies in the Financial Group are applicable to:

- Grant and Manage Retail Credit Risk according to best market practices through Parametric Models aimed to identify risk, minimize losses and increase loan origination with quality.
- Grant and Manage Wholesale Loans to companies and other entities, according to best market practices through a credit strategy including Target Markets and Risk Acceptance Criteria, identifying and managing risk through Loan Rating and Early Warnings methodologies.
- Monitor and control asset quality through Loan Classification System which provides treatment and general actions for defined situations, as well as departments or officers responsible for carrying out such actions.
- Surveillance and Control through Global and Specific Limits, loan rating policies, and Portfolio Credit Risk models that identify expected and unexpected losses at specific confidence levels.
- Inform and disclose Credit Risks to risk taking areas, CPR, Board of Directors, Financial Authorities and Investors.
- Define faculties for Credit Risks taking at Institution.

In order to comply with objectives and policies, a series of strategies and procedures have been defined including origination, analysis, approval, management, monitoring, recovery and collections

Credit portfolio analysis

As of December 31, 2023 and 2022, the loan portfolio by loan type is as follows:

	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Denominated in domestic currency				
Commercial	Ps. 309,639	Ps. 1,269	Ps. 3,334	Ps. 314,242
Rediscounted portfolio	5,535	122	-	5,657
Denominated in USD				
Commercial	88,319	15	425	88,759
Rediscounted portfolio	1,195	-	-	1,195
Loans to financial institutions	25,471	-	123	25,594
Consumer loans				
Credit card	57,166	973	1,968	60,107
Other consumer loans	115,161	1,962	2,852	119,975
Mortgage loans				
Denominated in domestic currency	249,841	3,250	2,175	255,266
Denominated in UDIS	36	12	2	50
Government loans	171,537	424	11	171,972
Total loan portfolio	**Ps. 1,023,900**	**Ps. 8,027**	**Ps. 10,890**	**Ps. 1,042,817**

	Stage 1	Stage 2	Stage 3	Total
Commercial loans				
Denominated in domestic currency				
Commercial	Ps. 274,171	Ps. 1,241	Ps. 3,823	Ps. 279,235
Rediscounted portfolio	7,211	-	-	7,211
Denominated in USD				
Commercial	74,588	86	748	75,422
Rediscounted portfolio	1,303	1	1	1,305
Loans to financial institutions	18,277	-	4	18,281
Consumer loans				
Credit card	44,608	520	1,108	46,236
Other consumer loans	97,466	1,758	2,420	101,644
Mortgage loans				
Denominated in domestic currency	223,652	3,223	1,862	228,737
Denominated in UDIS	53	4	3	60
Government loans	171,720	-	4	171,724
Total loan portfolio	**Ps. 913,049**	**Ps. 6,833**	**Ps. 9,973**	**Ps. 929,855**

Restructured loans

The restructured loans on December 31, 2023 and 2022 that modified their terms and rates are shown below:

	2023		
	Stage 1	**Stage 2**	**Stage 3**
Commercial loans			
Business loans	Ps. 28,239	Ps. 206	Ps. 359
Consumer loans	20	5	958
Mortgage loans	129	17	110
	Ps. 28,388	**Ps. 228**	**Ps. 1,427**

	2022		
	Stage 1	**Stage 2**	**Stage 3**
Commercial loans			

Business loans	Ps. 35,088	Ps. 287	Ps. 237
Consumer loans	656	65	78
Mortgage loans	118	16	83
	Ps. 35,862	**Ps. 368**	**Ps. 398**

As of December 31, 2023, past-due loans showed the following periods of delinquency:

	From 1 to 180 days	From 181 to 365 days	From 366 days to 2 years	More than 2 years	Total
Commercial loans	Ps. 1,040	Ps. 450	Ps. 707	Ps. 819	Ps. 3,016
Consumer loans	2,791	372	2,533	1	5,697
Mortgage loans	909	909	13	346	2,177
	Ps. 4,740	**Ps. 1,731**	**Ps. 3,253**	**Ps. 1,166**	**Ps. 10,890**

As of December 31, 2022, past-due loans showed the following periods of delinquency:

	From 1 to 180 days	From 181 to 365 days	From 366 days to 2 years	More than 2 years	Total
Commercial loans	Ps. 2,019	Ps. 743	Ps. 1,138	Ps. 680	Ps. 4,580
Consumer loans	2,213	1,315	-	-	3,528
Mortgage loans	1,363	502	-	-	1,865
	Ps. 5,595	**Ps. 2,560**	**Ps. 1,138**	**Ps. 680**	**Ps. 9,973**

Past due loan movements for the years ended on December 31, 2023 and 2022 are shown below:

	2023	2022
Balance at the beginning of the year	Ps. 9,973	Ps. 8,506
Liquidations	(7,932)	(4,960)
Write-offs*	(15,896)	(12,216)
Renewals	(101)	(378)
Discounts	1,309	(357)
Foreclosures	(30)	(20)
Transfers to portfolio stage 1 and 2	(4,129)	(5,028)
Transfers from portfolio stage 1 and 2	27,236	24,366
Fluctuation from foreign exchange rate	153	56
Sales loans	307	4
Year-end balance	**Ps. 10,890**	**Ps. 9,973**

* Corresponds to 100% hedged loans.

As of December 31, 2023, the balance of deferred loan origination fees was Ps. 2,596 and the amount recorded in results was Ps. 1,688. Furthermore, the deferred balance of costs and expenses associated with initial loan originations was Ps. 5,371, and the amount recorded in results was Ps. 2,432.

As of December 31, 2022, the balance of deferred loan origination fees was Ps. 2,446 and the amount recorded in results was Ps. 1,476. Furthermore, the deferred balance of costs and expenses associated with initial loan originations was Ps. 4,781, and the amount recorded in results was Ps. 1,656.

The average term in which the deferred balance of commissions and costs and expenses will be recognized is equivalent to the average term of the portfolio balances.

The collected fees and costs are presented net in the line item of “Deferred credits and advance collections” within the Consolidated Statement of financial positions as well as in Interest Income and Interest Expenses, respectively, in the Consolidated income statements.

During the year ended December 31, 2023 and 2022, the balance of written off loans that had been fully reserved as past due was Ps. 16,292 and Ps. 12,854, respectively.

During the years ended December 31, 2023 and 2022, revenues from recoveries of previously written-off loan portfolios were Ps. 3,360 y Ps. 3,331, respectively.

The loans granted per economic sectors as of December 31, 2023 and 2022 is shown below:

	2023		2022	
	Amount	Concentration percentage	Amount	Concentration percentage
Private (companies and individuals)	Ps. 409,853	39.30%	Ps. 363,173	39.06%
Financial institutions	25,594	2.45%	18,281	1.97%
Credit card and consumer	180,082	17.27%	147,880	15.89%
Mortgage	255,316	24.48%	228,797	24.61%
Government loans	171,972	16.50%	171,724	18.47%
	Ps. 1,042,817	**100.00%**	**Ps. 929,855**	**100.00%**

Policies and procedures for granting loans

The granting, control and recovery of loans are regulated by the Financial Group's Credit Manual, which has been authorized by the Board of Directors. Accordingly, administrative portfolio control is performed in the following areas:

I. Business Areas (includes Corporate, Commercial, Business, Governmental and Consumer Banking), primarily through the branch network.

II. Operations Areas
III. General Comprehensive Risk Management
IV. Recovery Management
Similarly, the Financial Group has manuals establishing the policies and procedures to be utilized for credit risk management purposes.

The structure of the credit management process is based on the following stages:

h) Product design
i) Promotion
j) Evaluation
k) Formalization
l) Operation
m) Administration
n) Recovery

Procedures have also been implemented to ensure that stage 3 loans are timely transferred and recorded in the accounting, and those loans with recovery problems are properly and promptly identified.

12 - LOANS RESTRUCTURED IN UDIS

As of December 31, 2023 and 2022, the Financial Group has no mortgage loans restructured in UDIS.

Early termination of mortgage loan borrower support programs

On June 30, 2010, the Federal Government through the SHCP and Banking Institutions signed an agreement for the early termination of the mortgage loan debtors support programs (*Final Point* and *UDIS trusts*) (the Agreement); consequently as of January 1, 2011, the Financial Group absorbed its part of the early discount granted to mortgage loan debtors participating in the program.

The Agreement established a series of obligations for the Federal Government payable in 5 annual amortizations with a due date of June 1, 2015 which is when the last payment of Ps. 29 was received. Such payment included the monthly financial cost from the day immediately following the cut-off date and up to closing of the month immediately preceding the due date.

As of December 31, 2022, the remaining balance of SPECIAL CETES not repurchased by the Federal Government is Ps. 463 with maturities between 2023 and 2027.

13 - ALLOWANCE FOR LOAN LOSSES

The Financial Group's portfolio classification, which serves as the basis for recording the allowance for loan losses, is detailed below:

	2023						
		Required allowances for losses					
Risk category	Loan portfolio	Companies	Government	Financial institutions' loans	Consumer portfolio	Mortgage portfolio	Total
Risk A1	Ps. 946,536	Ps. 1,236	Ps. 837	Ps. 69	Ps. 806	Ps. 201	Ps. 3,149
Risk A2	32,302	138	13	-	399	46	596
Risk B1	37,755	70	4	-	1,065	23	1,162
Risk B2	22,225	25	-	-	955	37	1,017
Risk B3	13,346	69	1	-	651	6	727
Risk C1	16,121	65	-	-	764	212	1,041
Risk C2	13,364	98	62	-	1,225	235	1,620
Risk D	9,746	517	-	5	2,228	416	3,166
Risk E	9,095	1,950	4	34	4,492	76	6,556
Unclassified	(1,318)	-	-	-	-	-	-

BAP loan portfolio	3,503	-	-	-	-	-	-
Deferred items	2,386	-	-	-	-	-	-
	Ps. 1,105,061	**Ps. 4,168**	**Ps. 921**	**Ps. 108**	**Ps. 12,585**	**Ps. 1,252**	**Ps. 19,034**
Recorded allowance	-	-	-	-	-		**19,857**
BAP allowances	-	-	-	-	-		**254**
Supplement	-	-	-	-	-		**Ps. 569**

	2022						
		Required allowances for losses					
Risk category	**Loan portfolio**	**Companies**	**Government**	**Financial institutions' loans**	**Consumer portfolio**	**Mortgage portfolio**	**Total**
Risk A1	Ps. 845,212	Ps. 1,304	Ps. 785	Ps. 70	Ps. 819	Ps. 281	Ps. 3,259
Risk A2	29,992	181	22	5	317	20	545
Risk B1	33,938	41	9	-	1,056	13	1,119
Risk B2	12,286	8	11	-	502	21	542
Risk B3	14,785	137	1	2	689	11	840
Risk C1	10,266	97	24	-	793	32	946
Risk C2	10,061	68	-	-	1,086	211	1,365
Risk D	8,023	787	-	2	1,440	355	2,584
Risk E	8,267	1,960	-	-	3,735	91	5,786
Unclassified	(1,181)	-	-	-	-	-	-
BAP loan portfolio	3,188	-	-	-	-	-	-
Deferred items	2,042	-	-	-	-	-	-
	Ps. 976,879	**Ps. 4,583**	**Ps. 852**	**Ps. 79**	**Ps.10,437**	**Ps. 1,035**	**Ps.16,986**
Recorded allowance	-	-	-	-	-		**17,899**
BAP allowances	-	-	-	-	-		**213**
Supplement	-	-	-	-	-		**Ps. 700**

The reserve complement is in accordance with the provisions of the general provisions applicable to credit institutions.

As of December 31, 2023 and 2022, the provisions to cover 100% of the rating base for loan portfolios includes Ps. 19,157 and Ps. 29,407, respectively, for Guarantees Granted and Credit Commitments, which are recorded in memorandum accounts. Ps. 18,835 y Ps. 12,387 were also added for loans to related parties consolidated by the Parent Company.

As of December 31, 2023 and 2022, the estimated allowance for loan losses is determined based on portfolio balances at those dates.

As of December 31, 2023 and 2022, the allowance for loan losses represents 180% and 177%, respectively, of the past-due portfolio.

The estimated allowance includes the classification of loans granted in foreign currency, which are evaluated at the exchange rate in effect as of December 31, 2023 and 2022.

According to the current regulation, as of December 31, 2023 and 2022, the Institution rated under the regulatory methodologies based on expected losses the commercial portfolios (except credits destined to investment projects with own payment source), Mortgage portfolio and non-revolving consumer portfolio (except auto credits to individuals).

The Financial Group uses internal methodologies authorized by the Commission according to the following: for the Revolving Consumer portfolio since January 2018, for the commercial portfolio of borrowers with sales or income greater than or equal to 14 million udis, since January 2019, and for the Auto (Individuals) portfolio since January 2020.

Below are shown for each type of portfolio, the exposure to default, probability of breach of contract, and severity of the loss.

Type of portfolio	Exposure to Default	Weighted Probability of Non-compliance	Weighted Severity of Loss
Commercial*	Ps. 455,613	2.1%	36.5%
Mortgage	Ps. 255,315	2.5%	19.6%
Non-revolving consumer	Ps. 119,984	7.9%	69.8%
Revolving Consumer loan	Ps. 71,577	8.8%	82.7%

* Loans to financial intermediaries and loan intended for investment projects having their own source of payment are not included.

Movements in allowance for loan losses

An analysis of the movements in allowance for loan losses is detailed below:

	2023	2022
Balance at the beginning of the year	Ps. 17,899	Ps. 16,424
Increase charged to results	19,764	14,815
Increase registered in Results of previous years	-	757
Discounts and write-offs	(17,696)	(14,039)
Rebates granted to housing debtors	(31)	(15)
Others	(79)	(43)
Year-end balance	**Ps. 19,857**	**Ps. 17,899**

14- ACQUIRED COLLECTION RIGHTS, NET

The balance of acquired collection rights (net) as of December 31, 2023 and 2022 was Ps. 1,094 and Ps. 654, they are valued at amortized cost based on the effective interest method in accordance with MFRS C-20.

As of December 31, 2022, recognized income amounted to Ps. 519 and Ps. 674 and amortization to Ps. 110 and Ps. 357, respectively.

The Financial Group performs an analysis based on events or information to estimate the amount of expected cash flows to determine the estimated rate of return used in applying the valuation method for the amortization of the accounts receivable. If based on historical or current events information, the analysis demonstrates that the future cash flows discounted at the original rate of return (effective interest rate) will decrease to the degree that they will not cover the book value, it will constitute an estimate for non-recoverability or difficult collection against the year's results for the amount that such discounted cash flows are lower than the book value of the accounts receivable.

Assets different from cash that the Financial Group has received as part of portfolio collection or recovery have been mainly in real estate property.

The main feature considered for segmenting acquired portfolios has been the type of loan.

15 – DEBTORS OF INSURANCE AND SURETY COMPANIES

This item is made up as follows:

	2023	**2022**
Maritime and transportation	Ps. 30	Ps. 20
Automobile	1,920	1,372
Various	812	601
Accidents and health	849	847
Life	873	846
Pensions	85	267
	4,569	3,953
Federal public administration agencies' indebtedness	91	7
	Ps. 4,660	**Ps. 3,960**

16 – AMOUNTS RECOVERABLE BY REINSURANCE AND COUNTER-GUARANTEE

This item is made up as follows:

	2023	**2022**
Insurance and surety entities	Ps. 1,978	Ps. 2,114
Reinsurers' participation for pending claims	3,088	2,775
Reinsurers' participation for current risk	389	378
Other participations	365	176
Preemptive credit risk assessment of Foreign Reinsurers		
Foreing	(3)	(1)
Estimate for punishments	(44)	(40)
	Ps. 5,773	**Ps. 5,402**

17 - OTHER ACCOUNTS RECEIVABLE, NET

This item is made up as follows:

	2023	2022
Loans to officers and employees	Ps. 3,562	Ps. 3,303
Debtors from liquidation settlements	22,231	17,283
Debtors from cash collateral	10,015	12,396
Real estate property portfolios	397	419
Sundry debtors in Mexican pesos	7,107	5,923
Sundry debtors in foreign currency	1,007	986
Others	1,037	429
	45,356	**40,739**
Allowance for doubtful accounts	(424)	(454)
	Ps. 44,932	**Ps. 40,285**

Loans to officers and employees mature within 3 to 30 years and accrue an interest rate from TIIE +0.6% to TIIE +1 %.

18 - FORECLOSED ASSETS, NET

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

	2023	2022
Moveable property	Ps. 2,303	Ps. 385
Real estate property	4,598	4,747
Goods pledged for sale	143	13
	7,044	**5,145**
Allowance for losses on foreclosed assets	83	273
Allowance for losses on foreclosed real estate assets	2,036	1,906
Allowance for losses on assets pledged for sale	44	5
	2,163	**2,184**
	Ps. 4,881	**Ps. 2,961**

19 - PROPERTY, FURNITURE AND EQUIPMENT, NET

As of December 31, 2023 and 2022, the property, furniture and equipment balance is as follows:

	2023	2022
Furniture and equipment	Ps. 19,818	Ps. 17,056
Property intended for offices	17,990	18,019
Installation costs	15,024	14,042
	52,832	**49,117**
Less - Accumulated depreciation and amortization	(22,281)	(20,332)
	Ps. 30,551	**Ps. 28,785**

Depreciation recorded in the results of 2023 and 2022 was Ps. 2,685 and Ps. 3,564, respectively.

The average estimated useful lives of the Financial Group's assets subject to depreciation are listed below:

	Useful Life
Furniture and equipment	From 4 to 10 years

Property intended for offices	From 4 to 99 years
Installation costs	10 years

20 – ASSETS RIGHTS OF USE OF ASSETS AND LEASE LIABILITY

The Financial Group leases computer equipment, furniture and equipment and real estate, agreed upon in previous years.

The asset balance of the right-of-use as of December 31, 2023 and 2022 is as follows

	2023	2022
Computer equipment	Ps. 27	Ps. 292
Furniture and equipment	-	22
Real estate	3,876	6,798
	Ps. 3,903	**Ps. 7,112**

As of December 31, 2023 and 2022, the lease liability is made up as follows:

Analysis of Maturity - Undiscounted Contractual Cash Flows

	2023	2022
From zero to five years	Ps. 129	Ps. 1,335
From more than five to ten	2,057	1,831
ten years and more	1,761	3,605
	Ps. 3,947	**Ps. 6,771**

The depreciation expense of asset right-of-use recognized in results as of December 31, 2023 and 2022, was Ps. 924 and Ps. 1,046, respectively.

The interest expense of the lease liability recognized in results as of December 31, 2023 and 2022, was Ps. 379 and Ps. 408, respectively.

Lease payments made in 2023 and 2022 were Ps. 1,453 and Ps. 1,302, respectively.

21 - PERMANENT STOCK INVESTMENTS

Investments in non-consolidated companies and associated companies are valued according to the equity method, as detailed below:

	Share %	2023	2022
Afore XXI-Banorte, S.A. de C.V.	50%	Ps. 13,762	$13,341
McN Investments Ltd	4.95%	1,008	914
Controladora PROSA, S.A. de C.V.	19.73%	431	410
Sociedades de Inversión Ixe Fondos	Divers	126	115
F-741723 - Valle de San Pedro	20.00%	27	27
Fondo Chiapas, S.A. de C.V.	12.09%	18	21
Capital I CI-3, S.A.P.I. de C.V.	50.00%	7	5
Otras	Divers	116	121
		Ps. 15,495	**$14,954**

The Financial Group exercises significant influence over its affiliates valued under the equity method through its representation in the board of directors or equivalent management body, as well as through significant intercompany transactions.

The relevant activities of the Afore are directed by both the Financial Group and the Mexican Institute of Social Security [*Instituto Mexicano del Seguro Social*], with equal rights and responsibilities. Therefore the Financial Group has no control over such entity and does not consolidate it.

22 - DEFERRED TAXES, NET

The tax reported by the Financial Group is calculated based on the current taxable result of the year and enacted tax regulations. However, due to temporary differences between how income and expenses are recognized for accounting and tax purposes, as well as the differences between the accounting and tax statement of financial position accounts, As of December 31, 2023 and 2022, the Financial Group has recognized a net deferred tax for (Ps. 1,838) and (Ps. $462), respectively, and it is made up as follows:

	2023		2022	
	Temporary Differences	**Deferred Effect**	**Temporary Differences**	**Deferred Effect**
Temporary Differences - _Assets				
Allowance for loan losses	Ps. 1,924	Ps. 577	Ps. 1,707	Ps. 512
Tax loss carryforwards	1,022	307	1,463	439
Surplus allowances for credit risks over the net tax limit	17,440	5,232	16,961	5,088
Excess of tax over book value of foreclosed and fixed assets	3,512	1,073	2,605	800
PTU	1,309	393	1,445	434
Fees collected in advance	4,149	1,245	3,968	1,190
Accounting provisions	6,176	1,853	4,996	1,499
Other assets	303	91	483	145
Total assets	**Ps. 35,835**	**Ps. 10,771**	**Ps. 33,628**	**Ps. 10,107**
Temporary Differences - Liabilities				
Excess of tax over book value of foreclosed and fixed assets and expected payments	Ps. 1,139	Ps. 342	Ps. 748	Ps. 225
Adquisition of Portafolios	1,339	402	859	258
Capitalizable projects' expenses	23,624	7,087	23,832	7,150
Financial instruments valuation	14,629	4,404	8,333	2,500
Advance contributions to the pension fund	5	2	24	7
Intangible assets	1,002	301	1,049	315
Deferred from the IXE purchase method	21	6	110	33
Other liabilities	214	65	273	81
Total Liabilities	**Ps. 41,973**	**Ps. 12,609**	**Ps. 35,228**	**Ps. 10,569**
Deferred tax, net		**(Ps. 1,838)**		**(Ps. 462)**

As explained in Note 32, the applicable income tax rate is 30% for 2023 and 2022 and later years.

At December 31, 2023, the tax loss carry forwards prescription is as follows:

Due date	Amount
2028	Ps. 22
2029	1
2030	22

2031	293
2032	299
2033	385
	Ps. 1,022

Banorte USA's deferred tax assets and liabilities are determined using the liability method. According to this method, the net asset or liability of deferred taxes is determined based on the tax effects of temporary differences between the book and tax base of assets and liabilities. Due to the consolidation of Banorte USA, as of December 31, 2023 and 2022, a net amount of Ps. 43 was added to deferred taxes determined at a rate of 21% as per the tax law of the USA.

23 - ADVANCE PAYMENTS AND OTHER ASSETS, NET

The balance of advanced payments and other assets as of December 31, 2023 and 2022 is as follows:

	2023	2022
Payments to amortize	Ps. 1,195	Ps. 1,071
Various taxes	4,285	3,258
advances to suppliers	2,773	7,033
Other assets	4,930	5,044
	Ps. **13,183**	**Ps. 16,406**

24 – GOODWILL

As of December 31, 2023 and 2022 goodwill is as follows:

	2023	2022
Originated by the merger with Grupo Financiero Interacciones, S.A.B. de C.V.	Ps. 14,070	Ps. 14,070
Originated by the merger with Ixe Grupo Financiero, S.A.B. de C.V.	11,258	11,258
Originated by the merger with Banorte-Ixe Tarjetas, S.A. de C.V., SOFOM, ER	1,005	1,005
Originated by the merger with Uniteller Financial Services	345	409
Originated by the merger with Tarjetas del Futuro, S.A.P.I. de C.V. (TDF)	147	-
	Ps. 26,825	**Ps. 26,742**

* Includes $727 of the goodwill generated by the acquisition of Banorte-Ixe Tarjetas and Ps. 278 that this entity had registered at the time of the acquisition.

As mentioned in Note 5, goodwill is not amortized since 2007 and since then is subject to annual impairment tests. No impairment to goodwill value was detected as of December 31, 2023 and 2022.

25 - DEPOSITS

Liquidity coefficient

The “Investment regime for transactions in foreign currency and conditions to be fulfilled during the term of transactions in such currency”, designed for credit institutions by Banco de México, establishes the mechanism for determining the liquidity coefficient of liabilities denominated in foreign currency.

In accordance with the aforementioned regime, during 2023 and 2022 the Holding Company generated an average monthly liquidity requirement of 705,119 and 843,156 thousand USD, respectively, and maintained an average investment in liquid assets of 5,448,614 and 4,359,178 thousand USD, having on average an excess of 4,743,495 and 3,517,694 thousand USD, respectively.

Deposits

The liabilities derived from core deposits are made up as follows:

	2023	2022
Demand deposits		
Non-interest bearing checking accounts:		
Cash deposits	Ps, 408,257	Ps. 394,775
Checking accounts in US dollars for individual residents on the Mexican border	4,417	4,740
Demand deposits accounts	12,238	12,604
Interest bearing checking accounts:		
Other bank checking deposit	237,593	181,919
Checking accounts in US dollars for individual residents on the Mexican border	2,297	2,505
Demand deposits accounts	14,121	1,239
	678,923	**597,782**
Time deposits		
General public:		
Fixed-term deposits	25,588	26,666
Retail time deposits	304,429	246,089
Promissory note with interest payable at maturity PRLV primary market for individuals	87	118
Promissory note with interest payable at maturity PRLV primary market for institutions	148	195
Provision for interest	1,846	1,133
	332,098	**274,201**
Money market:		
Over the counter promissory notes	8,098	4,954
	8,098	**4,954**
	340,196	**279,155**
Senior debt	33,643	**17,002**
Global account of deposits without movement	3,656	**3,253**
	Ps. 1,056,418	**Ps. 897,192**

The funding rates which the Financial Group uses as reference are: a) for Mexican pesos, Interbank Interest Rate (TIIE), Average Cost of Funds (CCP) and; b) for foreign currency, the London Interbank Offered Rate (LIBOR).

These liabilities incur interest depending on the type of instrument and average balance held in the investments. The average interest rates and their currency of reference are shown below:

Immediately due and payable deposits:

Foreign exchange	2023				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Mexican pesos and UDIS	2.07%	2.58%	3.11%	3.06%	1.08%	1.47%	1.85%	1.90%
Foreign currency	0.74%	1.29%	1.75%	1.68%	0.04%	0.09%	0.19%	0.43%

Time deposits:

Foreign exchange	2023				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
General public								
Mexican pesos and UDIS	7.65%	8.38%	8.54%	8.72%	4.10%	4.71%	5.58%	6.59%
Foreign currency	0.51%	0.53%	1.72%	2.96%	0.26%	0.28%	0.26%	0.28%
Money market	10.12%	10.76%	10.65%	10.57%	0.00%	9.02%	9.66%	8.49%

As of December 31, 2023 and 2022, the terms set for these deposits are as follows:

	2023			
	From 1 to 179 days	From 6 to 12 months	More than 1 year	Total
General public				
Fixed-term deposits	Ps. 20,154	Ps. 915	Ps. 4,519	Ps. 25,588
Retail time deposits	292,208	11,957	264	304,429
Promissory note with interest payable at maturity PRLV primary market for individuals	84	1	2	87
Promissory note with interest payable at maturity PRLV primary market for entities	135	10	3	148
Provision for interest	1,525	309	12	1,846
	314,106	**13,192**	**4,800**	**332,098**
Money market:				
Over the counter promissory notes	-	-	8,098	8,098
	-	**-**	**8,098**	**8,098**
Senior debt issued	**33,643**	**-**	**-**	**33,643**
Global account of deposits without movements	**3,656**	**-**	**-**	**3,656**
	Ps. 351,405	**Ps. 13,192**	**Ps. 12,898**	**Ps. 377,495**

	2022			
	From 1 to 179 days	From 6 to 12 months	More than 1 year	Total
General public				
Fixed-term deposits	Ps. 22,883	Ps. 152	Ps. 3,631	Ps. 26,666
Retail time deposits	236,262	9,546	281	246,089
Promissory note with interest payable at maturity PRLV primary market for individuals	118	-	-	118
Promissory note with interest payable at maturity PRLV primary market for entities	181	11	3	195
Provision for interest	956	174	3	1,133
	260,400	**9,883**	**3,918**	**274,201**
Money market:				
Over the counter promissory notes	-	-	4,954	4,954
	-	**-**	**4,954**	**4,954**
Senior debt issued	**17,002**	**-**	**-**	**17,002**
Global account of deposits without movements	**3,253**	**-**	**-**	**3,253**
	Ps. 280,655	**Ps. 9,883**	**Ps. 8,872**	**Ps. 299,410**

26 - INTERBANK AND OTHER LOANS

The loans received from other banks as of December 31, 2023 and 2022 is as follows:

	Mexican pesos		Denominated in USD		Total	
	2023	2022	2023	2022	2023	2022
Short-term:						
Commercial banking	Ps. 3,836	Ps. 804	Ps. 416	Ps. 65	Ps. 4,252	Ps. 869
Development banking	17,736	16,627	558	433	18,294	17,060
Public trusts	2,842	3,885	298	540	3,140	4,425
Provision for interest	37	35	8	18	45	53
	24,451	**21,351**	**1,280**	**1,056**	**25,731**	**22,407**
Long-term:						
Commercial banking	648	5,409	182	2,696	830	8,105
Development banking	1,845	876	152	615	1,997	1,491
Public trusts	3,829	4,600	755	602	4,584	5,202
	6,322	**10,885**	**1,089**	**3,913**	**7,411**	**14,798**
	Ps. 30,773	**Ps. 32,236**	**Ps. 2,369**	**Ps. 4,969**	**Ps. 33,142**	**Ps. 37,205**

These liabilities incur interest depending on the type of instrument and average balance of the loans.

The average interest rates are shown below:

	2023				2022			
Foreign exchange	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
Call money								
Mexican pesos and UDIS	-%	-%	-%	-%	5.77%	7.66%	8.44%	9.75%
Other bank loans								
Mexican pesos and UDIS	10.06%	10.21%	9.69%	9.38%	7.10%	6.92%	8.27%	10.25%
Foreign currency	4.76%	5.22%	5.32%	4.82%	1.48%	1.80%	2.55%	3.86%

27 - TECHNICAL RESERVES

Technical reserves are made as follows:

	2023	2022
Current risk:		
Life	Ps. 261,254	Ps. 234,487
Accidents and health	2,550	2,311
Damages	3,470	2,760
	267,274	239,558
Contractual obligations:		
Claims and expirations	7,613	6,730
Unreported claims	6,039	5,703
Dividends on policies	402	90
Insurance funds under management	79	79
Security premiums	347	127
	14,480	12,729
Contingency:		
Catastrophic risk	1,281	1,344
Contingencies	4,671	4,309
Special	1,186	1,221
	7,138	6,874
	Ps. 288,892	**Ps. 259,161**

Seguros Banorte's technical reserves were ruled by Actuary Ana Maria Ramírez Lozano, member of the company called KPMG Cárdenas Dosal, S.C.

The technical reserves of Pensiones Banorte were ruled by Actuary Rocío Gomez Reyes, member of the company called Willis Towers Watson Consultores México, S. de R.L. of C.V.

28 - SUNDRY CREDITORS AND OTHER PAYABLES

The item of sundry creditors and other payables is made up as follows:

	2023	2022
Cashier and certified checks and other negotiable instruments	Ps. 5,273	Ps. 4,219
Provisions for other obligations	6,966	10,456
Others	24,798	20,172
	Ps. 37,037	**Ps. 34,847**

29 - EMPLOYEE BENEFIT LIABILITY

The Holding recognizes the liabilities for pension plans and seniority premiums using the “Projected Unit Credit Method”, which considers the benefits accrued at the date of the Consolidated Statement of financial positions and the benefits generated during the year.

The amount of current and projected benefits as of December 31, 2023 and 2022, related to the Defined Benefit Pension Plan, seniority premiums and retiree medical coverage, determined by independent actuaries, is analyzed below:

	2023			
	Pension plan	**Seniority premiums**	**Medical services**	**Total**
Projected benefit obligation (PBO)	(Ps. 1,745)	(Ps. 810)	(Ps. 3,666)	(Ps.6,221)
Fund market value	724	290	1,301	2,315
Funded status	**(1,021)**	**(520)**	**(2,365)**	**(3,906)**
Unrecognized prior service cost	-	-	-	-
Unrecognized actuarial losses	-	-	-	-
Net projected asset	**(Ps. 1,021)**	**(Ps. 520)**	**(Ps. 2,365)**	**(Ps. 3,906)**

	2022			
	Pension plan	**Seniority premiums**	**Medical services**	**Total**
Projected benefit obligation (PBO)	(Ps. 1,690)	(Ps. 689)	(Ps. 3,419)	(Ps. 5,798)
Fund market value	387	34	2,232	2,653
Funded status	**(1,303)**	**(655)**	**(1,187)**	**(3,145)**
Unrecognized prior service cost	-	-	-	-
Unrecognized actuarial losses	-	-	-	-
Net projected asset	**(Ps. 1,303)**	**(Ps. 655)**	**(Ps. 1,187)**	**(PS. 3,145)**

As of December 31, 2023 and 2022, a separate fund amounting to Ps. 101 and Ps. 127 has been set aside to meet the above-mentioned obligations, in accordance with MFRS D-3 and is recorded under “Other assets”.

The net periodic pension cost is as follows:

	2023	**2022**
Service cost	Ps. 128	Ps. 49
Interest cost	569	531
Expected return on plan assets	(238)	(264)
Amortizations of unrecognized items:		
Profits (actuarial losses)	115	117
Net periodic pension cost	**Ps. 574**	**Ps. 433**

The rates used in the calculation of the projected benefit obligation and return on plan assets as of December 31, 2023 and 2022, are shown below:

Concept	**2023 Nominal**	**2022 Nominal**
Discount rate	10.75%	10.50%
Rate of wage increase	4.50%	4.50%
Long-term inflation rate	3.50%	3.50%
Expected long-term rate of return on plan assets	3.50%	3.50%

The liability for severance indemnities due to causes other than organization restructuring, which was also determined by independent actuaries, is comprised as follows:

Concept	**2023**	**2022**
Defined and projected benefit obligations	Ps. 330	(Ps. 387)
Net projected liability	**Ps. 330**	**(Ps. 387)**

The net periodic pension cost is as follows:

Concept	2023	2022
Service cost	Ps. 69	Ps. 83
Interest cost	8	4
Net periodic pension cost	**Ps. 77**	**Ps. 87**

Pursuant to the law, the Financial Group makes payments equivalent to 2% of its workers' salary to the contribution plan defined for the retirement saving fund established by law. The expense for this concept was Ps. 230 2023 and Ps. 206 2022.

The balance of the employee retirement obligations presented in this Note refers to the Holding's Defined Benefit Pension Plan for those employees who remain enrolled.

The labor obligations derived from the Defined Contribution Pension Plan do not require an actuarial valuation as established in MFRS D-3, because the cost of this plan is equivalent to the Financial Group's contributions made to the plan's participants. This pension plan is invested in a fund as of December 31, 2023 and 2022, equivalent to Ps. 101 and Ps. 127, respectively, which is recorded under "Other assets" and is equivalent to the recorded plan liability.

As of December 31, 2023 and 2022, the PTU provision was Ps. 1,338 and Ps. 1,209, respectively.

30 - SUBORDINATED DEBENTURES

As of December 31, 2023 and 2022, the subordinated debentures in circulation are as follows:

	2023	2022
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable BANOE91 999999 C10 Notes denominated in USD, with an interest rate of 7.625%.**	Ps. 9,332	Ps. 10,730
Preferred subordinated obligations not susceptible to be converted into share capital BANOC36 311004 with maturity in October 2031, denominated in USD, with an interest rate of 5.75% payable semiannually and amortizing the capital at maturity.	1,380	1,712
Preferred subordinated nonconvertible debentures, Q BANORTE 08-U maturing in February 2028, interest at a 4.95% annual rate.	-	2,118
Non-preferred subordinated obligations, non-preferent, perpetual, non-cumulative 5 years callable NC5 Notes denominated in USD, with an interest rate of 6.750%**	10,180	11,706
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 7.50%**	8,483	9,754
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 8.375%.	8,483	9,754
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 5 years callable NC10 Notes denominated in USD, with an interest rate of 5.875%.	8,483	9,754
Non-preferred subordinated obligations, non preferent, perpetual, non-cumulative 10 years callable NC10 Notes denominated in USD, with an interest rate of 6.625%.	9,332	10,730
Accrued interest.	19	61
Issuance and placement expenses.	(271)	(338)
	Ps. 55,421	**Ps. 65,981**

** Issuance recorded in liabilities and the interest generated by the notes is payable against the results of previous years, given the characteristic established in the obligations to pay the returns at the discretion of the issuer, it is considered a component of equity.

Expenses related to these issuances are amortized based on the effective interest rate during the issuance term. The amount charged to results for amortization amounted to Ps 67 and Ps. 23 in 2023 and 2022, respectively.

31 - TRANSACTIONS AND BALANCES WITH NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Pursuant to Article 73 Bis of the LIC, the loans granted by Banking Institutions to related parties may not exceed 35% of the basic part of its net capital.

For the year ended December 31, 2023 and 2022, the amount of the loans granted to related parties were as follows:

Institution granting the loan	2023	% over the limit	2022	% over the limit
Banco Mercantil del Norte, S.A.	Ps. 22,105	11.2%	Ps. 17,251	9.3%

The loans granted by Banorte are under the 100% limit set forth by the LIC.

32 - INFORMATION BY SEGMENT

The main operations and balances per concept and/or business segment in the Statement of financial position and the Income Statement are comprised as follows:

b. Interest and fees income is made up as follows:

	2023		
	Interest	Fees	Total
	MXP	MXP	MXP
Cash and cash equivalents	Ps. 7,342	Ps. -	Ps. 7,342
Margin securities	(618)	-	(618)
Investment in securities	65,550	-	65,550
Securities repurchasing and loans	10,399	-	10,399
Hedging transactions	146,812	-	146,812
Commercial loans	69,794	421	70,215
Mortgage loans	22,166	822	22,988
Consumer loans	41,565	444	42,009
Others	10,800	-	10,800
	Ps. 373,810	**Ps. 1,687**	**Ps. 375,497**

	2022		
	Interest	Fees	Total
	MXP	MXP	MXP
Cash and cash equivalents	Ps. 4,299	Ps. -	Ps. 4,299
Margin securities	(636)	-	(636)
Investment in securities	47,677	-	47,677
Securities repurchasing and loans	6,507	-	6,507
Hedging transactions	94,157	-	94,157
Commercial loans	46,625	396	47,021
Mortgage loans	19,121	747	19,868
Consumer loans	32,772	333	33,105
Others	16,630	-	16,630
	Ps. 267,152	**Ps. 1,476**	**Ps. 268,628**

b. The balances by service sector of the Financial Group, without considering the eliminations relative to the consolidation of the financial statements, are as follows:

	2023	2022
Banking sector:		
Net income	Ps. 41,946	Ps. 34,549
Stockholders' equity	150,966	144,677
Total portfolio	1,017,106	905,914
Stage 3 loan portfolio	10,006	9,143
Allowance for loan losses	(18,749)	(16,961)
Total net assets	1,682,493	1,552,253
Brokerage sector:		
Net income	751	1,649
Stockholders' equity	4,475	5,779
Portfolio balance	1,161,116	1,009,825
Total net assets	250,929	217,602
Long term saving sector*		
Net income	8,155	7,509
Stockholders' equity	36,052	34,535
Total net assets *	336,777	303,746
Other finance companies' sector:		
Net income	779	663
Stockholders' equity	13,929	12,544
Total portfolio	44,546	36,328
Stage 3 loan portfolio	885	830
Allowance for loan losses	(854)	(726)
Total net assets	59,086	49,536
Grupo Financiero Banorte (Financial Group)		
Net income	52,422	45,415
Stockholders' equity	249,242	236,069
Total assets	249,338	236,103

*For sector comparisons, Afore XXI Banorte's results are shown at 100% in this table. As of the fourth quarter of 2016, results are reported in Seguros Banorte through participation method.

c. The trading results is as follows:

	2023	2022
Trading results:		
Spot foreign currency and metal	(Ps. 7,009)	(Ps. 1,602)
Derivative financial instruments	546	1,606
Investments in securities	1,562	(104)
Valuation	**(4,901)**	**(100)**
Purchase-sales result, net		
Spot foreign currency and metal	7,895	4,524
Derivative financial instruments	48	(909)
Investments in securities	871	145
Purchase and Sale	**8,814**	**3,760**
Total trading results	**Ps. 3,913**	**Ps. 3,660**

e. The performing loan portfolio, grouped by economic sector and geographical location, is as follows

Economic sector	2023	%	2022	%
Agriculture	Ps. 11,570	1.1%	Ps. 10,137	1.1%
Commerce	105,597	10.2%	91,505	9.9%
Construction	37,259	3.6%	37,900	4.1%
Manufacturing	48,548	4.7%	43,936	4.8%
Mining	1,842	0.2%	2,414	0.3%
Services	57,186	5.5%	41,646	4.5%
Financial and real estate services	86,185	8.4%	77,730	8.5%
Transportation	47,645	4.6%	41,894	4.6%
Government	171,961	16.7%	171,720	18.7%
Mortgage	253,138	24.5%	226,932	24.7%
Credit card	58,137	5.6%	45,127	4.9%
Other consumer loans	117,125	11.4%	99,225	10.8%
Leasing	23,815	2.3%	18,422	2.0%
Factoring	11,919	1.2%	11,294	1.2%
	Ps. 1,031,927	**100.00%**	**Ps. 919,882**	**100.00%**

e. The stage 3 loan portfolio, grouped by economic sector and geographical location, is as follows

Economic Sector	2023	%	2022	%
Agriculture	Ps. 312	2.9%	Ps. 657	6.6%
Commerce	1,086	10.0%	1,010	10.1%
Construction	276	2.5%	477	4.8%
Manufacturing	631	5.8%	723	7.2%
Mining	30	0.3%	30	0.3%
Services	356	3.3%	645	6.5%
Financial and real estate services	248	2.3%	161	1.6%
Transportation	63	0.6%	47	0.5%
Government	11	0.1%	4	0.0%
Mortgage	2,177	20.0%	1,865	18.7%

Credit card	1,968	18.1%	1,108	11.1%
Other consumer loans	2,852	26.2%	2,421	24.3%
Leasing	212	1.9%	225	2.3%
Factoring	668	6.1%	600	6.0%
	Ps. 10,890	**100.00%**	**Ps. 9,973**	**100.00%**

f. Deposit accounts grouped by product and geographical location are as follows:

Producto	2023							
	Geographical location							
	Monterrey	Mexico City	West	Northwest	South-east	Treasury and other	Foreign	Total
Non-interest bearing checking accounts	Ps. 89,825	Ps. 150,477	Ps. 37,562	Ps. 53,807	Ps. 58,730	Ps. 2,304	Ps. -	Ps. 392,705
Interest-bearing checking accounts	19,812	126,164	12,545	14,677	40,867	1,663	-	215,726
Current account Ps. and pre-established	754	1,533	359	486	498	25	-	3,656
Non-interest bearing demand deposits, USD	7,771	7,569	2,188	12,056	2,625	(3)	-	32,207
Interest bearing demand deposits, USD	12,205	15,545	1,382	6,497	2,658	(1)	-	38,286
Retail time deposits	66,953	106,563	26,694	29,892	38,423	186	-	268,712
Time deposits, USD	154	3,858	22	425	31	6	-	4,495
Customers money market	19,934	16,829	5,305	3,507	3,069	170	-	48,815
Financial intermediaries	-	-	-	-	-	49,172	2,644	51,816
Total deposits	**Ps. 217,408**	**Ps. 428,538**	**Ps. 86,057**	**Ps. 121,347**	**Ps. 146,901**	**Ps. 53,522**	**Ps. 2,644**	**Ps. 1,056,418**

Producto	2022							
	Geographical location							
	Monterrey	Mexico City	West	Northwest	South-east	Treasury and other	Foreign	Total
Non-interest bearing checking accounts	Ps. 86,719	Ps. 141,319	Ps. 36,997	Ps. 52,344	Ps. 53,539	Ps. 1,955	Ps. -	Ps. 372,874
Interest-bearing checking accounts	13,712	76,057	10,357	12,398	25,383	2,017	-	139,924
Current account Ps. and pre-established	3,974	6,380	1,767	1,928	2,010	9	-	16,068
Non-interest bearing demand deposits, USD	9,738	10,593	2,421	14,365	2,126	2	-	39,245
Interest bearing demand deposits, USD	8,039	14,612	1,444	5,862	2,968	-	-	32,925
Retail time deposits	51,564	86,785	21,332	22,700	30,175	1,094	-	213,650
Time deposits, USD	943	2,003	11	89	90	-	-	3,136
Customers money market	28,890	17,871	4,060	2,722	3,752	119	-	57,414
Financial intermediaries	-	-	-	-	-	18,967	2,989	21,956
Total deposits	**Ps. 203,580**	**Ps. 355,620**	**Ps. 78,389**	**Ps. 112,408**	**Ps. 120,043**	**Ps. 24,163**	**Ps. 2,989**	**Ps. 897,192**

33 - INCOME TAXES

The Financial Group is subject to Income Tax (ISR).

ISR

Pursuant to the ISR Law the rate for 2023 was 30% and will continue at the same rate for subsequent years.

Reconciliation of the accounting and tax result

The main items that affected the determination of the Financial Group's fiscal result were the annual adjustment for inflation, the deduction in the exercise of the write-offs of the loan portfolio and the valuation of financial instruments.

Reconciliation of the ISR legal rate and the effective rate expressed as a percentage of the income before ISR and PTU is:

	2023	2022
Legal rate	30%	30%
Tax inflation	(1%)	(3%)
Accounting deductions non-tax	1%	1%
Non-cumulative recoveries	(1%)	(1%)
Interest oddebentures	(2%)	(2%)
Other entriers	(1%)	1%
Effective rate	**26%**	**26%**

34 - DISCLOSURE OF FAIR VALUE

The level of the fair value hierarchy is determined based on the input data and the valuation methodologies used, and is divided into:

- Level 1: are those instruments whose input data are quoted prices, stock market closing prices, facts or position in active markets. These data represent reliable evidence for the determination of fair value without the need to be adjusted.

- Level 2: when the price or input data used to calculate the fair value is that of an instrument similar to the valued one. Also included are those instruments that, despite the existence of quoted prices in the market, do not have transactions on the valuation date or that such transactions are not of a considerable volume.

- Level 3: these are financial instruments whose fair value was calculated using input data that are not available in the market or that are not observable.

As of December 31, 2023 and 2022, the Financial Group determined the fair values of its assets and liabilities, as well as the amount corresponding to each fair value hierarchy level classification as shown in the following table:

Asset	As of December 31, 2023	Level 1		Level 2		Level 3	
Derivatives – Trading							
Forwards	Ps. 939	Ps.	-	Ps.	939	$	-
Options	1,005		-		1,005		-
Swaps	27,013		-		27,013		-
Derivatives – Hedge							
Swaps	Ps. 4,442	Ps.	-	Ps.	4,442	$	-
Investment in securities							
Trading financial instrument	Ps. 335,756	Ps.	68,896	Ps.	266,287	$	663
Financial Instruments to collect or sell	222,018		83,766		138,166		263
Total	**Ps. 536,761**	**591,173**	**149,245**	**152,662**	**386,590**	**438,231**	**926**

Asset	As of December 31, 2022	Level 1		Level 2		Level 3	
Derivatives – Trading							
Forwards	Ps. 125	Ps.	-	Ps.	125	$	-
Options	1,346		-		1,346		-
Swaps	34,230		-		34,230		-
Derivatives – Hedge							
Swaps	Ps. 1,854	Ps.	-	Ps.	1,854	$	-
Investment in securities							
Trading financial instrument	Ps. 289,855	Ps.	77,882	Ps.	211,310	$	663
Financial Instruments to collect or sell	209,351		71,363		137,725		263
Total	**Ps. 536,761**	**Ps.**	**149,245**	**Ps.**	**386,590**	**Ps.**	**926**

Liability	As of December 31, 2023	Level 1		Level 2		Level 3	
Derivados - Negociación							
Forwards	Ps. 731	Ps.	-	Ps.	731	$	-
Options	1,030		-		1,030		-
Swaps	19,773		-		19,773		-
Derivados - Cobertura							
Swaps	Ps. 2,259	Ps.	-	2,259	3,956	$	-
Total	**Ps. 23,793**	**Ps.**	**-**	**Ps.**	**23,793**	**Ps.**	**-**

Liability	As of December 31, 2022	Level 1	Level 2	Level 3
Derivados - Negociación				
Forwards	Ps. 165	Ps. -	Ps. 165	$ -
Options	1,389	-	1,389	-
Swaps	27,566	-	27,566	-
Derivados - Cobertura				
Swaps	Ps. 3,956	Ps. -	Ps. 3,956	$ -
Total	**Ps. 33,076**	**Ps. -**	**Ps. 33,076**	**Ps. -**

- Input data and valuation techniques for assets and liabilities classified as level 2 and level 3

The following table shows the valuation techniques and the observable and unobservable input data used to determine the fair value of those assets and liabilities classified as level 2 and level 3, as well as the figures corresponding to December 31, 2023 and 2022:

Asset

	As of December 31, 2023		As of December 31, 2022				
Concept	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
Derivatives – Trading	**Ps. 29,523**	**Ps. -**	**Ps. 36,439**	**Ps. -**			
Forwards	939	-	125	125	-		
					- Net present value	Net present value: - Spot exchange rate - Forward points - Market interest rates	
	939	939	125	125	-		
Options	1,003	-	1,360	1,331	-		
					Black Model Normal/Lognormal	Black Normal/Lognormal model: - Market interest rates - Embeded volatility	
	920	908	1,168	1,139	-		
					Black-Scholes Model	Black-Scholes model: - Spot exchange rate - Market interest rates - Embeded volatility - Dividends	
	14	14	50	50	-		
					Black-Scholes Model	Black-Scholes model: - Spot exchange rate - Market interest rates - Forward points - Embeded volatility FX	
	81	81	142	142	-		
Swaps	27,569	-	34,954	-			
					Net Present Value	Net present value: - Market interest rates	
Interest rate	18,426	-	30,393	-			
					Net Present Value	Net present value: - Market interest rates - Spot exchange rate - Forward points	
Currency	8,556	-	3,722	-			
					Default Intensity Model	Default intensity model: - Market interest rates - MArket credit spread - Recovery rate	
Credit	2	-	144	-			
Derivatives – Hedge	**Ps. 4,444**	**Ps. -**	**Ps. 1,858**	**Ps. -**			
Swaps	4,444	-	1,858	-			
					Net Present Value	Valor Presente Neto: - Market interest rates	
Interest rate	742	-	-	-			
					Net Present Value	Valor Presente Neto: - Market interest rates - Spot exchange rate - Forward points	
Currency	3,702	-	1,858	-			

Concept	As of December 31, 2023 Level 2	Level 3	As of December 31, 2022 Level 2	Level 3	Valuation methodology	Observable input data	Non-observable input data
XVA	**Ps. (190)**	**Ps. -**	**Ps. (232)**	**Ps. -**			
Forwards	-	-	-	-	Probability of Default: - *Default* Intensity Model Synthetic credit spread: - Global CDS data regression model Exposiciones: - Hull-White Model - Black-Scholes Model - CIR Model	- MArket credit spread - Market loss severity - Interest rate volatility - Market interest rates - Spot exchange rate - Forward points - Embeded volatility	- Synthetic credit spread - Historical values - Correlations between market variables
Options	(6)	-	(14)	-			
Swaps – Trading	(182)	-	(214)	-			
Swaps – Hedge	(2)	-	(4)	-			
Investment in securities	**Ps. 404,454**	**Ps. 604**	**Ps. 155,311**	**Ps. 861**			
Trading financial instrument	266,287	544	100,520	633			
Bank	26,513	-	12,536	-	Net present value	Net Present Value: - Market rate on the valuation day - Weighted bank funding rate - Exchange rate	
Government	239,247	-	198,467	-	Net present value	Net Present Value: - Market rate on the valuation day - Exchange rate	
Private	527	573	307	663	Net Present Value Indicative Net Asset Value Basket price of financial assets and liabilities Last observable price Value in books Comparable Multiples Method Value relative to similar issues	Net Present Value: - Market rate on the valuation day - Exchange rate Indicative Net Asset Value: - Theoretical price of the TRAC on the day before the valuation - Closing of the TRAC the day before the valuation - Closing of the TRAC on the valuation day Last Observed Price: - Last share price Value in books: - Valuation to the millionth Comparable multiples method: - Exchange rate - Market value Value with respect to similar emissions: - Price of the similar instrument	Basket price of financial assets and liabilities: - Acquired financial assets - Administrative and placement expenses - Adjustment for rights decreed that affect the shareholding structure Value in books: - Book value at valuation date - Last observed price of the share - Book value at the date of the last observed price Comparable multiples method: - Control premium - Liquidity discount - Company value

Concept	As of December 31, 2023 Level 2	Level 3	As of December 31, 2022 Level 2	Level 3	Valuation methodology	Observable input data	Non-observable input data
Financial Instruments to Collect or Sell	138,167	86	137,7251	263			
Bank	36,975	-	15,772	-	Net present value	Net Present Value: - Market rate on the valuation day - Weighted bank funding rate - Exchange rate	
Government	88,753	-	113,734	-	Net present value	Net Present Value: - Market rate on the valuation day - Exchange rate	
Private	12,439	86	8,219	263	Net present value Reiner-Rubinstein Cash or Nothing Prepayment method	Net Present Value: - Market rate on the valuation day - Exchange rate Reiner-Rubinstein Cash or Nothing:	

							- Market bank interest rate - Implied volatility Prepayment Method: - Auction price - Market rate on the valuation day - History of amortizations - Exchange rate	
Total	**$**	**204,161**	**$**	**604**	**$**	**192,740**	**$**	**861**

Liabilities

	As of December 31, 2023		As of December 31, 2022			
Concepto	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
Derivatives – Trading	**Ps. 22,152**	**Ps. -**	**Ps. 30,192**	**Ps. -**			
Forwards	730	-	165	-			
Currency	730	-	165	-	Net present value	Net Present Value: - Spot exchange rate - forward points - Market interest rates	
Options	1,057	-	1,401	-			
Interest rate	958	-	1,252	-	Normal Black Model /NormalLog	Black Normal/Lognormal model: - Market interest rates - Implied volatility	
Index	-	-	35	-	Black-Scholes Model	Black.Scholes model: - Spot price of the index - Market interest rates - Implied volatility - Dividends	
Currency	87	-	143	-	Black-Scholes Model	Black-Scholes model: - Spot exchange rate - Market interest rates - Forward Points - Implied FX Volatility	

	As of December 31, 2023		As of December 31, 2022			
Concepto	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Valuation methodology**	**Observable input data**	**Non-observable input data**
Swaps	20,365	-	28,597	-			
Interest rate	12,581	-	24,249	-	Net Present Value	Net Present Value: - Market interest rates	
Currency	7,771	-	4,338	-	Net Present Value	Net Present Value: - Market interest rates - Spot exchange rate - Forward Points	
Credit	13	-	10	-	Default intensity model	Default intensity model: - Market interest rates - Market Credit Spread - Recovery rate	
Derivaties – Hedge	**Ps. 2,277**	**Ps. -**	**Ps. 3,910**	**Ps. -**			
Swaps	2,277	-	3,910	-			
Interest rate	1,152	-	1,177	-	Net Present Value	Net Present Value: - Market interest rates	
Currency	1,125	-	2,733	-	Net Present Value	Net Present Value: - Market interest rates - Spot exchange rate - Forward Points	
XVA	**Ps. (256)**	**Ps. -**	**Ps. (516)**	**Ps. -**			
Forwards	1	-	-	-	Probability of default: - Default intensity model	- Market credit spread - Severity of market loss - Volatility of interest rates - Market interest rates - Spot exchange rate - forward points - Implied volatility	- Synthetic credit spread - Historical values - Correlations between market variables
Optiones	(22)	-	(41)	-	Synthetic credit spread: - Global CDS data regression model		
Swaps – Trading	(218)	-	(521)	-	Exhibitions: - Hull-White model - Black-Scholes model - IRC model		
Swaps – Hedge	(17)	-	46	-			

Total	**Ps.**	**24,173**	**Ps.**	**-**	**Ps.**	**33,586**	**Ps.**	**-**

- **Transfers of amounts between classifications of level 1 and level 2 of the determination of fair value**

The conditions to recognize the transfer from level 1 to level 2 will be considered in accordance with the instrument:

Investments in securities

When there are no facts or positions for the operations, and the price is determined through the movement of the price of similar instruments, the price of the previous period is considered, there is no market information on the instrument, no fact is presented for the amount minimum required, some theoretical adjustment is made to the surcharge or the instrument changes range, it is considered that there is a transfer to level 2 of the hierarchy.

Derivative financial instruments

In the case of derivatives, the prices of derivatives quoted on derivatives exchanges through clearing houses are considered as level 1 of the hierarchy. Therefore, if there is no information in the market and the price is estimated or the last observable price is taken, the transfer to level 2 of the fair value hierarchy will be recognized.

During the fiscal year to December 31, 2023 and 2022, no transfers were made between Level 1 and Level 2 of the fair value hierarchy within the assets and liabilities held by the Financial Group.

- **Description of valuation techniques for assets and liabilities classified as level 3**

As of December 31, 2023, the Financial Group maintains investments in financial instruments classified as collect and sell, negotiable financial instruments and derivative financial instruments classified as level 3, whose valuation techniques are described below:

Investments in securities

The recorded fair value of investments in financial instruments and their fair value hierarchy is obtained from the vector of prices of the Integral Price Provider (PiP). The valuation techniques used for those instruments classified as level 3 of the fair value hierarchy are as follows:

- Net present value: the flows are projected based on the characteristics of the instrument, discounting them with a market discount rate.
- Last observable price: if there is no price on the valuation date, the last price issued will be maintained until there is a publication by an independent appraiser, a corporate event or a change in the information reported by the Entity.
- Price of basket of financial assets and liabilities: the net value between the Entity's financial assets and liabilities is considered, dividing the result by the number of titles issued.

- Book value: when a share has not operated or been suspended for more than 20 days, will be considered it's book value. Depending on the case, the corresponding method will be applied:

    - *Without operation:* the last price determined will be taken between the book value on the date the last price was determined, multiplied by the book value on the valuation date.
    - *Suspended:* if the Entity delivered its financial information in the last 4 quarters, a percentage of the book value will be taken based on the time that the shares have been suspended. Time will be considered in quarters, taking 75% of the value if the shares have been suspended for a quarter, 50% of the value if they have been suspended for two quarters, 25% if they have been suspended for three quarters and 10% if they have been suspended for 4 quarters. If you did not provide your financial information, there are two options: (1) if you updated your financial information, 10% of the book value will be considered as fair value of the share; (2) if you did not update your financial information, the share will be valued at one millionth (0.000001).

- Comparable multiples method: based on market information, the last transaction carried out is obtained. Said value is adjusted by means of a discount for lack of control and a discount for illiquidity, which are obtained as follows:

    - *Discount for lack of control:* first, the control premium is determined based on comparable companies, to later infer the discount for lack of control.
    - *Illiquidity discount:* comparable companies are considered, from which the ratio of the company's market value and sales in the last 12 months of each one is obtained. An average of these ratios is obtained and multiplied by the Financial Group's estimated income for the last 12 months to obtain the enterprise value. With said enterprise value, income and cash figures, said discount is obtained using the Damodaran formula.

- Value with respect to similar issues: the price of the share will be considered with another series, ordinary participation certificates or ADRs (American Depositary Recipts), in that order of priority, obtaining a fair value based on the latest facts of the instrument of reference in the market.

- Prepayment method: the auction price issued by the title is considered, obtaining a yield rate based on market rates to estimate the future flows of the bond based on payments (amortizations) made historically.

Likewise, the movements for the determination of fair value classified in level 3 as of December 31, 2023 and 2022 are disclosed:

Concepts	2023	2022
Initial balance	**Ps. 926**	**Ps. -**
Change in profit and loss recognized in the income statement	(90)	663
Change in profit and loss recognized in OCI	(177)	263
Transfers to/from Level 3	-	-
Final balance	**Ps. 659**	**Ps. 926**

35 - STOCKHOLDERS' EQUITY

The Financial Group's shareholders' common stock is comprised as follows:

Paid-in Capital	Number of shares with a nominal value of Ps. 3.50	
	2023	2022

“O” Series	2,866,416,238	2,857,100,481

Paid-in Capital	Historical Amounts	
	2023	2022
“O” Series	Ps. 10,032	Ps. 10,000
Restatement in Mexican pesos through December 2007	4,956	4,955
	Ps. 14,988	**Ps. 14,955**

Restrictions on profits

The distribution of stockholders’ equity, except restated paid-in capital and retained tax earnings, will be subject to income tax on dividends payable by the Financial Group at the effective rate. Any tax paid on such distribution may be credited against that year’s income tax paid on dividends and the two immediate fiscal years following such payment, charged against that year’s tax and the provisional payments made.

The dividends paid derived from the profits generated as of January 1, 2014 to individuals residing in Mexico and abroad are subject to additional 10% ISR which will be withheld by the Financial Group.

The following are prior years’ results that may be subject to withheld ISR for up to 10% on the paid-out dividends:

Year	Amount that may be subject to withholding	Amount not subject to withholding
Retained earnings until December 2013	Ps. -	Ps. 39,303
Net income 2014	50,407	-
Net income 2015	62,860	-
Net income 2016	68,492	-
Net income 2017	71,294	-
Net income 2018	76,550	-
Net income 2019	90,084	-
Net income 2020	118,773	-
Net income 2021	130,076	-
Net income 2022	145,218	-
Net income 2023	155,928	-

As of December 31, 2023 and 2022 the stockholders’ equity tax account balances are as follows:

	2023	2022
Capital contribution account	Ps. 102,533	Ps. 97,595
CUFIN as of 2014	44,653	41,369
Total	**Ps. 147,186**	**Ps. 138,964**

The Financial Group’s net profit is subject to the requirement of transferring at least 5% of each year’s net income to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may not be distributed to the stockholders during the life of the Financial Group, except in the form of a stock dividend. As of December 31, 2023 and 2022, the legal reserve is Ps. 3,000 and represents 20% of paid-in capital.

Share-based payments

The Financial Group grants stock options to key officers through different payment schemes based on stocks. The Financial Group has established trusts to manage the plans and contributes the necessary funds so that shares can be purchased directly from the market at the initiation of each plan.

The Financial Group records its stock option plans according to the guidelines of MFRS D-8, “Share-based payments”. The compensation expense is recorded at fair value as of the date the stock options are granted. The MFRS D-8 guidelines stipulate that the fair value determined at the beginning is not revalued at a later date.

During 2023 and 2022, the Financial Group recorded Ps. 1,011 and Ps. 799 in Non-interest expense compensation for share-based payments against the paid-in capital, respectively.

As of December 31, 2023 and 2022, the shares that the holding company has assigned to its executives through the different payment plans with shares that it has structured and that are pending exercise are 17,040,356 and 25,382,036, respectively. The weighted average exercise price of the plans during 2023 and 2022 is Ps. 81.1441 and Ps. 81.1441 pesos per share, respectively.

During 2023 and 2022, 9,741,680 and 8,661,965 shares were operated, respectively.

Anex I-O
Disclosure of information related to capitalization
(Not audited)

Capitalization ratio (information corresponding to Banco Banorte, figures in millions of pesos)

The principal purpose of these disclosures is to meet the directives by the Central Bank of Mexico (Banxico) directives on public disclosures under the Basel III framework.

This document comprises of the bank’s capital and risk management disclosures as of December 31st 2023. During 2021, Banorte was designated as a Locally Sistemic Important Bank of II Degree, fo which it must comply with a capital buffer of 0.90 pp. With the latter, the total capital ratio has a minimum required level of 11.40%.

The bank’s total capital ratio as of December 31st 2023 was 20.69% when considering its total risk (market, credit and operational) and 29.12% when considering only credit risk, with both exceding the minimum regulatory requirements. As such, the institution has a Level I classification level regarding the total capital ratio required by CNBV.

I. Composition of Capital

Table I.1

Ref	Common Equity Tier 1 capital: instruments and reserves	Million MXN
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	23,294
2	Retained earnings	73,054
3	Accumulated other comprehensive income (and other reserves)	58,486
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6	Common Equity Tier 1 capital before regulatory adjustments	154,835
	Common Equity Tier 1 capital: regulatory adjustments	
7	Prudential valuation adjustments	N/A
8	Goodwill (net of related tax liability)	1,005
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	9,658
10 (conservative)	Deferred tax assets excluding those arising from temporary differences (net of related tax liability)	-

11	Cash flow hedge reserve	(1,993)
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	N/A
15	Defined benefit pension fund net assets (net of related tax liability)	-
16 (conservative)	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17 (conservative)	Reciprocal cross holdings in common equity	-
18 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	-
19 (conservative)	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	2,438
20 (conservative)	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	N/A
23	of which: significant investments in the common stock of financials	N/A
24	of which: mortgage servicing rights	N/A
25	of which: deferred tax assets arising from temporary differences	N/A
26	Derogated	
A	of which: Accumulated other comprehensive income (and other reserves)	(191)
B	of which: Investments in subordinated debt	-
C	of which: Securitisation gain on sale	-
D	of which: Investments in multilateral organizations	-
E	of which: Investments in related parties	-
F	of which: Investments in capital risk	-
G	of which: Investments in fund investments	-
H	of which: Own shares acquisition funding	-
I	of which: Contravening depositions operations	-
J	of which: Deferred liabilities and advances	4,361
K	of which: First loss positions	-
L	of which: Deferred profit sharing	-
M	of which: Relevant related parties	-
N	of which: Defined benefit pension fund net assets	-
O	Derogated	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common Equity Tier 1	15,538
29	Common Equity Tier 1 capital (CET1)	139,297
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	54,293

31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	N/A
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
35	of which: instruments issued by subsidiaries subject to phase out	N/A
36	Additional Tier 1 capital before regulatory adjustments	54,293
	Additional Tier 1 capital: regulatory adjustments	
37 (conservative)	Investments in own Additional Tier 1 instruments	N/A
38 (conservative)	Reciprocal cross holdings in Additional Tier 1 instruments	N/A
39 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	N/A
40 (conservative)	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
41	Other deductions from Tier 1 capital	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	N/A
43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	54,293
45	Tier 1 capital (T1 = CET1 + AT1)	193,590
	Tier 2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,380
47	Directly issued capital instruments subject to phase out from Tier 2	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	N/A
49	of which: instruments issued by subsidiaries subject to phase out	N/A
50	Provisions	849
51	Tier 2 capital before regulatory adjustments	2,229
	Tier 2 capital: regulatory adjustments	
52 (conservative)	Investments in own Tier 2 instruments	N/A
53 (conservative)	Reciprocal cross holdings in Tier 2 instruments	N/A
54 (conservative)	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	N/A
55 (conservative)	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	N/A
56	Other deductions from Tier 2 capital	-
57	Total regulatory adjustments to Tier 2 capital	-

58	Tier 2 capital (T2)	2,229
59	Total capital (TC = T1 + T2)	195,819
60	Total risk-weighted assets	946,593
	Capital ratios	
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	14.71%
62	Tier 1 (as percentage of risk-weighted assets)	20.45%
63	Total capital (as percentage of risk-weighted assets)	20.69%
64	Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer requirement plus DSIB buffer requirement expressed as a percentage of risk-weighted assets)	7%
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	0.0001%
67	of which: G-SIB buffer requirement	0.90%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	6.81%
	National minima (where different from Basel III)	
69	Common Equity Tier 1 minimum ratio	N/A
70	Tier 1 minimum ratio	N/A
71	Total capital minimum ratio	N/A
	Amounts below the thresholds for deduction (before risk weighting)	
72	Non-significant investments in the capital of other financials	N/A
73	Significant investments in the common stock of financials	N/A
74	Mortgage servicing rights (net of related tax liability)	N/A
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2,751
	Applicable caps on the inclusion of provisions in Tier 2	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	779
77	Cap on inclusion of provisions in Tier 2 under standardised approach	5,117
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	70
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	1,802
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
80	Current cap on CET1 instruments subject to phase out arrangements	N/A
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

II. Reconciliation of Regulatory Capital

Table II.1

Balance Sheet

Reference	Balance Sheet	Million MXN
	Assets	**1,686,667**
BG1	Cash and due from banks	97,911
BG2	Margin accounts	4,918
BG3	Investment in securities	391,899
BG4	Debtor balance in repo trans, net	83,103
BG5	Securities lending	-
BG6	Transactions with derivatives	33,233
BG7	Valuation adjustments for asset coverage	-
BG8	Net loan portfolio	977,304
BG9	Benef. receivab. securization transactions	4,388
BG10	Sundry debtors & other accs rec, net	37,467
BG11	Foreclosed assets, net	4,792
BG12	Real estate, furniture & equipment, net	25,374
BG13	Investment in subsidiaries	3,411
BG14	Long-term assets held for sale	-
BG15	Deferred taxes, net	-
BG16	Other assets	22,867
	Liabilities	**1,532,023**
BG17	Deposits	1,072,144
BG18	Due to banks & correspondents	10,109
BG19	Creditor balance in repo trans, net	208,662
BG20	Securities' loans	-
BG21	Total collateral sold	83,098
BG22	Transactions with Derivatives	23,748
BG23	Valuation adjustments for financial liability coverage	-
BG24	Obligations in securitization transactions	-
BG25	Other Payable Accounts	64,396
BG26	Subordinated non convertible debt	55,421
BG27	Deferred taxes, net	13,308
BG28	Deferred credits	1,137
	Equity	**154,644**
BG29	Paid-in capital	23,294
BG30	Earned capital	131,349
	Memorandum Accounts	**2,269,140**
BG31	Endorsement guarantees granted	-
BG32	Contingent assets & liabilites	29
BG33	Loan obligations	399,063
BG34	Properties in trusts and warrant	312,660
BG35	Government secs of the corp under custody	-
BG36	Properties in custody or management	658,836
BG37	Collateral received	215,655
BG38	Collateral received or sold	83,105

BG39	Investment banking transactions for third parties, net	-
BG40	Uncollected accrued interest from past due loans	391
BG41	Miscellaneous accounts	599,401

Table II.2

Net Capital Components

Id	Net Capital Components	Section I Reference	Amount	Reference and amount in balance sheet
	Activo			
1	Goodwill	8	1,005	BG16: 1,005 (Goodwill)
2	Other Intangibles	9	9,568	BG16: 9,568 (Other Intangibles)
3	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	10	-	
4	Securitisation gain on sale	13	-	BG9: 0 (Securitisation gain on sale)
5	Defined benefit pension fund net assets (net of related tax liability)	15	-	
6	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	16	-	
7	Reciprocal cross holdings in common equity	17	-	
8	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	18	-	
9	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	18	-	
10	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	19	-	
11	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	19	2,438	BG13: 2,438 (Investment in subsidiaries)
12	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	21	N/A	
13	Provisions	50	849	BG16: 849 (Provisions)
14	Investments in subordinated debt	26 - B	-	
15	Investments in multilateral organizations	26 - D	-	

16	Investments in related parties	26 - E	-	
17	Investments in capital risk	26 - F	-	
18	Investments in fund investments	26 - G	-	
19	Own shares acquisition funding	26 - H	-	
20	Deferred liabilities and advances	26 - J	-	
21	Deferred profit sharing	26 - L	-	
22	Defined benefit pension fund net assets	26 - N	-	
23	Investments in clearing houses	26 - P	-	
	Liability			
24	Goodwill (net of related tax liability)	8	1,005	BG16: 1,005 (Goodwill)
25	Other intangibles other than mortgage-servicing rights (net of related tax liability)	9	9,658	BG16: 9,658 (Other Intangibles)
26	Defined benefit pension fund net assets (net of related tax liability)	15	-	
27	Defined benefit pension fund net assets (net of related tax liability)	15	-	
28	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	21	-	
29	of which: classified as equity under applicable accounting standards	31	-	
30	Directly issued capital instruments subject to phase out from Additional Tier 1	33	-	
31	Directly issued qualifying Tier 2 instruments plus related stock surplus	46	-	
32	Directly issued capital instruments subject to phase out from Tier 2	47	-	BG26: - (Subordinated non convertible debt)
33	of which: Deferred liabilities and advances	26 - J	-	
	Equity			
34	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	1	23,294	BG29; 23,294 (Paid- in capital)
35	Retained earnings	2	73,054	BG30; 73,054 (Earned Capital)
36	Accumulated other comprehensive income (and other reserves)	3	183	BG30; 183 (Earned Capital)
37	Other earned capital elements	3	58,303	BG30; 58,303 (Earned capital)
38	Classified as equity under applicable accounting standards	31	-	
39	Classified as equity under applicable accounting standards	46	-	
40	Cash flow hedge reserve	3, 11	183	BG30; 183 (Earned capital)
41	Prudential valuation adjustments	3, 26 - A	-	BG30; 0 (Earned Capital)
42	Accumulated other comprehensive income (and other reserves)	3, 26 - A	-	
	Memorandum Accounts			

43	First loss positions	26 - K	-	
	Regulatory concepts not considered in balance sheet			
44	Shortfall of provisions to expected losses	12	-	
45	Securitisation gain on sale	26 - C	-	
46	Contravening depositions operations	26 - I	-	
47	Relevant related parties	26 - M	-	
48	Derogated	26 - O, 41, 56	-	

III. Total Risk Weighted Assets

Table III.1

Market Risk Exposures

Concept	Exposures	Capital Requirement
Domestic currency with nominal interest rate operations	113,076	9,046
Domestic currency with variable interest rate operations	7,831	626
Domestic currency with UDI's based rate operations	1,311	105
Domestic currency with SMG based rate operations	-	-
UDI's exposures	13	1
SMG exposures	-	-
Foreign currency nominal interest rate operations	16,871	1,350
FX exposures	6,669	534
Equity exposures	4,094	328
Merchandise exposures	-	-

Table III.2

Credit Risk Weighted Assets by Group

Concept	RWA	Capital Requirement
Group I0A (0%)	-	-
Group I0A (10%)	-	-
Group I0A (20%)	-	-
Group I0B (20%)	760	61
Group II (100%)	-	-
Group III (20%)	21,985	1,759
Group III (23%)	-	-
Group III (50%)	449	36

Group III (57.5%)	16,640	1,331
Group III (100%)	-	-
Group III (115%)	-	-
Group III (120%)	-	-
Group III (138%)	98	8
Group III (150%)	-	-
Group III (172.5%)	-	-
Group IV (0%)	9,218	737
Group IV (20%)	-	-
Group V (10%)	14,832	1,187
Group V (20%)	4,355	348
Group V (50%)	366	29
Group V (115%)	18,776	1,502
Group V (150%)	29,685	2,375
Group VI (20%)	38,419	3,074
Group VI (50%)	95,572	7,646
Group VI (75%)	154,089	12,327
Group VI (100%)	-	-
Group VI (120%)	-	-
Group VI (150%)	-	-
Group VI (172.5%)	-	-
Group VII_A (10%)	-	-
Group VII_A (11.5%)	5,353	428
Group VII_A (20%)	-	-
Group VII_A (23%)	22	2
Group VII_A (50%)	-	-

Group VII_A (57.5%)	85,977	6,878
Group VII_A (100%)	-	-
Group VII_A (115%)	-	-
Group VII_A (120%)	-	-
Group VII_A (138%)	1	0
Group VII_A (150%)	-	-
Group VII_A (172.5%)	-	-
Group VII_B (0%)	7,700	616
Group VII_B (20%)	-	-
Group VII_B (23%)	918	73
Group VII_B (50%)	-	-
Group VII_B (57.5%)	84,757	6,781
Group VII_B (100%)	-	-
Group VII_B (115%)	-	-
Group VII_B (120%)	-	-
Group VII_B (138%)	-	-
Group VII_B (150%)	-	-
Group VII_B (172.5%)	3,110	249
Group VIII (115%)	1,884	151
Group VIII (150%)	62,353	4,988
Group IX (10%)	-	-
Group IX (50%)	-	-
Group IX (100%)	14,142	1,131
Group IX (115%)	46	4
Group X (1250%)	638	51
Securitisations (20%)	-	-

Securitisations (50%)	105	8
Securitisations (100%)	-	-
Securitisations (350%)	-	-
Securitisations (1250%)	-	-
Securitisations (40%)	-	-
Securitisations (100%)	-	-
Securitisations (225%)	-	-
Securitisations (650%)	-	-
Securitisations (1250%)	-	-

Table III.3

Operational Risk Weighted Assets

Approach	RWA	Capital Requirement
Business Indicator Method	123,734	9,899

Market and credit risk requirements average from past 36 months	Annual positive earnings average from past 36 months
62,425	84,154

IV. Main features of regulatory capital instruments

Ref	Feature	D2 BANOA99 999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP1401KAA99
3	Governing law(s) of the instrument	NewYork
Regulatory treatment		
4	Transitional Basel III rules	Additional Tier 1 Capital
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$500,000,000 (five hundread million USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar

10	Accounting classification	Liability at amortized cost
11	Original date of issuance	24/11/2021
12	Perpetual or dated	Dated
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Any time before maturity date
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOE91 999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.

2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP14008AE91
3	Governing law(s) of the instrument	New York
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$550,000,000 (Five hundred fifty tmillion USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	04/10/2017
12	Perpetual or dated	Dated
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Any time before maturity date
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A

33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOC36 311004
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP14008AC36
3	Governing law(s) of the instrument	New York
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2 Capital
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$500,000,000 (Five hundred million USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	04/10/2016
12	Perpetual or dated	Dated
13	Original maturity date	04/10/2031
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Any time before maturity date
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary

21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%.
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOA64 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP1400MAA64
3	Governing law(s) of the instrument	New York
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$600,000,000 (Six hundred million USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	27/06/2019
12	Perpetual or dated	Dated
13	Original maturity date	Perpetual

14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	27/09/2024
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%.
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOB48 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP1400MAB48
3	Governing law(s) of the instrument	New York
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1

5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$500,000,000 (Five hundred million USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	27/06/2019
12	Perpetual or dated	Dated
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	27/06/2029
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%.
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt

36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOC21 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP1400MAC21
3	Governing law(s) of the instrument	New York
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$500,000,000 (Five hundred million USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	14/07/2020
12	Perpetual or dated	Dated
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	01/07/2030
15A	Regulatory or fiscal events	Yes
15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible

28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Si
31	If write-down, write-down trigger(s)	Si
32	If write-down, full or partial	7%.
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

Ref	Feature	D2 BANOB72 0999999
1	Issuer	Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Group Financiero Banorte.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	USP1401KAB72
3	Governing law(s) of the instrument	New York
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/group/group&solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	U.S.$550,000,000 (Five hundred and fifty million USD)
9	Par value of instrument	U.S. $1,000.00 (One thousand USD)
9A	Currency of instrument	USD Dollar
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	24/11/2021
12	Perpetual or dated	Dated
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	24/01/2027
15A	Regulatory or fiscal events	Yes

15B	Liquidation price in advance	Nominal value plus coupons to the advance date
16	Subsequent call dates, if applicable	Any time before maturity date
Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	IRUSD0Libor
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	Non-convertible
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Yes
32	If write-down, full or partial	7%.
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non preferred subordinated debt
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	30 day default coupon, default on maturity date, bankrupcy

V. Capital Management

According to current regulations and the CNBV requirements, Banorte is currently developing its Sufficient Capital Evaluation process, which will consider inherent risks the bank is exposed to. As well as its main vulnerabilities in order to test the bank solvency through financial proyections with negative macroeconomic scenarios.

Additionally, a weekly analysis of all risk exposures is conducted in order to manage capital requirements and plan specific strategies to minimize it.

VI. Weighting factors involved in countercyclical buffer

Bank's countercyclical buffer requirement
64.79 millions

Country	Factor

Germany	0.00%
Saudi Arabia	0.00%
Argentina	0.00%
Belgium	0.00%
Brazil	0.00%
Canada	0.00%
China	0.00%
Spain	0.00%
USA	0.00%
France	0.00%
Netherlands	0.00%
Hong Kong	0.00%
India	1.25%
Indonesia	0.00%
Italy	0.00%
Japan	0.00%
South Korea	0.00%
Luxembourg	0.00%
Mexico	0.00%
United Kingdom	0.00%
Russia	0.00%
Singapour	0.00%
South Africa	0.00%
Sweden	0.00%
Switzerland	2.00%
Turkey	0.00%
Others	0.00%

VII. Main indicators related to the Total Loss-Absorbing Capacity for Locally Sistemic Important Bank.

Table VII.1

Reference	Concept	a	b	c	d	e
		T	T-1	T-2	T-3	T-4
1	Total Loss Absorbing Capacity (TLAC) available	15,762	15,761	15,129	14,765	
1a	N/A					
2	Total RWA at the level of the resolution group	946,593	905,334	913,329	908,585	
3	TLAC as a percentage of RWA (row1/row2) (%)	1.67%	1.74%	1.66%	1.63%	
3a	N/A					
4	Leverage exposure measure at the level of the resolution group	1,681,264	1,681,192	1,613,813	1,554,022	
5	TLAC as a percentage of leverage exposure measure (row1/row4)					

	(%)	0.94%	0.94%	0.94%	0.95%	
5a	N/A					
6a	As part of the TLAC, are there any capital instruments thata are at the same payment level (i.e., pari passu), in relation to instruments that are excluded to be converted into ordinary shares or on whose amount would the remission or forgiveness of the debt and its accessories operate in favor of the institution, in a resolution process?	NO	NO	NO	NO	
6b	As part of the TLAC, are there any capital instruments thata are at the same payment level (i.e., pari passu), in relation to instruments that as of the local regulation are excluded from being converted into ordinary shares or on the amount of which the remission or forgiveness of the debt and its accessories would operate in favor of the institution, in a resolution process?	NO	NO	NO	NO	
6c	If the assumption contained in row 6b is updated, what is the share (%) of the amount of capital instruments considered in the supplement to net capital, in relation to the amount of capital instruments issued that they comply with the priority of payments?	No aplica	No aplica	No aplica	No aplica	

Table VII.2.1

		Ammounts
	Elements of the Total Loss-Absorbing Capacity and adjustments	
1	Common Equity Tier 1 capital (CET1)	139,297
2	Additional Tier 1 capital (AT1) before TLAC adjutments	54,293
3	Additional Tier 1 capital (AT1) not elegible for TLAC, issued by the institution held by a third party	-
4	Other adjustments	-
5	Additional Tier 1 instruments eligible for TLAC	54,293
6	Tier 2 capital before TLAC regulatory adjustments	2,229
7	Part of the amortized Tier 2 capital instruments where remining maturity is above 1 year.	-
8	Tier 2 capital not elegible for TLAC, issued by the institution held by a third party	-
9	Other adjustments	849
10	Tier 2 instruments eligible for TLAC	1,380
11	TLAC	194,970
	Non regulatory Elements of the Total Loss-Absorbing Capacity	
12	External TLAC elements issued by the bank and subordinated to exclusded liabilities.	-
13	External TLAC instruments issued by the bank and not subordinated to exclusded liabilities, but that comply with all the requirements of the TLAC term sheet.	-
14	Of which: ammount elegible for TLAC after the application of supervisory limits	-
15	External TLAC instruments issued by financial vehicles before January 1st 2022.	-

16	Ex ante commitments to recapitalize a locally systemic important institution in resolution.	-
17	TLAC from non regulatory capital instruments before adjustments	-
	Non regulatory Elements of the Total Loss-Absorbing Capacity: Adjustments	
18	TLAC before deductions	194,970
19	Exposure deductions belonging to accounts eligible for TLAC (not applicable for locally systemic important bank with only one point of entry).	-
20	Deductions of investments in other liabilities eligible for TLAC	-
21	Other adjustments	-
22	TLAC after deductions	194,970
	Risk Weighted Assets and Exposure to Leverage for TLAC effects	
23	Total Risk Weighted Assets (TRWA) as the amount registere in line 60 of Table I.1 of the current appendix, adjusted as allowed under TLAC.	946,593
24	Total exposures related to the Leverage Ratio as line 21 of Table I.1 of Appendix 1-O Bis of the local regulation.	1,681,264
	TLAC and suppments	
25	TLAC (as percentage of TRWA as the amount registere in line 60 of Table I.1 of the current appendix, adjusted as allowed under TLAC.)	20.60%
26	TLAC (as percentage Total exposures related to the Leverage Ratio)	11.60%
27	CET1 (as percentage of TRWA) available after minimum capital and TLAC requiriements.	7.78%
28	Specific capital buffer requriments for the bank (capital conservation buffer, contraciclical capital buffer and TLAC as percentage of TRWA)	4.17%
29	Of which: capital conservation buffer.	2.5%
30	Of which: contraciclical capital buffer	0%
31	Of which: TLAC	1.67%

Annex 1-O Bis (millions of pesos)

LEVERAGE RATIO DISCLOSURE REQUIREMENTS

V. **Integration of the principal sources of Leverage**

TABLE I.1

LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE		
REFERENCE	**CONCEPT**	**AMOUNT**
	On-Balance Sheet Exposure	
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	1,570,330
2	(Asset amounts deducted in determining Tier 1 capital)	(15,532)
3	Total on-balance sheet exposures (excluding derivatives and SFTs, sums of lines 1 & 2)	1,554,798
	Derivatives Exposures	
4	Replacement cost associated with all derivative transactions (net of admissible cash variation margins)	10,081
5	Add-on amounts for potential future exposure associated with all derivative transactions	15,386

6	Increment for collaterals paid on derivative operations when such operations are written down from the balance according to the operative accounting standards.	Does Not Apply
7	(Deductions to the accounts receivables for cash variation margins on derivatives operations)	(12,34)8
8	(Exempted central counterparty-leg of client cleared trade exposures)	Does Not Apply
9	Adjusted effective notional amount of written credit derivatives	Does Not Apply
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	Does Not Apply
11	Total derivative exposures (sum of lines 4 to 10)	13,119
Securities financing transaction exposures		
12	Gross SFT assets recognized for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	83,103
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(48,755)
14	Counterparty credit risk (CCR) exposure for SFTs	14,561
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	48,909
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	399,062
18	(Adjustments for conversion to credit equivalent amounts)	(334,620)
19	Off-balance sheet items (sum of lines 17 and 18)	64,442
Capital and Total Exposures		
20	Tier 1 capital	193,589
21	Total Exposures (sum of lines 3, 11, 16 and 19)	1,681,629
Leverage Ratio		
22	Basel III leverage ratio	**11.51%**

TABLE I.2
NOTES TO LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

REFERENCE	NOTES
1	On-balance sheet assets (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral).
2	Deductions from Basel III Tier 1 capital determined by paragraphs b) to r) of fraction I from Article 2 BIS 6 of the local regulation. Reported as a negative amount
3	Sum os lines 1 and 2
4	Replacement cost (RC) associated with all derivative transactions, according to annex 1-L of the local regulation, minus the partial cash liquidation (cash variation margin) received
5	Add-on amount for all derivatives exposure according to annex 1-L of the local regulation, on derivatives operations
6	Does not apply. Local accounting standards do not allow for written down assets handed as collateral
7	Cash variation margin handed on derivatives operations that comply with line 4 to deduct from the received cash variation margins. Reported as a negative amount.

8	Does not apply. Exempted trade exposures associated with the central counterparty-leg of derivative transactions resulting from client cleared transactions. Reported as a negative amount.
9	Does not apply. Adjusted effective notional amount (i.e. the effective notional amount reduced by any negative change in fair value) for written credit derivatives with 100 per cent coverage of the collateralized amount of the operation. This amount is included in line 5.
10	Does not apply. Adjusted effective notional offsets of written credit derivatives and deducted add-on amounts relating to written credit derivatives, reported as negative amounts. This amount is included in line 5
11	Sum of lines 4 to 10
12	Gross SFT assets recognized for accounting purposes with no recognition of any netting other than novation with qualifying central counterparties (QCCPs).
13	Cash payables and cash receivables of Gross SFT assets netted, reported as negative amounts.
14	Measure of counterparty credit risk for SFTs
15	Agent transaction exposure amount
16	Sum of lines 12 to 15
17	Total off-balance sheet exposure amounts on a gross notional basis, before any adjustment for credit conversion factors.
18	Reduction in gross amount of off-balance sheet exposures due to the application of credit conversion factors, with a minimum conversion factor por 10% (for those operations with a conversion factor of 0%). Reported as a negative amount.
19	Sum of lines 17 & 18
20	Tier 1 Capital as of local regulations
21	Sum of lines 3, 11, 16 & 19
22	Basel III leverage ratio as line 20 divided by line 21

VI. Comparison and total assets and leverage ratio exposure

TABLE II.1

COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

REFERENCE	CONCEPT	AMOUNT
1	Total Assets	1,686,666
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(15,532)
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	Does not Apply
4	Adjustments for derivative financial instruments	(20,114)
5	Adjustment for securities financing transactions (i.e. repo assets and similar secured lending) [1]	(34,192)

6	Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)	64,441
7	Other adjustments	-
8	Leverage Ratio Exposure Measure	1,681,269

[1] Of which the value of the operation is the market value of the operation and generally are subject to margin agreements.

TABLA II.2

NOTES TO COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

REFERENCE	DESCRIPTION
1	Total accounting assets without consolidation with subsidiaries
2	Tier 1 capital deductions as of paragraphs b), d), e), f), g), h), i), j) & l) of fraction I from article 2 bis 6 of the local regulations. Reported as a negative amount
3	Does not apply. The corresponding use does not include consolidation with subsidiaries.
4	Should show adjustments related to any fiduciary assets recognised on the balance sheet pursuant to the institution's operative accounting framework but excluded from the leverage ratio exposure measure
5	Amount reported in line 16 of Table I.1 and the amount shown for repo and other such transactions in the balance sheet.
6	Amount reported in line 19 of Table I.1. Reported as a positive value
7	Tier 1 capital deductions as of paragraphs b c), k), m), n), p), q) & r) of fraction I from article 2 bis 6 of the local regulations. Reported as a negative amount
8	Sum of lines 1 to 7. Should match line 21 of Table I.1

VII. Conciliation between total assets and on balance sheet exposure

TABLA III.1

CONCILIATION BETWEEN TOTAL ASSETS AND ON BALANCE SHEET EXPOSURE

REFERENCE	CONCEPT	AMOUNT
1	Total assets	1,686,666
2	Derivate operations	(33,233)
3	Adjustment for securities financing transactions (i.e. repo assets and similar secured lending)	(80,102)
4	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	Does not Apply
5	On Balance Sheet Exposures	1,570,331

TABLA III.2

NOTES TO CONCILIATION BETWEEN TOTAL ASSETS AND ON BALANCE SHEET EXPOSURE

REFERENCE	DESCRIPTION
1	Total accounting assets without consolidation with subsidiaries
2	Amount of derivatives operations presented in the last financial statement. Reported as a negative amount.
3	Amount of securities financing transactions presented in the last financial statement. Reported as a negative amount.
4	Does not apply. The corresponding use does not include consolidation with subsidiaries.
5	Sum of lines 1 to 4, which must match line 1 of Table I.1

VIII. Main changes in the leverage ratio elements

TABLE IV.1

MAIN CHANGES IN THE LEVERAGE RATIO ELEMENTS.

CONCEPT / QUARTER	SEPTEMBER '23	DECEMBER '23	CHANGE (%)
Tier 1 Capital	197,708	193,590	(2.083%)
Total Exposures	1,681,192	1,681,270	0.005%
Basel III Leverage Ratio	12.76%	11.51%	(2.088%)

ANNEX 1-O BIS 1 BANORTE (million pesos)

GENERAL QUALITATIVE INFORMATION ON A BANK´S OPERATIONAL RISK FRAMEWORK

Report december 2023

TEMPLATE I

MINIMUM REQUIRED OPERATIONAL RISK CAPITAL

Reference	Description	a
1	Business Indicator Component (BIC)	8,705.05
2	Internal Loss Multiplier (ILM)	1.14
3	Operational Risk Capital Requirements	9,898.73
4	Minimum required operational risk capital	123,734.16

TEMPLATE II

BUSINESS INDICATOR AND SUBCOMPONENTS

Reference	BI and subcomponents	a	b	c
		j=3	j=2	j=1
1	**Interest, Leases and Dividend Component (ILDC)**	28,387.22		
1a	Interest and lease income	191,477.55	137,956.04	103,695.79
1b	Interest and lease expense	91,594.77	52,580.00	36,493.90
1c	Interest earning assets	1,260,938.71		
1d	Dividend income	16.51	17.14	14.63
2	**Dividend Income (DI)**	30,923.86		
2a	Fee and commission income	33,135.04	29,718.72	24,724.44
2b	Fee and commission expense	16,347.77	13,778.68	11,072.93
2c	Other operating income	1,813.50	1,547.67	1,832.22
2d	Other operating expense	1,309.73	1,458.83	886.40
3	**Financial Component (FC)**	4,309.69		
3a	Net P&L on the trading book	6,815.83	3,899.37	2,213.89
4	**Business Indicator (BI)**	63,620.77		
5	**Business Indicator Component (BIC)**	8,705.05		

TEMPLATE III

HISTORICAL LOSSES

Ref	Description	a	b	c	d	e	f	g	h	i	j	k
		j=10	j=9	j=8	j=7	j=6	j=5	j=4	j=3	j=2	j=1	Ten-year average
A.	**Pérdidas**											
1	Total amount of operational losses net of recoveries (no exclusions)	664,921.71	731,360.11	907,231.23	875,766.27	1,355,984.29	1,781,140.37	984,021.41	596,122.94	389,681.95	547,633.69	883,386.40
2	Total number of operational risk losses	262,763	190,144	204,183	240,949	233,841	233,334	150,737	74,159	45,414	42,207	167,773
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-

4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	664,921.71	731,360.11	907,231.23	875,766.27	1,355,984.29	1,781,140.37	984,021.41	596,122.94	389,681.95	547,633.69	883,386.40
B. Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	Yes										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	Not applicable										

36 - FOREIGN CURRENCY POSITION

As of December 31, 2023 and 2022, the Financial Group holds certain assets and liabilities in foreign currency, mainly US dollars, converted to the exchange rate issued by Banco de México Ps. 16.9666 and Ps. 19.5089, respectively, per USD 1.00, as shown below:

	Thousands of US dollars	
	2023	**2022**
Assets	22,125,813	18,921,743
Liabilities	22,020,124	18,909,659
Net liability position in US dollars	**105,689**	**12,084**
Net liability position in Mexican pesos	**Ps. 1,793**	**Ps. 236**

37 - POSITION IN UDIS

As of December 31, 2023 and 2022, the Financial Group holds certain assets and liabilities denominated in UDIS, converted to Mexican pesos based on the current conversion factor of Ps. 7.981602 and Ps 7.646804, respectively, per UDI, as shown below:

	Thousands of UDIS	
	2023	**2022**
Assets	814,763	1,178,283
Liabilities	762,044	760,217
Net asset position in UDIS	**52,719**	**418,066**
Net asset position in Mexican pesos	**Ps. 421**	**Ps. 3,197**

38 - EARNINGS PER SHARE

Earnings per share are the result of dividing the net income by the weighted average of the Financial Group's shares in circulation during the year.

Earnings per share for the years ended December 31, 2023 and 2022 are shown below:

	2023			2022
	Net Income	Weighted share average	Earnings per share	Earnings per share
Net income per share	Ps. 52,418	2,862,677,033	Ps. 18.3109	Ps. 16.1115

39 - RISK MANAGEMENT (unaudited)

Authorized bodies

For proper Risk management, the Board of Directors established since 1997 the Risk Policy Committee (CPR) to manage the risk that the Financial Group is exposed to as well as to monitor the performance of operations and that it sticks to the objectives, policies and procedures for risk management.

In addition, the CPR monitors the overall limits of risk exposure approved by the Board of Directors, in addition to approving specific risk limits for exposure to different types of risk.

The CPR is integrated with proprietary members of the Board, the CEO, the Directors of the entities, Risk Management and Audit, this last one participates with voice but no vote.

For the adequate performance of its objective, the CPR plays, among others, the following functions:

1. Propose for approval by the Board:

• The objectives, guidelines and policies for overall risk management.
• The global limits for risk exposure.
• The mechanisms for the implementation of corrective actions.
• The cases or special circumstances which may exceed the overall limits as much as the specifics.

2. Approve and review at least once a year:

• Specific limits for discretionary risks and the risk tolerance levels for non-discretionary.
• The methodology and procedures to identify, measure, monitor, limit, control, report and disclose various types of risk to which the Financial Group is exposed to.
• The models, parameters and settings used to carry out the valuation, measurement and control of risks proposed by the unit for comprehensive risk management.

3. Approve:

• The methodologies for the identification, valuation, measurement and control of risks of new business, products and services that the holding intends to offer to the market.
• The corrective actions proposed by the drive for comprehensive risk management.
• Manuals for comprehensive risk management.
• The technical evaluation aspects of risk management.

4. Appoint and remove the unit responsible for overall risk management, it is ratified by the Board.

5. Report to the Board at least quarterly, the risk exposure and its possible negative effects and follow-up to the limits and tolerance levels.

6. Report to the Board on corrective actions taken.

40 - COMPREHENSIVE RISK MANAGEMENT UNIT (UAIR) (unaudited)

Risk management at GFNorte is a key element for determining and implementing the Group's strategic planning. The Group's risk management and policies comply with regulations and market's best practices.

2. COMPREHENSIVE RISK MANAGEMENT FRAMEWORK

A Comprehensive Risk Management Framework, consisting of objectives, guidelines, policies, and procedures, has the following main objectives:

- Provide clear rules to the different business areas, which help minimize risk and ensure compliance with the parameters established and approved by the Board of Directors and the Risk Policies Committee (CPR by its acronym in Spanish).
- Establish mechanisms to monitor risk-taking throughout GFNorte, through the use of robust systems and processes.
- Verify the observance of Risk Appetite.
- Estimate and control GFNorte's capital, under base and stressed scenarios, aiming to provide coverage for unexpected losses from market movements, credit bankruptcies, and operational risks.
- Implement identification, valuation, and management models for different types of risks.
- Establish procedures for portfolio's optimization and credit portfolio management.
- Update and monitor the Contingency Plan to restore capital and liquidity levels in case of adverse events.

1.1. Risk Management – Structure and Corporate Governance

Regarding the structure and organization for a comprehensive Risk Management, the Board of Directors is responsible for authorizing policies and overall strategies such as:

- GFNorte's Risk Appetite.
- Comprehensive Risk Management Framework.
- Risk exposure limits, risk tolerance levels, and mechanisms for corrective actions.
- Contingency Plan and the Contingency Funding Plan.
- The outcome of the internal and regulatory capital adequacy scenarios.

The Board of Directors designates the Risk Policy Committee (CPR by its acronym in Spanish) as accountable for managing the risks to which GFNorte is exposed to, in order to ensure operations compliance with the objectives, policies and procedures established by Risk Management.

The CPR also monitors the overall limits of risk exposure approved by the Board of Directors, in addition to approving specific limits of exposure to different types of risk.

The CPR is composed of members and deputies of the Board, the CEO, the Managing Directors of the Group's Entities, the Risk and Credit Managing Director, and the Audit Managing Director (CAE). The latter participates with voice but no vote.

Moreover, the Assets and Liabilities Committee (ALCO) and the Capital and Liquidity Group, analyze, monitor, and establish the guidelines regarding interest rate risks in the balance sheet, the financial margin, liquidity, and net capital of the Institution.

The Unit for the Comprehensive Risk Management (UAIR by its acronym in Spanish) supervises the Risk Management and Credit Department (DGARC by its acronym in Spanish), and among its functions, is responsible for identifying, measuring, monitoring, limiting, controlling, reporting, and disclosing the different types of risk to which the GFNorte is exposed to.

The DGARC reports to the CPR, in compliance with regulation regarding its independence from the Business areas.

1.2. Main and emerging risks

The Comprehensive Risk Management Framework includes strategies to identify and regulate the main and emerging risks that pose as a potential threat to the business, clients, collaborators, and to GFNorte's strategy. The definition and classification of potential risks allows them to be better managed and mitigated, according to the nature of each type of risk.
GFNorte owns sound methodologies to manage quantifiable risks such as Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk and Counterparty Risk.

1. Credit Risk: revenue volatility due to constitution of provisions for impaired loans, and potential losses on borrower or counterparty defaults.

2. Market Risk: revenue volatility due to market changes, which affect the valuation of book positions for assets, liabilities, or contingent liabilities operations, such as: interest rates, spread over yields, exchange rates, price index, among others.

3. Balance and Liquidity Risk: potential loss by the impossibility of renewing liabilities or securing resources in normal conditions, and by early or forced sale of assets at unusual discounts to meet their obligations.

4. Operational Risk: loss resulting from inadequate or failed internal processes, employees, internal systems, or external events. This definition includes Technology Risk and Legal Risk. Technology Risk groups all potential losses from damage, interruption, disruption, or failures resulting from use of or reliance on hardware, software, systems, applications, networks, and any other information distribution channel, while the Legal Risk involves the potential loss caused by sanctions for noncompliance with laws as well as unfavorable administrative or judicial decisions related to GFNorte's operations.

5. Concentration Risk: potential loss by high and disproportional exposure to particular risk factors within a single category or among different risk categories.

6. Sustainability Risk: likelihood that dangerous environmental, social or governance events or conditions occur and generate adverse impacts on the institution and/or the environment and the community.

Likewise, regarding non-quantifiable risks, Risk Management's Manual in GFNorte establishes specific objectives for:

7. Reputational Risk: potential loss in the Institution's performance activities, due to an inappropriate or unethical perception of the different stakeholders, internal or external, on their solvency and viability. Likewise, the deterioration of the Institution's image due to internal or external events that go against corporate values.

8. Strategic Risk: potential loss due to failures or deficiencies in decision-making, in the implementation of procedures and actions to carry out the business model and strategies of the Institution as well as due to ignorance of the risks to which the business activity is exposed to, affecting the expected results of its strategic plan.

9. Business Risk: potential loss or impact on profitability attributable to the inherent characteristics of the business and changes in the economic cycle or market conditions in which the Institution operates.

Emerging Risks are new risks that arise from changes in economic, political, social, cultural, environmental, and even technological processes. They are characterized by a recent increase in the probability of occurrence and exposure to them, therefore, their prompt identification is necessary to be able to implement effective and timely measures. Its potential for damage or loss is not yet fully known, derived from a new or evolving hazard, which may result in significant new exposure for the Group.

1. Epidemiological Risk: The probability that a disease in a determined population escalates to the degree of epidemic or pandemic, generating adverse impacts on the Institution, financing, health, and the community. It's expressed through various epidemiological indicators whose analysis makes it possible to design preparation and response plans.

2. Risk of New Technologies: Risks associated with the implementation of new technologies that could materialize in economic losses for the institution. They arise from new vulnerabilities, technical threats, potential economic frauds, crimes against intellectual property, threats to the privacy of information, and cyberbullying, among others.

At GFNorte, the identification and tracking of new risks is a continuous task, and as a result, it strengthens and consolidates the Comprehensive Risk Management Framework, considering the Sustainability vision and new emerging risks.

1.3. Risk Management Culture at GFNorte

GFNorte's Risk Management Culture, holistically permeates all levels of the organization. The Group's decisions are based on maximizing the risk-return ratio, encouraging informed decision-making to achieve the strategic objectives of asset quality, profitability, liquidity, and solvency.

GFNorte's risk culture is based on the following principles:

- **We Are All Risk Managers:** Promote employees' proactive participation in risk identification, escalation, and

management. The operational, technological, psychosocial, credit, market, and fraud risk reporting channels make it easier for all employees to fulfill their role as the first line of defense. For example, through the Governance, Risk, and Compliance (GRC) platform, all employees report their relevant identified risks, monitoring them until their mitigation. This feedback triggers process improvements by implementing control measures based on what is reported.

- **Risk Anticipation:** Monitor the economic and business environment to anticipate future risks and incorporate market trends into models, tools, processes, and policies to prevent and mitigate risks. It also covers the importance of close communication with clients to be able to identify their needs and problems, preventing potential breaches.

- **Prospective Vision:** Always maintaining a farsighted vision in line with the new business trends in the risk management strategy and the evaluation of policies and models. For a continuous improvement of products and processes, updating methodologies and tools following the best practices to estimate the future behavior of assets and create scenarios to make strategic decisions.

- **Multidisciplinary Participation:** Joint decision-making through multidisciplinary committees and teams strengthens GFNorte's perspective to identify and control risks. Risks are continuously monitored, and mitigation strategies or actions are planned and executed consensually with all the areas involved. Operating through a cell-based collaboration scheme, i.e., multidisciplinary teams assigned a specific task, such as improving a process or developing a new product. This collaboration scheme allows to react instantly to changing environments involving risks in operations and strategies or execute an existing credit prevention or mitigation plan.

- **Communication and Continuous Training:** The Board of Directors and Senior management members communicate the importance of robust risk culture. In this regard, the Group has reinforced internal training for risk management, including the content of risk management, prevention, and mitigation for all our staff.

- **Risk - Return-Based Compensation:** Risk management criteria is targeted into the employees' evaluation and compensation to maximize the risk-return ratio. To attain this, the risk indicators' formal measurement is linked with the performance evaluation process, promotion, and compensation of staff. The Remuneration System establishes these incentives, where the evaluation criteria is established mainly for Senior management, consistent with reasonable risk-taking. Additionally, a performance evaluation system has been implemented, where employees and their immediate superiors set operational, safety, and career development goals. Performance is evaluated under specific metrics as well as professional skills and credentials, according to the profile of each position.

- **Innovation:** GFNorte is known for its fast development in risk management and for performing with the latest banking practices. Therefore, it is observed to remain at the forefront of new products, channels, technologies, and risk implications. Technological innovation is crucial to identify, measure, and control risks properly in the face of technological change and new products and segments of the digital market. These innovative products go through a formal project evaluation process, which includes identifying and measuring risks determined by the relevant areas.
-

1.3.1. Desired Risk Profile

General and specific guidelines are established throughout the Group to monitor the Desired Risk Profile; in addition, a formal escalation process is in place, in case of any deviation from the desired risk profile. Critical quantitative indicators by type of risk were developed, for the Group and its subsidiaries. Such indicators are sensitive to the material risks to which the Institutions are exposed to and can be used as critical financial health indicators. These indicators are reviewed and ratified once a year by the Board of Directors and serve as a guideline for the definition and implementation of strategies and objectives.

2. CREDIT RISK

Credit risk is the risk of clients, issuers or counterparties not fulfilling their payment obligations. Hence, proper management is essential to maintain loan quality of the portfolio.

The objectives of Credit Risk Management at GFNorte are:

- Comply with the Risk Appetite set by the Board of Directors.
- Improve the quality, diversification, and composition of the loan portfolio in order to optimize the risk- reward ratio.
- Provide Executive Management with reliable, timely information to assist decision making regarding funding.
- Provide Business Areas with clear and sufficient tools to support and monitor funding placement.

- Create economic value for shareholders through an efficient Credit Risk Management.
- Define and update the regulatory framework for the Credit Risk Management.
- Comply with the information requirements that the authorities establish regarding Credit Risk Management.
- Perform Risk Management in accordance with global best practices, such as, implementing models, methodologies, procedures, and systems.
- Measure Institution's vulnerability to extreme conditions and consider those results for decision making.

The policies for managing, covering and mitigating Credit Risk in GFNorte are:

- Grant and Manage Retail Credit Risk according to best market practices through Parametric Models aimed to identify risk, minimize losses, and increase loan origination with quality.
- Grant and Manage Wholesale Loans to companies and other entities, according to best market practices through a credit strategy including Target Markets and Risk Acceptance Criteria, identifying, and managing risk through Loan Rating and Early Warnings methodologies.
- Monitor and control asset quality through Loan Classification System which provides treatment and general actions for defined scenarios as well as departments or officers responsible for carrying out such actions.
- Surveil and control through Global and Specific Limits, loan rating policies, and Portfolio Credit Risk models that identify expected and unexpected losses at specific confidence levels.
- Inform and disclose Credit Risks to risk taking areas, CPR, Board of Directors, Financial Authorities, and Investors.
- Define faculties for Credit Risks taking at the Institution.

To comply with objectives and policies, a series of strategies and procedures have been defined including origination, analysis, approval, management, monitoring, recovery, and collections**.**

2.1. Credit Risk Scope, Nature, and Methodology

Risk management is supported by a framework of policies and manuals, which establish the implementation and monitoring process of Credit Risk limits, coverage, mitigation, and compensation strategies, the disclosure of the referred risk metrics, within the established limits. Within these policies are detailed, among others: the characteristics, capacity, legal aspects, instrumentation issues and degree of coverage that must be considered when compensating or mitigating risk. Likewise, the execution of guarantees is contemplated as a risk compensation mechanism whenever there is a breach that has not been corrected by the debtors.

The DGARC relies on various Credit Risk information and measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems as well as the reports generated by them are continuously backed up, following institutional procedures of institutional information security procedures.

As part of the strategies and processes to monitor the continuous effectiveness of the hedges or mitigants, there are limits for Credit Risk, which are continuously monitored, and there are procedures established so that excesses and their causes are documented as well as implementing the corresponding corrective actions to return to acceptable risk levels.

The key risk indicators are disclosed through monthly reports to the CPR and through a daily report to the main executives in the institution about credit defaults by customers that could potentiate Credit Risk.

2.1.1. Individual Credit Risk

GFNorte segments its loan portfolio into two large groups: retail loans and wholesale loans.

The individual Credit Risk for retail loans is identified, measured, and controlled through a parametric system (scoring) that includes models for each of the SME (small and medium enterprises) and consumer products (mortgage, auto, payroll, personal loans, and credit cards).

The individual risk for wholesale loans is identified, measured, and controlled through Target Markets, Risk Acceptance Criteria, Early Warnings and GFNorte's New Internal Risk Rating (NCIR Banorte), which are tools that integrate GFNorte's Loan Strategy and support the estimated level of Credit Risk.

The Target Markets are categories of economic activity by region, backed by economic research and loan behavior analysis as well as expert opinions, where GFNorte is interested in granting loans.

The Risk Acceptance Criteria are parameters that describe different types of risks by industry, to estimate the risk taking when granting loans to customers based on their economic activity. The types of risk observed in the Risk Acceptance Criteria are: Financial, Operation, Market, and Enterprise's life cycle, Legal and Regulatory Risks, besides credit experience and management quality.

Early Warnings are a set of criteria based on borrower's information and indicators as well as their market conditions, as a mechanism for timely prevention and identification of a probable deterioration in the loan portfolio, thereby enabling the Institution to take prompt preventive actions to mitigate Credit Risk.

Banorte's NCIR is a borrower's rating methodology which assesses quantitative and qualitative criteria to determine credit quality. NCIR applies to commercial loans equal to or greater than the equivalent of four million investment units (UDIs) in Mexican pesos on the rating date, or borrowers whose annual sales or income are equal to or greater than 14 million UDIs (in case of being enterprises).

2.1.2. Portfolio Credit Risk

GFNorte has developed a portfolio Credit Risk methodology, which considers the loan portfolio exposure directly from the balance of each loan, whereas the financial instruments' portfolio considers the present value of the instruments and their future cash flows. Since the exposure is sensible to market changes, it is possible to define sensitivity estimates under different economic scenarios.

This Credit Risk methodology provides the current value of GFNorte's entire loan's portfolio, in order to monitor risk concentration levels through risk ratings, geographical regions, economic activities, currency, and type of product, in order to observe the portfolio's profile and act to improve diversification, which will maximize profitability with the lowest risk.

Aside from loan exposure, the methodology takes into consideration the probability of default, the recovery level associated to each client, and the classification of the debtor based on the Merton model. The probability of default is the probability that the debtor will not fulfill his/her debt obligation with the institution according to the originally agreed terms and conditions. The probability of default is based on transition matrixes estimated by GFNorte based on the migration of the debtors through different risk rating levels. The recovery rate is the percentage of the total exposure that is expected to be recovered if the debtor defaults. The classification of the debtor, based on the Merton model, associates the debtor's future behavior to credit and market factors on which his/her "credit health" depends, as determined by statistical techniques.

The results of this methodology are risk measures, such as the expected and unexpected loss at a one-year horizon. Expected loss is the mean of the credit portfolio's loss distribution, which is used to measure the following year's expected loss due to defaults or variations in debtors' credit quality. Unexpected loss is an indicator of the loss in extreme scenarios and is measured as the difference between the maximum loss given the loss distribution, at a specific confidence level which for GFNorte's as of June 2021 is 99.85%, based on Expected Shortfall (previously it was 99.95% based on VaR), and expected loss.

These results are used as a tool for better decision-making for granting loans as well as for the diversification of the portfolio, in line with GFNorte's strategy. The individual risk identification tools and the portfolio Credit Risk methodology are periodically reviewed and updated to include the application of new techniques that may support or strengthen them.

2.1.3. Credit Risk of Financial Instruments

The Credit Risk Management of financial instruments is managed through a robust framework of policies for its origination, analysis, authorization, and management.

Origination policies define the types of eligible negotiable financial instruments as well as the methodology for assessing credit quality of different types of issuers and counterparties. Credit quality is allocated through a rating obtained by using an internal methodology, evaluations of external rating agencies or a combination of both. Maximum parameters of operation are also defined based on the type of issuer or counterparty, rating, and type of operation.

The Loan Committee authorizes operation lines with financial instruments for clients and counterparties in accordance with authorization policies. The authorization request is submitted by the business area and other areas involved in the operation, with all the relevant information for analysis by the Committee, which grants approval if it deems it appropriate. Nevertheless, counterparty credit lines (mainly to financial entities) that comply with certain criteria may be approved through a parametric methodology approved by the CPR.

In the specific case of Derivatives contracts, and in line with best practices, a methodology for estimating the potential exposure to lines is used. The potential exposure for lines calculation methodology is then analyzed by the Credit Committee, and if approved, is monitored on a daily basis as well as reported monthly in the CPR, where analysis of guarantees behind Derivative transaction is held for both clients and financial counterparties.

The correspondent regional Credit Committee holds the minimum faculty to approve Derivative lines for clients (when applicable, a fast-track process has been approved by the CPR). For these transactions, the use of Derivatives lines with margin calls shall be privileged in order to mitigate the risk of potential exposure on these transactions.

To determine adversely correlated lines (Wrong Way Risk "WWR"), a potential exposure adjustment is taken into account.

On an individual level, the risk concentration on financial instruments is managed on a continuous basis, by establishing and monitoring maximum parameters of operation for each counterparty or issuer depending on the rating and type of operation. Defined risk diversification policies exist for portfolios, for economic groups and internal groups. Additionally, the concentration of counterparty type or issuer, the size of the financial institutions, and the region in which it operates, are monitored in order to obtain an appropriate diversification and to avoid undesired concentrations.

Credit Risk is measured through a rating associated with the issuer, security, or counterparty which has a pre-assigned risk level based on two fundamentals:

1) The probability of default of the issuer, security, or counterparty, which is expressed as a percentage between 0% and 100% where the better the rating or lower rate differential vs. the instrument of an equivalent government bond, the lower the probability of default and vice versa.

2) The loss given default that could be experienced with regard of the total of the operation in the event of non-fulfillment, is expressed as a percentage between 0% and 100% where the better the guarantees or credit structures, the lower the loss given default and vice versa. In order to mitigate Credit Risk and to reduce the loss given default in the event of non-fulfillment, the counterparties have signed ISDA contracts and agreements to net out, in which credit lines and the use of collaterals to mitigate loss in the event of non-fulfillment are implemented.

2.2. Credit Risk Exposure

As of December 31st, 2023 the total amount of the exposure subject to the Standard Method and the Internal Models (Advanced Approach Internal Model for Credit Cards, Mortgages and Auto Loans, and Foundation Approach Internal Model for Business Enterprises) for the estimation of Capital Ratio is as follows:

Gross Exposures subject to the Standard Method and Internal Models** *(Million pesos)*	**Banorte**	**Arrendadora y Factor Banorte***	**Total Portfolio**
Commercial	**87,721**	**2,106**	**89,826**
YoY Revenues or Sales < 14 MM UDIS	87,721	2,106	89,826
States or Municipalities	80,217	457	80,674
Decentralized Federal Government Agencies and State Companies	40,814	7,473	48,287
Projects with own source of payment	109,242	0	109,242
Financial Institutions	43,573	854	44,427
Consumer Non-Revolving	77,143	2	77,145
Total Loans subject to the Standard Method	**438,710**	**10,892**	**449,602**
Commercial	185,540	33,654	219,194
YoY Revenues or Sales >= 14 MM UDIS	185,540	33,654	219,194
Federal, State and Municipal Government Decentralized Agencies, with annual income or Sales >= 14 MM UDIS	13,125	0	13,125
Total Loans subject to the Foundation Approach Internal Model	**198,665**	**33,654**	**232,319**
Consumer Non-Revolving (Auto)	42,834	0	42,834

Credit Card	55,516	0	55,516
Mortgage	255,315	0	255,315
Total Loans subject to Advanced Approach Internal Model	**353,665**	**0**	**353,665**
Eliminations and Accounting Records			(27,243)
Deferred Items	2,436	(49)	2,386
BAP Portfolio	3,503	0	3,503
Tarjetas del Futuro			4,619
Trust F/4907			29,886
Not Rated			(31)
Total Loans with BAP and DI			**1,048,706**

* Excludes Pure Leasing.
** The exposure excludes Letters of Credit and has accounting adjustments.

For transactions subject to Credit Risk, the Institution uses external ratings issued by the rating agencies S&P, Moody's, Fitch, HR Ratings, Verum, DBRS Ratings México and A.M. Best America Latina. Only ratings issued by rating agencies are considered and are not assigned based on comparable assets.

2.2.1. Loan Portfolio

GFNorte's Credit Risk loan portfolio as of 4Q23 presents a total exposure of Ps 1,048.71 billion, Ps 22.63 billion higher than previous quarter or 2.2% higher, and Ps 113.62 billion higher or a 12.2% increase from the previous year.

Variations per product of GFNorte's total portfolio are:

Product / Segment	**Total Loan**			**Var. vs. 3Q23**		**Var. vs. 4Q22**	
(Million pesos)	**4Q22**	**3Q23**	**4Q23**	**Ps**	**%**	**Ps**	**%**
Government	171,724	171,649	171,972	323	0.2%	248	0.1%
Commercial	233,304	257,504	256,719	(785)	(0.3%)	23,415	10.0%
Mortgage	228,797	250,953	255,315	4,362	1.7%	26,518	11.6%
Corporate	148,150	168,486	178,727	10,241	6.1%	30,577	20.6%
Payroll	69,275	78,026	77,108	(918)	(1.2%)	7,834	11.3%
Credit Card	46,234	52,884	60,105	7,221	13.7%	13,871	30.0%
Auto Loans	32,371	40,864	42,870	2,007	4.9%	10,500	32.4%
Total Loans	**929,854**	**1,020,365**	**1,042,817**	**22,452**	**2.2%**	**112,962**	**12.1%**
Deferred Items	2,042	2,273	2,386	113	5.0%	344	16.8%
BAP Portfolio	3,188	3,433	3,503	70	2.0%	315	9.9%
Total Loans with BAP and DI	**935,084**	**1,026,072**	**1,048,706**	**22,634**	**2.2%**	**113,622**	**12.2%**

Performing Loans now broken down into Stage 1 and 2 represent Ps 1,059.17 billion, while Non-performing loans, also known as Stage 3 Loans, represent Ps 10.89 billion.

Subsidiary	**Loans**		**Total**	**Total Reserves**
(Million pesos)	**Performing**	**Non-Performing**		
Banorte*	981,345	9,695	963,796	17,256
Arrendadora y Factor Banorte	43,661	885	44,545	853
Trust F/4907	29,886	0	29,886	176
Tarjetas del Futuro	4,277	311	4,589	1,308
Accounting Records	0	0	0	10
Total Loans	**1,059,169**	**10,891**	**1,042,817**	**19,603**
Deferred Items			2,386	0
BAP Portfolio			3,503	254
Total Loans with BAP and DI			**1,048,706**	**19,857**

* Banorte' s total loans include eliminations for (Ps 27,24) billion.

Total reserves of Ps 19.86 billion include rating reserves of Ps 19.59 billion and accounting records (Credit Letters reserves, revaluations and BAP reserves) of Ps 264 million.

GFNorte's Performing and Non-performing portfolios in 4Q23 grouped by sector and subsidiary are detailed in the following two tables:

Sector *(Million pesos)*	Loans		Total Loans	Reserves		4Q23 Charge offs	Days Past--Due**
	Performing	Non-Performing		4Q23	Var vs. 3Q23		
Government	171,961	11	171,972	920	80	0	124
Services*	139,592	679	140,271	989	57	34	404
Commerce	65,925	1,291	67,216	1,115	(64)	91	380
Manufacturing	58,005	1,089	59,094	933	(38)	30	636
Transportation	52,072	140	52,212	369	3	2	117
Top 5 Sectors	**487,555**	**3,210**	**490,765**	**4,326**	**37**	**157**	
Other Sectors	115,969	684	116,653	861	(713)	320	
Mortgage	253,138	2,177	255,315	1,252	34	513	
Consumer	170,986	4,509	175,495	11,846	132	3,607	
Tarjetas del Futuro	4,277	311	4,589	1,308	1,308	0	
Accounting Records				10			
Total Loans	**1,031,926**	**10,891**	**1,042,817**	**19,603**	**798**	**4,596**	
Deferred Items			2,386				
BAP Portfolio			3,503	254			
Total Loans with BAP and DI			**1,048,706**	**19,857**			

* Includes Financial, Real Estate and Other Services.
** Days past due from Non-performing Loans.

Sector/Subsidiary *(Million pesos)*	Banorte*	Tarjetas del Futuro	AyF	Trust F/4907	Total Loans
Government	134,155		7,930	29,886	171,972
Services**	131,156		9,116		140,271
Commerce	61,069		6,147		67,216
Manufacturing	49,179		9,915		59,094
Transportation	45,782		6,430		52,212
Top 5 Sectors	**421,341**	**0**	**39,538**	**29,886**	**490,765**
Remaining	542,455	4,589	5,008	0	552,052
Total Loans	**963,796**	**4,589**	**44,545**	**29,886**	**1,042,817**
Deferred Items					2,386
BAP Portfolio					3,503
Total Loans with BAP and DI					**1,048,706**

* Banorte' s total loans include eliminations for (Ps 27.24) billion.
** Includes Financial and Real Estate services.

As of 4Q23, GFNorte's Performing and Non-performing loans grouped by federal entity and subsidiary are detailed in the following table:

Federal Entities		Loans		Total Loans	Total Reserves
	(Million pesos)	Performing	Non-performing		
1	Ciudad de México	293,216	1,795	295,011	3,320
2	Nuevo León	163,952	1,247	165,199	2,422
3	Estado de México	76,886	1,043	77,928	1,835
4	Jalisco	69,510	519	70,029	1,000
5	Sinaloa	39,644	304	39,948	490
6	Baja California Norte	30,093	232	30,325	574
7	Tamaulipas	29,553	390	29,943	737
8	Coahuila	28,576	434	29,010	726
9	Chihuahua	27,380	411	27,790	684

10	Quintana Roo	26,786	115	26,902	282
	Top 10	**785,597**	**6,489**	**792,085**	**12,070**
	Other Federal Entities	242,052	4,091	246,143	6,479
	Tarjetas del Futuro	4,277	311	4,589	1,308
	Total Loans	**1,031,926**	**10,891**	**1,042,817**	**19,857**
	Deferred Items			2,386	
	BAP Portfolio			3,503	
	Total Loans with BAP and DI			**1,048,706**	

* Banorte' s total loans include eliminations for (Ps 27.24) billion.

As of 4Q23, GFNorte's Performing and Non-performing loans grouped by term are detailed below:

Remaining Term *(Million pesos)*	**Portfolio**		**Total Loans**	**Total Reserves**
	Performing	**Non-performing**		
0 - 1 years	179,732	3,356	183,089	7,029
1 - 5 years	296,596	3,733	300,329	7,847
5 - 10 years	104,870	609	105,480	570
> 10 years	372,903	1,996	374,899	1,810
Banorte*	**954,101**	**9,695**	**963,796**	**17,256**
Tarjetas del Futuro	4,277	311	4,589	1,308
Arrendadora y Factor Banorte	43,661	885	44,545	853
Trust F/4907	29,886		29,886	176
Accounting Records				10
Total Loans	**1,031,926**	**10,891**	**1,042,817**	**19,603**
Deferred Items			2,386	
BAP Portfolio			3,503	254
Total Loans with BAP and DI			**1,048,706**	**19,857**

* Banorte' s total loans include eliminations for (Ps 27,24) billion.

2.2.2. Exposure to Financial Instruments

As of 4Q23, exposure to Credit Risk for Securities Investments of Banco Mercantil del Norte was Ps 383.68 billion, of which 97.9% is rated higher or equal to AA-(mex) on a local scale, placing them in investment grade, and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 28% of the Tier 1 Capital as of September 2023. Additionally, the exposure of investments with the same counterparty besides the Federal Government that represents a higher or equal concentration to 5% of the Net Capital as of September 2023 is rated as AAA(mex) and is comprised of (*weighted average term, amounts in pesos and weighted average return to annualized maturity*): certificates of deposit and market certificates of BANOBRAS for 9 months totaling Ps 19.88 billion at 11.2%; US Treasury Bonds for 1 year and 9 months totaling Ps 22.91 billion at 4.7%; and market certificates of the state government portfolio securitized (BANORCB Trust 4907) for 24 years totaling Ps 27.07 billion at 11.9%.

For Derivatives operations, the exposure of the three main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 4% of the Tier 1 Capital as of September 2023.

Exposure to Credit Risk for Securities Investments of Casa de Bolsa Banorte was Ps 236.19 billion, of which 100% is rated higher or equal to AA(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 65% of the Equity as of September 2023. Additionally, the exposure of investments with the same counterparty besides the Federal Government that represents a higher or equal concentration to 5% of the Equity as of September 2023 has a higher or equal rating to AA(mex) and are comprised of (*weighted average term, amounts in pesos and weighted average return to annualized maturity*): certificates of deposit and market certificates of Banco Santander Mexico for 2 years and 1 month totaling 6.73 billion at 11.5%; market certificates of BBVA Mexico for 2 years and 4 months totaling Ps 3.41 billion at 11.6%; certificates of deposit and market certificates of Scotiabank Inverlat for 8 months totaling Ps 2.62 billion at 11.5%; market certificates of Mexico City Government for 23 years and 9 months totaling Ps 2.41 billion at 11.7%; certificates of deposit of Banco del Bajío for 7 months totaling Ps 2.38 billion at 11.6%; certificates of deposit of Banco Invex for 6 months totaling Ps 2.01 billion at 11.8%; market certificates of NAFIN for 2 years and 9 months totaling Ps 2.00 billion at 11.6; certificates of deposit and market certificates of BANOBRAS for 2 years and 1 month totaling Ps 1.86 billion at 11.5%; market certificates of BANCOMEXT for 2 years and 5 months totaling 1.56 billion at 11.5%; market certificates of Banco Compartamos for 1 year and 9 months totaling Ps 1.28 billion at 12.0%; market certificates of FONACOT for 1 year and 3 months

totaling Ps 1.00 billion at 11.6%; market certificates of Banco Actinver for 3 years and 2 months totaling Ps 804 million at 12.2%; market certificates of Sociedad Hipotecaria Federal for 3 years and 3 months totaling Ps 700 million at 11.6%; CABEI bonds for 3 years and 1 month totaling Ps 628 million at 11.8%; market certificates of PEMEX for 1 year and 4 months totaling Ps 546 million at 10.5%; market certificates of FEFA for 1 year and 6 months totaling Ps 521 million at 11.4%; promissory notes of JP Morgan Mexico for 11 days totaling Ps 498 million at 11.4%; market certificates of Grupo Aeroportuario del Pacifico for 1 year and 1 month totaling Ps 486 million at 11.7%; certificates of deposit of Banco Sabadell Mexico for 5 months totaling Ps 478 million at 11.7%; market certificates of CFE for 1 year totaling 334 million at 11.9%.

For Derivatives operations, the exposure of the three main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 1% of the Equity as of September 2023.

Arrendadora y Factor Banorte had no exposure neither to Securities Investments nor to Derivatives.

Banorte' s exposure to counterparty risk from transactions with derivatives is presented below as well as the netting effect and risk mitigation based on the aggregate guarantees related to settled transactions (includes operations with Banxico and excludes settled transactions through central counterparties).

Position Banorte (*Million Pesos*)	**4Q23**	**4Q23 Average**
Forwards	149	204
FX Swaps	58	96
FX	(9)	(2)
Options	(29)	(114)
Swaps with Interest Rates IRS	(128)	(2,325)
Cross Currency Swap (CCIRS)	3,331	1,959
Credit Default Swaps (CDS)	(11)	(15)
Total	**3,360**	**(195)**
Positive Fair Value *(Positive Market Value)*	13,515	12,406
Netting Effect*	10,155	12,603
Delivered Guarantees (-) /Received (+)		
Cash	7,197	6,329
Securities	0.0	0.0
Total	**7,197**	**6,329**

* Difference between the positive market value (excluding net positions) and the portfolio market value. Transactions performed at the Clearing House are not included, as they are not subject to counter party risk.

The following table shows the current and potential levels of exposure at the end of the quarter and the average amount for the quarter for Banorte:

Banorte (*Million Pesos*)	**Potential Risk**		**Current Risk**	
Financial Counterparties	4Q23	4Q23 Average	4Q23	4Q23 Average
FWD FX SWAP FX	2,889	3,826	65	241

OPTIONS	3,391	3,517	637	740
INTEREST RATE SWAP	1,288	1,293	2,767	2,673
CCS	2,774	3,337	3,341	1,964
CDS	11	100	(11)	(15)
Total	**1,588**	**1,902**	**6,799**	**5,604**
Clients (Non-Financial)	4Q23	4Q23 Average	4Q23	4Q23 Average
FWD	137	98	132	57
OPTIONS	175	167	(666)	(854)
INTEREST RATE SWAP	3,001	2,249	(2,895)	(4,998)
CCS	13	18	(10)	(5)
Total	**3,325**	**2,532**	**(3,439)**	**(5,799)**

Based on conditions established in derivative agreements, tolerance levels of exposure are considered according to the rating of involved entities. The following table presents the number of guarantees to be delivered, in case of a rating downgrade. It's worth noting that we have migrated to a zero threshold for most counterparties, thus, guarantees to be delivered are not dependent on credit rating but rather on market movements:

Banorte Net Cash Outflows (*Million pesos*)	**4Q23**	**4Q23 Average**
Cash Outflow with 1-notch Downgrade	0	0
Cash Outflow with 2-notch Downgrade	0	0
Cash Outflow with 3-notch Downgrade	0	0

In the following table, the derivatives' market value is detailed according to the counterparties' ratings:

Banorte Rating (*Million Pesos*)	**MoM 4Q23**	**4Q23 Average**
AAA/AA-	107	115
A+/A-	7,158	5,615
BBB+/BBB-	(1,247)	(1,094)
BB+/BB-	594	(168)
B+/B-	(756)	(852)
CCC/C	0	0
SC	(2,496)	(3,810)
Total	**3,360**	**(195)**

Casa de Bolsa Banorte's exposure to counterparty risk from transactions with derivatives is presented below as well as the netting effect and risk mitigation based on the aggregate guarantees related to settled transactions (includes operations with Banxico and excludes settled transactions through central counterparties).

Position Casa de Bolsa Banorte (*Million Pesos*)	**4Q23**	**4Q23 Average**
Forwards	0	0
FX Swaps	0	0
FX	0	0
Options	0	0
Swaps with Interest Rates IRS	133	132

Cross Currency Swap (CCIRS)	0	0
Credit Default Swaps (CDS)	0	0
Total	**133**	**132**
Positive Fair Value *(Positive Market Value)*	471	668
Netting Effect*	339	536
Delivered Guarantees (-) /Received (+)		
Cash	0	0
Securities	0	0
Total	0	0

* Difference between the positive market value (not considering the net positions) and the portfolio market value. Transactions performed at the Clearing House are not included, as they are not subject to counter party risk.

The following table shows the current and potential levels of exposure at the end and the average amount of the quarter, respectively, for Casa de Bolsa Banorte.

Casa de Bolsa Banorte (*Million Pesos*)	**Potential Risk**		**Current Risk**	
Financial Counterparties	4Q23	4Q23 Average	4Q23	4Q23 Average
FWD				
FX SWAP	0	0	0	0
FX OPTIONS	0	0	(12)	(17)
INTEREST RATE SWAP	404	645	405	644
CCS	0	0	0	0
CDS	0	0	0	0
Total	**404**	**645**	**393**	**628**
Non-Financial Counterparties	4Q23	4Q23 Average	4Q23	4Q23 Average
FWD	0	0	0	0
OPTIONS	8	16	12	17
INTEREST RATE SWAP	339	242	(272)	(512)
CCS	0	0	0	0
Total	**347**	**257**	**(261)**	**(496)**

Based on conditions established in derivative agreements, tolerance levels of exposure are considered according to the rating of involved entities. The following table shows the number of guarantees to be delivered, in case of a rating downgrade. It's worth noting that we have migrated to zero threshold with most counterparties, thus, guarantees to be delivered are not dependent on credit rating, but rather on market movements.

Casa de Bolsa Banorte Net Cash Outflows (*Million pesos*)	**4Q23**	**4Q23 Average**
Cash Outflow with 1-notch Downgrade	0	0
Cash Outflow with 2-notch Downgrade	0	0
Cash Outflow with 3-notch Downgrade	0	0

In the following table, the derivatives' market value is detailed according to the counterparties' ratings:

Casa de Bolsa Banorte Rating (*Million Pesos*)	**MoM 4Q23**	**4Q23 Average**

AAA/AA-	0	0
A+/A-	0	0
BBB+/BBB-	393	628
BB+/BB-	0	0
B+/B-	0	0
CCC/C	0	0
SC	(261)	(496)
Total	**133**	**132**

2.3. Credit Collaterals

Collaterals represent the second credit recovery source when its coverage, through the predominant activity of the applicant, is compromised. Collaterals may be real or personal.

The main types of real collaterals are the following:

- Civil Mortgage.
- Industrial Mortgage.
- Regular Pledge.
- Pledge without possession transfers.
- Pledge / Pledge Bond.
- Pledge Bond.
- Caution Securities.
- Securities Pledge.
- Management and Payments Trust.
- Development Funds.

For assets granted in guarantee, the Institution has policies and procedures for monitoring and periodically making inspection visits to ensure the existence, legitimacy, value, and quality of the guarantees accepted as an alternative credit support. Furthermore, when the guarantees are a type securities, there are policies and procedures to monitor their market valuation; furthermore, additional guarantees may be required if needed.

The following table shows the covered loan portfolio by collateral type.

Collateral Type (Million Pesos)	**4Q23**			
	Banorte	**Banorte Ahorro y Previsión**	**Arrendadora y Factor Banorte****	**GFNorte***
Total Loan Portfolio	**1,019,541**	**3,503**	**44,496**	**1,048,706**
Covered Loan Portfolio by type of collateral				
Real Financial Guarantees	38,629	0	0	38,629
Real Non-Financial Guarantees	579,179	0	8,341	587,519
Pari Passu	46,241	0	0	46,241
First Losses	11,148	0	0	11,148
Personal Guarantees	50,592	0	5,216	55,808
Total Loan Portfolio Covered	**725,790**	**0**	**13,557**	**739,347**

* Total Loans include eliminations and accounting records for (Ps 18.84 billion).
** Excludes Pure Leasing.

2.4. Expected Loss

As of 4Q23, Banco Mercantil del Norte's total portfolio was Ps 993.48 billion. The expected loss represents 1.7%, while the unexpected loss is 3.7% of the total portfolio. The average expected loss is 1.8%, for the period October - December 2023.

Regarding Casa de Bolsa Banorte, the credit exposure of investments is Ps 236.67 billion and the expected loss represents 0.003% of the exposure. The average expected loss is 0.003% for the period October - December 2023.

The total portfolio of Arrendadora y Factor Banorte, including pure leasing is Ps 47.60 billion. The expected loss represents 1.8% and the unexpected loss is 5.1% of the total portfolio. The average expected loss is 1.8%, for the period October - December 2023.

2.5. Internal Models

In October 2016, the Board of Directors approved the implementation plan for the Internal Models for estimating reserves and capital requirements on all applicable portfolios, which was dispatched to CNBV in the same year. In accordance with this implementation plan, the models for the Credit Card, Commercial Loans and Auto Loans portfolios were certified.

At the end of 2018, the CNBV released the project to migrate Standard and Internal Methodologies under the IFRS 9 approach, but it was not until March 2020 that the definitive rule for Internal Methodologies of reserves based on MFRS C-16 (IFRS 9), effective as of January 2021, was published in the Federation Official Journal (DOF by its acronym in Spanish). However, due to the COVID-19 pandemic, the CNBV issued a press release in April 2020 indicating that the rule would be effective as of January 2022.

Therefore, GFNorte complied with the new regulation and adopted the Internal Reserve Methodologies based on MFRS C-16, for which the Risk Policies Committee (CPR by its acronym in Spanish) and the Board of Directors were requested in April 2021 to approve the new Implementation Plan (Capital and Reserves), which was authorized by the CNBV in January 2022 through Document 111-2/852/2022.

Since January 2022, the MFRS C-16 (IFRS 9[6]) rule has been effective for the calculation of preventive reserves for credit risks, both in the Standard Approach and Internal Models. Consequently, for Internal Models, estimates for risk parameters will consider two approaches: IRB to compute capital requirements and IFRS 9 to compute reserves:

- The capital approach will maintain long-term estimates (“Through the Cycle”, TTC), under Annex 15 of the CUB[7].
- The reserves approach will consider current behaviors (“Point in Time”, PIT) and with a prospective approach (future macroeconomic environment), under Annex 15 Bis of the CUB. In addition, the new methodology indicates that the portfolio must be classified into three risk stages, being necessary for stage 2 a reserve calculation for the remaining term (LifeTime).

Given the new guidelines of the CUB on Internal Models, the regulator (CNBV) will only issue a Document of approval for the use of methodology for Capital Estimation, for a maximum period of 18 months. The use of Internal Model for Reserve methodology is authorized by Banorte’s Board of Directors and by the Board of Arrendadora y Factor Banorte, accordingly, with the support of the Technical Evaluation made by the Independent Evaluator, which guarantees compliance with the Model under the standards established in Annex 15 Bis. It should be noted that the Technical Evaluation Report is sent to the CNBV for review; likewise, the validity of this model has a maximum period of 18 months.

2.5.1. Advanced Approach Internal Model for Credit Card

On November 15, 2017, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models (IM) for credit card rating for reserves and regulatory capital calculation by credit risk with an Advanced Approach (Document 111-3/706/2017). As indicated by the regulation, Internal Models are periodically recalibrated. On December 15, 2022, the CNBV granted authorization for the use of IM for the calculation of Capital Requirements for a period of 18 months (Document 111-2/948/2022); additionally, the Board of Directors authorized the use of the Reserve methodology based on MFRS C-16 in its session on October 20, 2022 for a period of 18 months.

The previously mentioned internal models improve overall credit risk management by estimating risk parameters from the bank’s own experience. These risk parameters are described below:

[6] IFRS 9 = International Financial Reporting Standards 9, IRB = Internal Rate Based Models.

[7] Circular Única de Bancos.

- Probability of Default (PD): Indicates the probability that a credit card customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD): Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD): The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The next table shows the Credit Card portfolio subject to the Advanced Approach Internal Model, classified by degrees of Internal Model risk:

Consumer Revolving Credit Card Portfolio under Advanced Approach Internal Model												*(Million Pesos)*
Risk Level *	**Account. Balance**	**Exposure at Default (EAD)****			**Loss Given Default**			**PD factored by EAD**			**Unused Credit Lines**	**EAD factored by Exposure**
		Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**		
1	2,538	3,524	0	0	70.0%			0.3%			16,783	28%
2	6,423	8,508	0	0	71.0%			0.6%			27,235	25%
3	6,237	8,941	0	0	71.8%			1.3%			24,232	30%
4	8,028	10,437	0	0	73.8%			2.0%			15,821	23%
5	5,485	6,980	0.001	0	75.1%	69.2%		2.8%	2.9%		5,907	21%
6	5,985	7,776	0.021	0	75.7%	69.2%		4.3%	4.3%		7,978	23%
7	6,705	8,254	1	0	78.7%	70.0%		6.5%	6.5%		3,358	19%
8	4,846	6,080	2	0	79.2%	70.7%		9.5%	9.5%		1,679	20%
9	4,168	5,261	9	0	81.1%	72.1%		16.1%	16.1%		831	21%
10	3,446	3,474	675	0	83.4%	83.2%		42.9%	42.9%		199	17%
11	1,657		0	1,656			85.3%			100.0%	(5)	0%
Total Portfolio	**55,516**	**69,234**	**687**	**1,656**	**75.5%**	**82.7%**	**85.3%**	**6.3%**	**42.5%**	**100.0%**	**104,017**	**22%**

* Scale of Risk Level for the Advanced Approach Internal Model.
** The balance under Exposure at Default includes Potential Risk as well as Used Credit Line Balance.

The next table shows the difference between expected loss and observed loss resulting from the Advance Approach Internal Model for Credit Cards from 4Q22.

Backtesting				
Portfolio	**Expected Loss Internal Model***	**Observed Loss***	**Difference Ps (Observed Loss – Expected Loss)**	**% NCL Coverage**
Credit Card	4,574	4,162	(413)	110%
Total Portfolio	**4,574**	**4,162**	**(413)**	**110%**

* Expected and Observed Loss is equal to the last twelve months' average.

2.5.2. Advanced Approach Internal Model for Auto Loans

On November 25, 2019, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models (IM) for Auto Loans for reserves and regulatory capital calculation by credit risk with an Advanced Approach (Document 111/678/2019). Periodically, as indicated by the regulation, Internal Models are recalibrated. On September 28, 2022, the CNBV (Document 111-2/917/2022) granted authorization for the use of IM exclusively for the calculation of Capital Requirements for a period of 18 months; in addition, the Board of Directors authorized, in its meeting on July 2022, the use of reserve methodology based on NIF-C16 for a period of 18 months.

The previously mentioned internal models improve overall credit risk management by estimating risk parameters from the bank's own experience. These risk parameters are described below:

- Probability of Default (PD). Indicates the probability that an auto customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD). Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD). The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The next table shows the Auto portfolio subject to the Advanced Approach Internal Model, classified by degrees of Internal Model risk:

Consumer Revolving Auto Portfolio under Advanced Approach Internal Model										*(Million Pesos)*
Risk Level*	**Accounting Balance**			**Exposure at Default (EAD)**			**Loss Given Default**			**PD factored by EAD**
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	
1	3,553	0	0	3,553	0	0	50.05%			0.12%
2	12,204	0.2	0	12,204	0.2	0	58.39%	46.49%		0.29%
3	9,966	0.1	0	9,966	0.1	0	62.04%	65.52%		0.56%
4	5,800	0.5	0	5,800	0.5	0	62.76%	66.88%		0.89%
5	4,267	0.4	0	4,267	0.4	0	61.26%	56.01%		1.33%
6	3,735	0.9	0	3,735	0.9	0	62.25%	75.04%		2.32%
7	2,124	39	0	2,124	39	0	57.69%	64.10%		6.25%
8	542	337	0	542	337	0	55.65%	57.43%		23.76%
9	0	0	263	0	0	263			62.71 %	100.00%
Total Portfolio	**42,192**	**378**	**263**	**42,192**	**378**	**263**	**470.11%**	**431.48%**	**62.71 %**	**2.10%**

* Scale of Risk Level for the Advanced Approach Internal Model.

The next table shows the difference between expected loss and observed loss resulting from the Advance Approach Internal Model for Auto Loans from 4Q22.

Backtesting				
Portfolio	**Expected Loss Internal Model***	**Observed Loss**	**Difference Ps (Observed Loss – Expected Loss)**	**% NCL Coverage**
Auto Loans	616	508	(108)	121%
Total Portfolio	**616**	**508**	**(108)**	**121%**

* Data as of December 2022.

2.5.3. Advanced Approach Internal Model for Mortgages

On July 27, 2023, GFNorte received approval from the banking regulator (Comisión Nacional Bancaria y de Valores) to use Internal Models with an Advanced Approach for regulatory capital calculation on the Mortgage portfolio (Document 111-2/1628/2023), for a period of 18 months. In addition, the Board of Directors authorized, in its meeting on April 20, 2023, the use of reserve methodology based on NIF-C16 for a period of 18 months.

The previously mentioned internal models improve overall credit risk management by estimating risk parameters from the bank's own experience. These risk parameters are described below:

- Probability of Default (PD). Indicates the probability that an auto customer defaults on its contractual obligations within the next twelve months starting after the month being rated. For each loan, there is a score, which is mapped to a Master rating scale.
- Loss Given Default (LGD). Measures the intensity of the loss upon default expressed as a percentage of the Exposure at Default (EAD).
- Exposure at Default (EAD). The amount of debt at the time of default, considering a time frame of twelve months starting after the month being rated.

The next table shows the Mortgage portfolio subject to the Advanced Approach Internal Model, classified by degrees of Internal Model risk:

Mortgage Portfolio under Advanced Approach Internal Model										*(Million Pesos)*
Risk Level	**Accounting Balance***			**Exposure at Default (EAD)**			**Loss Given Default**			**PD factored by EAD**
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	
1	76,051	40	0	76,051	40	0	14.37 %	13.08 %		0.09%
2	71,043	0	0	71,043	0	0	16.34 %			0.28%
3	58,686	0	0	58,686	0	0	17.02 %			0.69%
4	20,288	6	0	20,288	6	0	19.03 %	31.55 %		1.58%
5	12,312	3	0	12,312	3	0	16.89 %	19.03 %		3.39%
6	1,745	48	0	1,745	48	0	12.34 %	12.33 %		7.06%
7	4,197	324	0	4,197	324	0	17.45 %	17.54 %		11.48%
8	3,938	2,773	0	3,938	2,773	0	14.72 %	15.07 %		30.39%
9	0	0	1,831	0	0	1,831			16.25 %	100.00%
Total Portfolio	**248,259**	**3,193**	**1,831**	**248,259**	**3,193**	**1,831**	**15.79 %**	**15.06 %**	**16.25 %**	**2.34%**

* Accounting Balance excludes Joint Portfolio for Ps 2.1 billion

The next table shows the difference between expected loss and observed loss resulting from the Advance Approach Internal Model for Mortgage from 4Q23.

Backtesting				
Portfolio	**Expected Loss Internal Model***	**Observed Loss**	**Difference Ps (Observed Loss – Expected Loss)**	**% NCL Coverage**
Mortgage	1,031	862	(168)	120%
Total Portfolio	**1,031**	**862**	**(168)**	**120%**

* Expected and Observed Loss is estimated as the Average for the last 12 months.

2.5.4. Foundation Approach Internal Model for Commercial Loans

On November 30th, 2018, GFNorte received authorization from the banking regulator CNBV (Comisión Nacional Bancaria y de Valores) to use the Internal Model (IM) for Commercial Loans for the generation of reserves and regulatory capital requirements by credit risk with a Foundation Approach, as per (Document 111-3/1472/2018) in Banco Mercantil del Norte, and on March 1st, 2019, for Arrendadora y Factor Banorte as per Documents (111-1/160/2019 and 111-1/161/2019). As indicated by the regulation, Internal Models are periodically recalibrated. On December 15, 2022, the CNBV granted authorization for the use of IM only for the calculation of Capital Requirements for a period of 18 months for Banco Mercantil del Norte (Document 111-2/938/2022) and on December 2,2022 for Arrendadora y Factor Banorte (Document 111-2/939/2022). Likewise, the Board of Directors authorized the use of the Reserve methodology based on MFRS C-16 in its session on July 21,2022 for Banco Mercantil del Norte and on July 20,2022 for Arrendadora y Factor Banorte, for a period of 18 months.

Exposures subject to this rating are those pertaining to corporations (other than states, municipalities, and financial entities), and individuals (sole proprietorships), both with annual sales equal to or greater than 14 million UDIs.

The Internal Model (IM) enhances the overall credit risk management practice by estimating risk parameters through the institution's own experience with such customers. These models have been applied at Banco Mercantil del Norte since February 2019 (January figures) and at Arrendadora y Factor Banorte since March 2019 (with February figures). The parameter authorized under the Foundation Approach Internal Model for Corporations is:

- Probability of Default (PD). Indicates the likelihood that a borrower will default on its contractual obligations within twelve months after the month being rated. Each borrower is assigned a score, which is in turn mapped against a master rating scale.

The following tables show the portfolio which is subject to the Foundation Approach Internal Model for Commercial Loans, classified by stage and risk level:

Commercial Loans subject to the Foundation Approach Internal Model GFNorte Stage 1 Loans			*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**
1	122,383	123,747	0.08%
2	68,799	69,304	0.15%
3	31,238	31,879	0.48%
4	20,994	21,207	1.15%
5	3,449	3,553	2.44%
6	635	635	4.61%
7	679	699	8.88%
8	773	773	5.74%
9	0	0	46.98%
Total	**248,950**	**251,798**	**0.32%**

* EAD balances include both potential risk as well as used balance risk.

Commercial Loans subject to the Foundation Approach Internal Model GFNorte Stage 2 Loans			*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**
1	0	0	0.00%

2	2	2	0.14%
3	102	102	0.57%
4	0	0	0.00%
5	2	2	0.07%
6	0	0	0.00%
7	18	18	13.70%
8	272	272	30.96%
9	15	15	8.38%
Total	**411**	**411**	**21.57%**

* EAD balances include both potential risk as well as used balance risk.

Commercial Loans subject to the Foundation Approach Internal Model GFNorte Stage 3 Loans			*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**
Stage 3	1,342	1,342	87.12%
Total	**1,342**	**1,342**	**87.12%**

* EAD balances include both potential risk as well as used balance risk.

Commercial Loans subject to the Foundation Approach Internal Model GFNorte Total Loans			*(Million Pesos)*
Risk Level	**Accounting Balance**	**Exposure at Default (EAD)***	**PD weighted by EAD**
1	122,383	123,747	0.08%
2	68,800	69,306	0.15%
3	31,340	31,981	0.48%
4	20,994	21,207	1.15%
5	3,451	3,555	2.44%
6	635	635	4.61%
7	697	717	9.00%
8	1,045	1,045	12.31%
9	15	15	8.82%
Stage 3	1,342	1,342	87.12%
Total	**250,703**	**253,551**	**0.82%**

* EAD balances include both potential risk as well as used balance risk.

A breakdown of risk exposure and expected loss by subsidiary is shown below:

Commercial Loans Portfolio subject to the Foundation Approach Internal Model			*(Million Pesos)*
Subsidiary	**Accounting Balance**	**Exposure at Default (EAD)****	**Expected Loss**
Banco Mercantil del Norte	216,867	219,715	709
Arrendadora y Factor Banorte	33,836	33,836	274
Total Loans*	**250,703**	**253,551**	**983**

* The balance includes Letters of Credit of Ps 18.2 billion and excludes accounting adjustments of Ps 1.5 million in Banorte and Ps 183 million in Arrendadora y Factor Banorte.
** EAD balances include both potential risk as well as used balance risk.

The following table shows the difference between expected loss estimated by the Foundation Approach Internal Model for Commercial Loans, and the real loss observed in the following 12 months. Since the model was just recently authorized, the table shows the estimations obtained during the parallel model run period.

Backtesting			*(Million Pesos)*
Period	**Expected Loss with Internal Model**	**Observed Loss**	**% Coverage (Expected Loss / Observed Loss)**
4Q22	1,703	391	436%

2.6. Risk Diversification

In December 2005, the CNBV issued “General Provisions Applicable to Credit Institutions related to Risk Diversification”. These guidelines state that institutions must perform an analysis of their borrowers and/or loans to determine the amount of “Common Risk”; institutions must also have the necessary information and documentation to prove that the person or group of people represent a common risk in accordance with the assumptions established in these rules.

In compliance with risk diversification regulation on active and passive operations, **Banco Mercantil del Norte** presents the following information:

Tier 1 Capital as of September 30, 2023 ***(Million Pesos)***	**197,708**
I. Large Exposures (Groups and Clients whose joint exposure represents more than 10% of Tier 1 Capital):	
Number of Groups and Clients	6
Total Exposure of Groups and Clients as a whole	159,695
% in relation to Tier 1	81%
II. Maximum amount of credit with the 4 largest debtors and common risk groups:	**104,941**

In compliance with risk diversification regulation on active and passive operations, **Arrendadora y Factor Banorte** presents the following information:

Equity as of September 30, 2023 *(Million Pesos)*	**10,870**
I. Large Exposures (Groups and Clients whose joint exposure represents more than 10% of Tier 1 Capital):	
Number of Groups and Clients	6
Total Exposure of Groups and Clients as a whole	15,007
% in relation to Equity	138%
II. Maximum amount of credit with the 4 largest debtors and common risk groups:	**8,012**

3. MARKET RISK (Banorte and Casa de Bolsa Banorte)

GFNorte's Market Risk objectives are:

- Adhere to the Desired Profile Risk defined by the Group's Board of Directors.
- Ensure proper monitoring of Market Risk. Keep, in a timely manner, the Senior Management properly informed.
- Quantify the exposure to Market Risk through the use of various methodologies.
- Define the maximum risk levels the Institution is willing to maintain.
- Measure the Institution's vulnerability to extreme market conditions and consider such results in decision making.

GFNorte's Market Risk Policies are:

- New products subject to market risk must be evaluated and approved though the new products' guidelines approved by the CPR.
- The Board of Directors is the entitled body to approve global limits and market risk's appetite metrics, as well as their amendments.
- The CPR is the entitled body to approve models, methodologies, and specific limits, as well as their amendments.
- Market risk models will be valid by an independent area, which is separate from the one that develops and manages them.
- Market risk inputs and models will be valid in accordance with a properly approved policy by the CPR.

6.1. Scope, Methodologies and Reports for Market Risk

Market Risk Management is controlled through a series of fundamental pillars, highlighting the use of models and methodologies such as potential loss commonly known as "*expected shortfall*", Backtesting and Stress Testing, which are used to measure the risk of traded products and portfolios in the financial markets. Banorte implemented during January 2019 the calculation of expected shortfall, thus replacing the calculation of VaR. In addition, the valuation of derivatives through OIS curves and curves adjusted for collateral was implemented in accordance with international standards.

Risk management is supported by a framework of policies and manuals, which establish the implementation and monitoring of Market Risk limits, the disclosure of risk metrics and their monitoring with respect to the established limits. These policies detail, among other things, the characteristics, capacity, legal aspects, instrumentation issues and degree of coverage that must be considered when compensating or mitigating the risk.

Market Risk management is supported by various information and risk measurement systems, which comply with regulatory standards and are aligned with the international best practices in Risk Management. It is worth mentioning that the information contained in the risk systems as well as the reports generated by them, are continuously backed up following institutional information security procedures.

Key risk ratios are disclosed in monthly reports to the Risk Policy Committee and through a daily report to the Institution's senior executives, in relation to the Market risk-taking.

6.2. Market Risk Exposure Banorte

The Institution's financial portfolios' exposure to Market Risk is quantified using the methodology denominated Expected Shortfall, which is the average of losses once VaR is surpassed.

The expected shortfall model is based on a one-day horizon base and takes into account a non-parametric historical simulation with a 97.5% confidence level and 500 historical observations on risk factors, as well as an additional stress scenario. It also takes into account all positions (money market, treasury, equities, FX and derivatives) that are classified as trading assets, both on and off the balance sheet.

The average expected shortfall of the Bank´s portfolio for 4Q23 was Ps 106.0 million (Ps 36.3 million higher than the average expected shortfall from the previous quarter).

The result shows that the Bank's expected shortfall, using a 97.5% confidence level, is an average of Ps 106.0 million, as shown in the following table:

Expected Shortfall (*Million Pesos*)	**Average 4Q23**
Total Expected Shortfall	106.0
Net Capital	195,819
Expected Shortfall/Net Capital	**0.054%**

The expected shortfall by risk factor behavior in 4Q23 is detailed in the following table:

Risk Factor (*Million Pesos*)	**4Q23**	**Average 4Q23**
Domestic Rates	166.5	106.5
Foreign Rates	40.2	42.2
Surcharges	52.7	54.9
FX	8.1	9.4
Others	27.7	34.6
Diversification Effect	(134.8)	(141.6)
Bank's Expected Shortfall	**160.4**	**106.0**

The expected shortfall for 4Q23 is an average of Ps 160.4 million. The contribution to the Bank´s Expected shortfall for each risk factor is shown in the following table:

Risk Factor (*Million Pesos*)	**4Q23**	**Average 4Q23**
Domestic Rates	165.6	98.8
Foreign Rates	(9.9)	(3.5)
Surcharges	(0.1)	3.9
FX	3.2	1.0
Others	1.6	5.8
Bank's Expected Shortfall	**160.4**	**106.0**

Expected shortfall by risk factor is determined by simulating 500 historical scenarios and an additional stress scenario for each risk factor and assessing instruments by their main risk factor. It is important to note that all positions classified as trading were considered, while those classified as held to maturity and available for sale were excluded.

The average proportion by market risk factor excluding the diversification effect is:

Risk Factor	4Q23
Rates	90%
Surcharges	4%
FX	1%
Others	5%

6.2.1. Sensitivity Analysis and Stress Testing under extreme conditions

With the aim of complementing and reinforcing risk analysis, Banorte carries out tests under extreme conditions known as Stress Testing. The results of these tests are presented to the Risk Policy Committee on a monthly basis with the main objective of assessing the impact of extreme movements in risk factors on the Institution's positions.

6.2.2. Backtesting Banorte

In order to validate the effectiveness and accuracy of the expected shortfall, a monthly Backtesting analysis is presented to the Risk Policy Committee. Through this analysis, it is possible to compare the losses and profits observed in relation to the estimated expected shortfall, and if necessary, make the required adjustments to the parameter.

6.2.3. Expected Shortfall of Casa de Bolsa Banorte

The average expected shortfall in 4Q23 was Ps 127.3 million, Ps 4.8 million higher in comparison with 3Q23.

The result shows that the potential loss for Casa de Bolsa Banorte, using a 97.5% confidence level, is on average Ps 127.3 million:

Expected Shortfall (*Million Pesos*)	Average 4Q23
Total Expected Shortfall	127.3
Net Capital	3,580
Expected Shortfall/Net Capital	**3.55%**

The expected shortfall by risk factor for Casa de Bolsa Banorte portfolio behavior during 4Q23 is:

Risk Factor *(Million Pesos)*	4Q23	Average 4Q23
Domestic Rates	45.4	49.3
Foreign Rates	0.4	0.4
Surcharges	89.7	88.1
FX	0.7	0.7
Others	1.4	0.5
Diversification effect	(12.1)	(11.8)
Casa de Bolsa Banorte Expected Shortfall	**125.5**	**127.3**

The expected shortfall at the end of 4Q23 is Ps 125.5 million.

Expected shortfall by risk factor is determined by simulating 500 historical scenarios and an additional stress scenario for each risk factor and assessing instruments by their main risk factor. It is important to note that all positions classified as trading were considered, while those classified as held to maturity and available for sale were excluded.

Concentration by Market Risk factor is mainly reflected in interest rates.

6.2.4. Sensitivity Analysis and Stress Testing under extreme conditions

In addition to the potential losses methodology, with the aim of improving risk analysis, Casa de Bolsa Banorte complements its risk analysis by carrying out tests under extreme conditions, knows as Stress Testing. This is presented to the Risk Policy Committee on a monthly basis, with the main objective of assessing the impact of extreme movements on the Institution's positions.

6.2.5. Backtesting Casa de Bolsa Banorte

In order to validate the effectiveness and accuracy of the expected shortfall, a monthly Backtesting analysis is presented to the Risk Policy Committee. Through this analysis it is possible to compare losses and gains observed regarding the estimated expected shortfall, and if necessary, make the required adjustments to the parameter.

7. BALANCE AND LIQUIDITY RISK

GFNorte's Balance and Liquidity Risk objectives are:

- Adhere to the Risk Appetite defined by the Group's Board of Directors.
- Ensure proper monitoring of Balance and Liquidity Risk.
- Assess, through the use of different methodologies, Balance and Liquidity Risk exposure.
- Measure the Institution's vulnerability to extreme market conditions and consider such results for decision making.
- Keep, in a timely manner, the Senior Management properly informed on Balance and Liquidity Risk exposure and on any limits' and risk profile's deviation.
- Follow-up on the institution's coverage policy and review it at least annually.
- Maintain a sufficient level of liquid assets eligible to guarantee the institution's liquidity even under stress conditions.

GFNorte's Liquidity Risk Policies:

- Establish specific global limits of Balance and Liquidity Risk Management.
- Measure and monitor Balance and Liquidity Risk.
- Inform and disclose of Liquidity Risk to risk-taking areas, CPR, Board of Directors, Financial Authorities and public investors.

7.1. Scope, Methodologies and Report of Balance and Liquidity Risk

Balance and Liquidity risk is managed through a series of fundamental pillars, including the use of key indicators such as the Liquidity Coverage Ratio (LCR), re-price gaps and liquidity as well as stress testing. The latter is based on a framework of policies and manuals, including a funding contingency plan, and a contingency plan to preserve solvency and liquidity. It is also supported by monitoring limits and Risk Appetite metrics of Balance and Liquidity Risk. The disclosure of the metrics and indicators and their compliance with established limits and desired established risk profile is done through monthly reports to the CPR, weekly reports to the capital and liquidity management group, and quarterly reports to the Board of Directors.

Balance and Liquidity Risk management is supported by various information and risk measurement systems, which comply with regulatory standards and are aligned with international best practices in Risk Management. It is worth noting that the information

contained in the risk systems as well as the reports they generate, are continuously safeguarded in accordance with institutional information security procedures.

7.2. Profile and Funding Strategy

The composition and evolution of the Bank's funding during the quarter are shown in the following table:

Funding Source (Million Pesos)	3Q23	4Q23	Change vs. 3Q23
Demand Deposits			
Local Currency [1]	609,435	618,555	1.5%
Foreign Currency [1]	76,596	70,711	(7.7%)
Demand Deposits	**686,031**	**689,266**	**0.5%**
Time Deposits – Core			
Local Currency [2]	257,568	268,712	4.3%
Foreign Currency	3,998	4,495	12.4%
Core Deposits	**947,597**	**962,473**	**1.6%**
Money Market			
Local Currency [3]	59,528	68,598	15.2%
Foreign Currency [3]	34,069	41,074	20.6%
Banking Sector Deposits	**1,041,194**	**1,072,144**	**3.0%**

1. Includes balance of the Global Deposits without Movement.
2. Includes eliminations among subsidiaries.
3. Money Market & Time Deposits.

7.3. Liquidity Coverage Ratio (LCR)

The LCR measures Liquidity Risk through the relationship between Liquid Assets and Net Cash Outflows ratio in the next 30 days, under a regulatory stress scenario.

The LCR is an indicator designed to ensure that the institution has sufficient liquidity to meet its short-term obligations, and under an extreme scenario, to use only high-quality liquid assets as source of funding.

The following tables shows the average evolution of LCR components in 4Q23.

LCR Components	Consolidated Entity	
(Million Pesos)	**Unweighted amount (Average)**	**Weighted amount (Average)**
COMPUTABLE LIQUID ASSETS		
1 Total Computable Liquid Assets	**NA**	**183,918**
CASH DISBURSEMENTS		
2 Unsecured retail financing	531,947	33,988
3 Stable financing	384,139	19,207
4 Less stable financing	147,808	14,781
5 Unsecured wholesale financing	388,162	115,936
6 Operational Deposits	300,903	68,976
7 Non-Operational Deposits	82,859	42,559
8 Unsecured debt	4,401	4,401
9 Secured wholesale financing	274,984	10,743

10	**Additional Requirements:**	421,687	33,634
11	Disbursements related to derivatives and other guarantee requirements	16,688	10,531
12	Disbursements related to losses from debt financing	0	0
13	Lines of credit and liquidity	404,998	23,103
14	Other contractual financing obligations	2,940	349
15	Other contingent financing liabilities	0	0
16	**TOTAL CASH DISBURSEMENTS**	**NA**	**194,649**
CASH INFLOWS			
17	Cash Inflows for secured operations	120,073	10,508
18	Cash Inflows for unsecured operations	93,913	64,113
19	Other Cash Inflows	4,897	4,897
20	**TOTAL CASH INFLOWS**	**218,882**	**79,518**
			Adjusted amount
21	**TOTAL COMPUTABLE LIQUID ASSETS**	**NA**	**183,918**
22	**TOTAL NET CASH DISBURSEMENTS**	**NA**	**115,131**
23	**LIQUIDITY COVERAGE RATIO**	**NA**	**160.54%**

LCR Components		Bank Stand Alone	
	(Million Pesos)	Unweighted amount (Average)	Weighted amount (Average)
COMPUTABLE LIQUID ASSETS			
1	Total Computable Liquid Assets	**NA**	**183,918**
CASH DISBURSEMENTS			
2	**Unsecured retail financing**	531,947	33,988
3	Stable financing	384,139	19,207
4	Less stable financing	147,808	14,781
5	**Unsecured wholesale financing**	381,532	112,814
6	Operational Deposits	300,903	68,976
7	Non-Operational Deposits	76,229	39,438
8	Unsecured debt	4,401	4,401
9	**Secured wholesale financing**	274,984	10,743
10	**Additional Requirements:**	380,011	31,447
11	Disbursements related to derivatives and other guarantee requirements	16,688	10,531
12	Disbursements related to losses from debt financing	0	0
13	Lines of credit and liquidity	363,323	20,916
14	Other contractual financing obligations	2,940	349
15	Other contingent financing liabilities	0	0
16	**TOTAL CASH DISBURSEMENTS**	**NA**	**189,341**
CASH INFLOWS			

17	Cash Inflows for secured operations	120,073	10,508
18	Cash Inflows for unsecured operations	92,429	66,783
19	Other Cash Inflows	4,897	4,897
20	**TOTAL CASH INFLOWS**	**217,398**	**82,188**
			Adjusted amount
21	**TOTAL COMPUTABLE LIQUID ASSETS**	**NA**	**183,918**
22	**TOTAL NET CASH DISBURSEMENTS**	**NA**	**107,153**
23	**LIQUIDITY COVERAGE RATIO**	**NA**	**172.82%**

During 4Q23, the 92-day average LCR for the Consolidated Entity was 160.54% with a 92-day average for the Bank's Stand-Alone LCR of 172.82%, and at the end of 4Q23, the LCR for the Consolidated Entity was 181.34%, while the bank's Stand-Alone LCR for 4Q23 was 202.53%; the aforementioned levels are above the Risk Appetite and the regulatory minimum standards. These results show that Banorte can meet all of its short-term obligations in a crisis scenario[8].

7.4. Evolution of LCR Components

The evolution of the LCR components comparing 3Q23 and 4Q23 is presented in the following table:

LCR Component (Million Pesos)	3Q23	4Q23	Var. vs. 3Q23
Liquid Assets	187,352	176,366	(5.9%)
Cash Inflows	64,227	92,090	43.4%
Cash Outflows	186,387	189,346	1.6%

The Liquid Assets that compute in the LCRs for the Bank and Sofomes between 3Q23 and 4Q23 are distributed as follows:

Type of Asset (Million Pesos)	3Q23	4Q23	Var. vs. 3Q23
Total	**187,352**	**176,366**	**(5.9%)**
Level I	180,888	169,340	(6.4%)
Level II	6,464	7,026	8.7%
Level II A	3,540	4,005	13.1%
Level II B	2,923	3,020	3.3%

7.5. Main Causes of LCR Results

The changes in the Liquidity Coverage Ratio between 3Q23 and 4Q23 are the result of growth in sticky deposits and the consequent increase in available liquidity.

It is worth noting that Banorte has not used the Ordinary Facilities or the Extraordinary Facilities of Banco de México during 4Q23.

7.6. Exposure to Derivatives and possible Margin calls

Banorte applies the regulatory methodology to determine potential cash outflows for derivatives. At the end of 4Q23, the estimated outflows for derivatives were as follows:

Derivatives Cash Outflows (Million Pesos)	3Q23	4Q23	Var. vs. 3Q23
Net cash outflows at market value and for potential future exposure	6,751	6,962	3.1%
Cash outflows for a 3-notch credit rating downgrade.	0	0	0.0%

[8] The Liquidity Coverage Ratio information is preliminary and is subject to Banco de Mexico's validation.

The assessment shows that potential outflows for derivatives may represent a liquidity requirement of up to Ps 6,96 billion, an increase of 3.1% compared to 3Q23.

7.7. Net Stable Funding Ratio (NSFR)

The NSFR is an indicator that should be interpreted as the proportion between the Available Stable Financing, made up of internal and external resources that are considered reliable over a time horizon, and the Required Stable Financing, made up of liquidity, asset maturities and off-balance sheet positions.

The following tables present the average evolution of NSFR components in 4Q23:

NSFR		Consolidated Entity				
(Million Pesos)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available Stable Funding Items						
1	Capital:	203,000	0	0	0	203,000
2	*Regulatory Capital*	203,000	0	0	0	203,000
3	*Other capital instruments*	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	0	617,785	1,912	198	579,808
5	*Stable deposits.*	0	436,656	983	118	415,875
6	*Less Stable deposits*	0	181,128	930	81	163,933
7	Wholesale funding:	0	673,326	4,867	83,917	393,683
8	*Operational deposits*	0	65,876	0	0	32,938
9	*Other wholesale funding*	0	607,450	4,867	83,917	360,745
10	Liabilities with matching interdependent assets	0	741	732	8,015	0
11	Other liabilities	19,755		29,877		12,720
12	*NSFR derivative liabilities*	NA		0		NA
13	*All other liabilities and equity not included in the above categories*	19,755	5,875	22,565	1,437	12,720
14	**Total Available Stable Funding**	NA	NA	NA	NA	**1,189,211**
Required Stable Funding Items						
15	Total NSFR high-quality liquid assets (HQLA)	NA	NA	NA	NA	77,071
16	Deposits held at other financial institutions for operational purposes	0	1,327	0	0	663
17	Performing loans and securities:	0	269,339	97,984	695,819	698,941
18	*Performing loans to financial institutions secured by Level 1 HQLA*	0	79,656	0	0	7,966
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	0	22,120	9,005	9,131	16,952
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	0	146,881	81,089	432,479	463,755

21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*	0	31,299	25,544	89,186	86,393
22	*Performing residential mortgages, of which:*	0	6,713	4,642	237,977	187,086
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk.*	0	2,421	1,561	104,358	69,824
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	0	13,969	3,247	16,232	23,182
25	*Assets with matching interdependent liabilities*	0	741	732	8,015	0
26	Other assets:	46,774		688,453		102,572
27	*Physical traded commodities, including gold*	11	NA	NA	NA	9
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	NA		1		1
29	*NSFR derivative assets*	NA		35,951		5,378
30	*NSFR derivative liabilities before deduction of variation margin posted*	NA		438,877		1,861
31	*All other assets not included in the above categories*	46,763	201,829	154	11,641	95,323
32	Off-balance sheet items	NA		437,186		21,859
33	**Total Required Stable Funding**	NA	NA	NA	NA	901,106
34	**Net Stable Funding Ratio (%)**	NA	NA	NA	NA	**131.97%**

NSFR		**Stand-Alone**				
(Million Pesos)		**Unweighted value by residual maturity**				**Weighted Value**
		No Maturity	**No Maturity**	**No Maturity**	**No Maturity**	
Available Stable Funding Items						
1	Capital:	203,000	0	0	0	203,000
2	*Regulatory Capital*	203,000	0	0	0	203,000
3	*Other capital instruments*	0	0	0	0	0
4	Retail deposits and deposits from small business customers:	0	617,785	1,912	198	579,808
5	*Stable deposits.*	0	436,656	983	118	415,875
6	*Less Stable deposits*	0	181,128	930	81	163,933
7	Wholesale funding:	0	659,120	4,835	80,877	384,889
8	*Operational deposits*	0	65,876	0	0	32,938
9	*Other wholesale funding*	0	593,244	4,835	80,877	351,951
10	Liabilities with matching interdependent assets	0	741	732	8,015	0
11	Other liabilities	19,755		29,877		12,720
12	*NSFR derivative liabilities*	NA		0		NA
13	*All other liabilities and equity not included in the above categories*	19,755	5,875	22,565	1,437	12,720
14	**Total Available Stable Funding**	NA	NA	NA	NA	1,180,416
Required Stable Funding Items						
15	Total NSFR high-quality liquid assets (HQLA)	NA	NA	NA	NA	77,071

16	Deposits held at other financial institutions for operational purposes	0	1,327	0	0	663
17	Performing loans and securities:	0	253,323	95,940	689,247	682,374
18	*Performing loans to financial institutions secured by Level 1 HQLA*	0	79,656	0	0	7,966
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	0	30,888	9,296	16,588	25,869
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	0	122,097	78,754	418,450	438,271
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*	0	31,299	25,544	89,186	86,393
22	*Performing residential mortgages, of which:*	0	6,713	4,642	237,977	187,086
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk.*	0	2,421	1,561	104,358	69,824
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	0	13,969	3,247	16,232	23,182
25	*Assets with matching interdependent liabilities*	0	741	732	8,015	0
26	Other assets:	46,774		735,216		102,572
27	*Physical traded commodities, including gold*	11	NA	NA	NA	9
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	NA		1		1
29	*NSFR derivative assets*	NA		35,951		5,378
30	*NSFR derivative liabilities before deduction of variation margin posted*	NA		438,877		1,861
31	*All other assets not included in the above categories*	46,763	201,829	154	11,641	95,323
32	Off-balance sheet items	NA		395,694		19,785
33	**Total Required Stable Funding**	NA	NA	NA	NA	882,464
34	**Net Stable Funding Ratio (%)**	NA	NA	NA	NA	**133.76%**

During 4Q23, the NSFR for the Consolidated Entity had a 92-days quarterly average of 131.97%, while the bank's quarterly average stand-alone NSFR was 133.76%, with an end of quarter consolidated entity NSFR of 132.34%; forementioned levels are above the Risk Appetite and the regulatory minimum standards. Such levels show that Banorte has the stable funding required for its assets and off-balance sheet items.

7.8. Evolution of NSFR Components

The evolution of the components of the Net Stable Funding Ratio from 3Q23 to 4Q23 is shown in the following figure.

3Q23			4Q23			Variation		
Available Stable Funding	**Required Stable Funding**	**NSFR**	**Available Stable Funding**	**Required Stable Funding**	**NSFR**	**Available Stable Funding**	**Required Stable Funding**	**NSFR**

< 6 months	1,098,585	222,276		1,109,917	211,986		1.0%	(4.6%)	
From 6 months to < 1 year	15,304	37,333		19,634	42,632		28.3%	14.2%	
>1 year	52,599	617,246	**133.0 %**	71,661	653,069	**132.3 %**	36.2%	5.8%	(0.5%)

7.9. Main Causes of NSFR Results

The solid levels of the Net Stable Funding Ratio are supported not only by the strength of Banorte's Tier 1 capital, reinforced by a strong long-term funding structure derived from the issuance of subordinated debt, but also, by the stability of customer deposits, which allow a natural coverage of asset balance, from high-quality liabilities.

7.10. Liquidity Risk in foreign currency

In order to quantify and monitor the liquidity risk, in the specific case of the foreign currency denominated portfolio, Banorte uses the criteria established by the Banco de México for the assessment of the foreign currency Liquidity Coefficient.

The Liquidity Coefficient in foreign currencies should be interpreted as the ability of the institution to meet its liquidity mismatches with liquid assets, both in foreign currency.

7.11. Liquidity Gaps

As part of the Bank's liquidity analysis, 30-day liquidity gaps are analyzed for the institution's assets and liabilities (obligations). The results for the Bank at the end of 4Q23 are shown in the following table:

Concept *(Million Pesos)*	**3Q23**	**4Q23**	**Var. vs. 3Q23**
Cumulative 30-day Gap	(4,297)	6,690	(255.7%)
Liquid Assets	186,423	176,571	(5.3%)

The mismatch between inflows and outflows (gaps) for the next 30 days is covered by liquid assets. In addition, a more granular breakdown of the liquidity gaps is presented, remaining as follows for 4Q23:

Concept (Million pesos)	**1 day**	**7 days**	**1 month**	**3 months**	**6 months**	**12 months**
Natural Gap	(4,100)	15,543	(4,752)	52,382	43,301	72,192
Accumulated Gap	(4,100)	11,442	6,690	59,072	102,373	174,566

7.12. Stress Testing under liquidity extreme conditions

As part of its Liquidity Risk management, Banorte carries out tests under extreme liquidity circumstances with internal scenarios, in order to assess the Bank's liquidity adequacy under adverse conditions from the environment as well as from the bank's intrinsic conditions. A total of 9 scenarios are used, based on 3 sources of risk (systemic, idiosyncratic and combined) and 3 levels of severity (moderate, medium and severe).

7.13. Contingency Funding Plan

In order to comply with comprehensive liquidity management practices, and to ensure its operation in adverse Liquidity situations, Banorte has implemented a contingency funding plan, which incorporates elements to identify possible liquidity problems and defines alternate funding sources available to deal with contingencies.

7.14. Balance Risk

Interest rate risk entails estimating its impact on the financial margin. Financial margin is the difference between interest income and costs associated to interest bearing liabilities (interest expense). Depending on the balance's structure, variations in interest rates may have either a positive or negative impact in the rate scenarios.

Given that financial margin follows the flow structure of the assets and liabilities in the balance sheet, the model used is a re-pricing model by brackets in which all assets and liabilities are distributed into different bands depending on their re-pricing characteristics and/or tenure. Once categorized by re-pricing structure, the impact that each of these bands have on these metrics can be estimated.

7.14.1. Financial Margin Sensitivity

Financial Margin sensitivity is a static metric that considers a twelve-month period. Only the bands with a duration of less than 1 year are affected by stimulated interest rate fluctuations. Relevant considerations behind margin sensitivity calculations are:

- Consideration of repricing outcomes for all financial assets and liabilities on the balance sheet.
- Separate trading book surveillance.
- Considers the behavior for all balance sheet models, such as mortgage prepayments and deposit survival.
- The balance sheet is considered static and constant over time. It does not take into account organic growth, interest rate structure, or product mix changes or strategies.

The following table shows the Financial Margin Sensitivity for Banorte Bank:

Margin Sensitivity *(Million Pesos)*	**3Q23**	**4Q23**	**Change vs. 3Q23**
Local Currency Balance	650	582	(10.5%)
Foreign Currency Balance	880	687	(21.9%)

At the end of 4Q23, the local currency balance sensitivity for a 100bps shift in reference rates, changed from Ps 650 million in 3Q23 to Ps 582 million. The foreign currency balance sensitivity for a 100bps shift in reference rates changed from Ps 880 million to Ps 687 million. It is important to highlight that the Financial Markets positions immunize, via intermediation results, the impact of lower rates on the Balance. The Available for Sale portfolio had a balance of Ps 188.13 billion at the end of 4Q23, with an average balance of Ps 170.73 billion.

7.14.2. Economic Value of Equity

The economic value of Equity (EVE) is a long-term economic measure that contrasts the difference in the present value of assets and the present value of liabilities, under different interest rate scenarios. This measure also considers the previously mentioned assumptions for the sensitivity of the financial margin.

The following table shows the economic value of equity for Banco Banorte, in a parallel scenario of +100 bps.

Economic Value of Equity *(Bsp)*	**4Q23**
Generalized Increase +100Bsp	174

7.15. Subsidiaries

Balance and Liquidity Risk Management processes for the Bank and its Sofomes are centralized in GFNorte's Credit and Risk Management and Credit Managing Direction. In order to monitor Sofomes' liquidity, an analysis of the balance sheet structural behavior is conducted as well as funding diversification. Furthermore, a liquidity gap analysis is performed. Specifically, for Casa de Bolsa Banorte, regulatory liquidity requirements are monitored.

The following table shows the composition of the gap indicators for the Bank's subsidiaries and SOFOMES at the end of 4Q23.

Liquidity Ratio *(Million Pesos)*	Casa de Bolsa Banorte	Arrendadora y Factor Banorte
Cumulative 30 days Gap	3,810	(4,783)
Liquid assets	3,782	56

8. OPERATIONAL RISK

GFNorte has a formal Operational Risk department that reports directly to the Chief Risk Officer.

Operational Risk is defined as the potential loss due to failures or deficiencies in internal controls, errors in operation processing and storing, or in data transmitting, as well as to adverse administrative and judicial rulings, fraud or theft (this definition includes Technological and Legal Risk).

The objectives of Operational Risk Management are to:

a) Enable and support the organization in achieving its institutional objectives through prevention and management of operational risks.

b) Ensure that the existing operational risks and the required controls are properly identified, assessed, and aligned with the organization's risk strategy.

c) Ensure that operational risks are properly quantified in order to adequately allocate capital by Operational Risk.

8.1. Policies, Objectives and Guidelines

As part of the Institutional regulations, there are documented policies, objectives, guidelines, methodologies, and responsible areas in Operating Risk management for its administration, coverage, and mitigation.

The Operational Risk Management Directors maintain close communication and coordination with the Regulatory Comptrollership in order to facilitate effective Internal Control in which proper procedures and controls are established to mitigate Operational Risk between processes and are monitored by the Internal Audit Department.

The Regulatory Comptrollership, as part of the Internal Control System, carries out the following activities to mitigate risk:

a) Validation of internal controls.

b) Management and control of Institutional regulations.

c) Monitoring of the operating processes' internal control by means of control indicators reports, that are reported by the process comptrollers in the various areas.

d) Money Laundering Prevention process management.

e) Control and monitoring of the regulatory provisions.

f) Analysis and assessment of the operating processes and projects with the participation of the responsible Directors for each process in order to ensure adequate internal control.

8.2. Quantitative and Qualitative Measuring Tools

8.2.1. Operational Losses Database

In order to record operational loss events, the Institution owns a system that enables the central information supplier areas to directly record online such events, which are classified by Type of Event in accordance with the following categories:

Internal Fraud: Losses derived from a type of action intended to defraud; unlawfully assets appropriation; or sidestep regulations, laws or company policies (excluding diversity/discrimination events) in which at least one company party is involved.

External Fraud: Losses derived from a type of action intended to defraud; unlawful appropriation of assets; or sidestep of laws, committed by a third party.

Labor Relations and Workplace Safety: Losses caused by acts incompatible with the legislation or labor agreements regarding hygiene or safety, payment of personal damage claims, or cases related to diversity/discrimination.

Customers, Products and Business Practices: Losses caused by involuntary noncompliance by neglect of a professional obligation to specific customers (including fiduciary and adjustment requirements), or due to the nature or design of a product.

Natural Disasters and Other Events**:** Losses caused by damage or harm to material assets as a consequence of natural disasters or other events.

Business Incidences and Technological Failures**:** Losses caused by incidences in the business and systems failures.

Process Execution, Delivery and Management**:** Losses caused by errors in management or processing operations as well as relations with commercial counterparties and suppliers.

This historical Database provides the statistics on the operational events in which the institution has incurred to determine their trends, frequency, impact, and distribution.

8.2.2. Legal and Fiscal Contingencies Database

An internal system called “Legal Risk Issues Monitoring System” (SMARL by its acronym in Spanish) has been developed to record and monitor legal, administrative and tax issues that may arise as a result of adverse ruling. This system enables the central data supplying areas to directly and online record such events, which are then classified by company, sector and legal issue, among others.

As part of GFNorte’s Legal Risk Management, legal and fiscal contingencies are estimated by the attorneys that process the cases, who determine risk level based on an internal methodology. This allows the necessary reserves to be constituted in a specific term (according to lawsuit’s term) to face such Contingencies.

8.3. Risk Management Model

GFNorte achieves its defined objectives, through various plans, programs and projects. Compliance with such objectives may be adversely affected due to operational risks, therefore it is imperative to provide a methodology for managing them within the organization. Consequently, Operational Risk Management is now an institutional policy defined and supported by senior management.

To perform Operational Risk Management, each of the operational risks involved in the processes must be identified in order to analyze them. In this regard, the risks identified by the Regulatory Comptrollership with the support of Process Comptrollership, are processed in order to eliminate or mitigate them (seeking to reduce their severity or frequency), and if applicable, define tolerance levels.

8.4. Required Capital Calculation

In accordance with the current Capitalization for Operational Risk Regulations, the Institution has adopted the Business Indicator Method, which is estimated and reported periodically to the authorities.

8.5. Information Systems, Measurement and Reporting of Operational Risk

The information generated by the Database and the Management Model is processed periodically to report to the Risk Policies Committee and the Board of Directors regarding the main operational events that were detected, the trends, identified risks and their mitigating strategies. The status of the main Operational Risk mitigation initiatives implemented by the various areas of the organization, is also being reported.

Operational Risk management is supported by various information and risk measurement systems, which comply with regulatory standards and are aligned with the best international practices in Risk Management. It is worth mentioning that the information contained in the risk systems as well as the reports generated by them, are continuously backed up following institutional information security procedures.

8.6. Technology Risk

Technology Risk is defined as all potential losses from damage, interruption, alteration or failures derived from the use of, or reliance on, hardware, software, systems, applications, networks and any other information distribution channels in the rendering of banking services to the customers. This risk is an inherent part of Operational Risk, which is why its management is collectively overseen throughout the entire organization.

To address the Operational Risk associated with information integrity, an “Integrity Committee” has been created. Its objectives are to align security and information control efforts under a prevention focus, to define new strategies, policies, processes or procedures, and to provide solutions to information security issues that affect or may affect the Institution’s capital.

The functions established by the CNBV (Comisión Nacional Bancaria y de Valores) for Technology Risk Management are performed by the Institution under the regulatory and Integrity Committee guidelines.

To address the Operational Risk caused by high impact external events, GFNorte has a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) based on a same-time data replication system at an alternate computer site. All of the above, cover the backup and recovery of the Institution’s critical applications in the event or any relevant operating contingency.

8.7. Legal risk

Legal Risk is defined as the potential loss resulting from non-compliance with the applicable legal and administrative provisions, the issuance of indisputable unfavorable court rulings, and the application of penalties related to the operations performed by the Institution.

The Legal Risk must be measured as an inherent part of Operational Risk in order to understand and estimate its impact. Therefore, those legal issues which result in actual operational losses of the SMARL system are subsequently recorded in the database of operational events.

Based on the statistics of the current legal issues and real loss events, the Institution will be able to identify specific legal or operational risks, which are analyzed in order to eliminate or mitigate them, in an attempt to reduce or limit their future occurrence or impact.

6. SECURITIZATIONS PERFORMED BY GFNORTE

The primary objective of the Group’s securitization operations, is to transfer risks and benefits of certain financial assets to third parties. Likewise, it represents an alternative funding source for the Group.

GFNorte has carried out the following securitization:

- On October 11th, 2006, Fincasa Hipotecaria (Fincasa), now merged with Banorte, held the irrevocable trust for the issuance of market certificates No. 563, issuer code FCASACB, whose underlying assets are mortgages originated and transferred by Fincasa.
- On December 5th, 2023, Banorte held the irrevocable trust for the issuance of market certificates No. 4907, issuer code BANORCB. The issuance took place on December 21st, 2023, these are backed by loans to governments, states and municipalities, all originated and assigned by Banorte.

The Institution is not responsible for assumed or retained risks regarding the trust assets; its sole responsibility is the fulfillment of its obligations in the trust agreement and administration contract. However, with respect to the BANORCB 23 securitization, the risks assumed and retained by the trust are relevant given the participation in the market certificates.

The Institution is responsible for ensuring that each of the assigned loans meet the eligibility criteria at the time of their respective allocation. If the fiduciary, the common representative or the financial guarantor identify any non-eligible loans, they may require Banorte to replace such loan or if replacement is not possible, to make payment for the "non-replaced ineligible loan" in question. If Banorte identifies any non-eligible loan, it must be notified and replaced or make the corresponding payment.

The Institution’s Board of Directors does not have pre-determined policies for the issuance of securitizations; authorization for any new issuance must be requested.

The Institution does not participate in securitizations of third-party positions.

There are several risk factors associated with securitizations that may affect the trust’s assets. If these risks materialize, payment to market certificates’ holders could be adversely affected. The main risks to which these financial instruments are exposed to are credit, market, liquidity, and operational risk, as described in the previous sections.

To monitor the quality of Credit Risk exposure of financial instruments arising from securitized assets, the Institution estimates the expected loss within one-year time horizon. Similarly, in order to monitor the exposure to market risk, the value at risk is calculated for these instruments with a one-day time horizon and a 99% confidence level.

Banorte is the settlor and trustee of trusts for the conducted securitizations. Additionally, the Institution also performs the duties of administrator in each of the trusts.

On the other hand, Banorte also acts as an investor by acquiring securities certificates issued by the trusts established for the securitizations. As of December 31st, 2023, GFNorte has in its own position the following securities and amounts from those securitizations carried out by the Institution:

Securitization *(Million pesos)*	Banorte		Seguros		Total GFNorte	
	Securities	Ps	Securities	Ps	Securities	Ps
91_BANORCB_23	270,000,000	27,067	-	-	270,000,000	27,067
97_FCASACB_06U	-	-	-	-	-	-

The following table shows the proportion of Securities held by Grupo Financiero Banorte, for each series as of December 31st in its own position:

Securitization *(Million pesos)*	Issued Securities	Banorte	Seguros Banorte	Total GFNorte	Total Clients
91_BANORCB_23	270,000,000	100.0%	0.0%	100.0%	0.0%
97_FCASACB_06U	1,351,386	0.0%	0.0%	0.0%	100.0%

The ratings assigned by each rating agency as of the end of the quarter for each market certificate issued by the aforementioned trusts are as follows:

Securitization	Standard & Poor's		Fitch Ratings		Moody's		HR Ratings		Verum		Best		DBRS	
	Local	Global	Local	Global	Local	Global	Local	Global	Local	Global	Local	Global	Local	Global
91_BANORCB_23							HRAAA		AA A/M					
97_FCASACB_06U	mxBB		CCC (mex)											

As of December 31st, 2023 the amounts of the underlying assets of the securitization were as follows:

Securitization *(Million pesos)*	Amount		
	Performing	Non-performing	Total
91_BANORCB_23	Ps 29,744	Ps 0	Ps 29,744
97_FCASACB_06U	Ps 51	Ps 96	Ps 146

Securitization exposure broken down by Credit Risk Weight is shown below:

Securitization by Risk Level *(Millon Pesos)*	Exposure	Capital Requirements
Securitizations with Risk Level 1	27,067	974
Securitizations with Risk Level 2	0	0
Securitizations with Risk Level 3	0	0
Securitizations with Risk Level 4	0	0
Securitizations with Risk Level 5.1 to 5.4	0	0
Securitizations with Risk Level 5.5 to 5.9	0	0

No securitization position is registered in memorandum accounts and no maintained securitization position is deducted from Tier 1 Capital.

Trust 563 Securitization takes into account early amortization provisions, and Trust 4907 Securitization does not consider early amortization provisions. The institution has not made revolving securitizations or re-securitizations operations during the quarter.

6.1 Applied Accounting Policies

All securitization operations conducted by the Institution were recognized in accordance with criterion C-14 *Transfer and Elimination of Financial Assets*. Despite retaining the contractual rights to receive cash flows from financial assets for the BORHIS Securitization, a contractual obligation is assumed to pay such cash flows to a third party. In addition, an analysis of the transfer of these assets indicates that the entity substantially transfers all the risks and benefits inherent with ownership of the financial assets.

Registration of profits from sales conforms to the provisions in paragraph 43.1.1 of criterion C-14, which states:

d) Eliminate transferred financial assets at the last book value.
e) Recognition for the consideration received in the operation.
f) Recognition of profit or loss in the income statement, for the difference between the book value of eliminated financial assets, and the sum of (i) compensation received (recognized at fair value) and (ii) the effect (gain or loss) by cumulative valuation recognized in equity.

Regarding the GEM Securitization, it was concluded that the entity did not effectively sold to a third party, as it does not transfer substantially all the risks and benefits inherent to the transferred assets. For this reason, these assets are not unsubscribed at a consolidated level.

Both Securitizations issued certificates in favor of the institution, as holders of rights in last place under the trust agreement. These certificates provide the right to receive a percentage of the distributions and in general to the corresponding proportions of the remnant that may be in the trust after full payment of the bonds. Valuation of the certificates is based on the method of net present value of remaining cash flows expected over the lifespan of the securitization. Remaining cash flows are the sum of cash flows to be received from the securitized loan portfolio, minus cash flow to be paid to securitized portfolios, minus the monthly administration and maintenance expenses, minus any increase in principal or interest reserve, if applicable. At the end of the period, the certificate related to securitization FCASACB 06U shows a fair market value of zero, since no remaining cash flows are expected to be received. Likewise, the certificate related to securitization BANORCB 23 shows a fair market value of 3.86 billion pesos, which is only recognized in the accounting notes of Banco Banorte (individual level). At the consolidated Banco Banorte balance level, this certificate is eliminated as part of the consolidation entries.

Remaining flows are discounted with the B1 banking curve, which takes into consideration the trusts' Credit Risks. The most important assumptions in the valuation of the GEM certificates are the following:

f) Default: Considers credit reserve of the securitized loans in accordance with the CNBV rating methodology in order to reflect the risk of default of principal and/or interest of the securitized portfolio.
g) Prepayment: In the event of the existence of prepayments, the notional of the portfolio is adjusted to update the future cash flows to be discounted.
h) Portfolio term: All contractual payments of principal and interest are considered on each payment date of each of the securitized assets.
i) Portfolio interest rate: The contractual rates of each of the securitized assets are considered. In the case of variable interest rates, forward rates are estimated based on the TIIE28 curve at the valuation date.
j) General account: the current value of the remaining flows is added to the amount of cash or cash equivalents deposited in the general account, collection account and if the case, in the expense, interest and principal reserve account, in case of total payment of the stock certificates, these assets would be distributed to the certificate holders.

Regarding the policies for recognizing obligations in balance sheet of the agreements that may require financial support from the Institution in case of asset's securitization: all amounts due under the stock certificates of the different existing securitizations, will be charged to the trust estate. If, for any reason, the liquid assets of the trust net worth are not sufficient to ensure payment of the amounts due under the stock certificates, holders will not have the right to claim payment from the Institution, the fiduciary, the common representative, the placement agent, the guarantor or guarantors in the case, or anyone else. The stock certificates have not been guaranteed or endorsed by any of the persons involved in the issuance therefore none of them are obligated to make payments to the certificate holders, except for the fiduciary, whose payments may be charged to the fiduciary's account in accordance with the trust agreement.

7 POSITION IN SHARES

At the end of 4Q23, Banco Mercantil del Norte held shares for an amount of Ps 758.2 million, with gains of Ps 376 million accumulated.

During the fourth quarter of the year, there were no gains from the purchase and sale of securities.

The capital requirement for Market Risk was Ps 327.54 million.

Institution	Type of Trading	Accounting Classification	Capitalization Treatment	Market Value 4Q23	Gains / Losses Cumm.	Profit / Loss Sales / Purchases
Banorte	Public Trading	Negotiation	Market Risk	5.1	(51.3)	0
Banorte	Public Trading	Negotiation	Capital Deduction	214.4	113.7	0
Banorte	w/o Public trading	Negotiation	Market Risk	538.8	313.6	0
Banorte	w/o Public trading	Negotiation	Market and Credit Risk	0.0	0.0	0
			Total	**758.2**	**376.0**	**0**

As of 4Q23 a position of Ps 583.6 million is held in Casa de Bolsa Banorte with cumulative gains of Ps 258.7 million.

During the quarter, there were gains of Ps 2.94 million from purchases and sales of securities.

Regarding Market Risk Capital Requirement, the amount was Ps 175.04 million of the total position in shares of Banorte.

Institution	Type of Trading	Accounting Classification	Capitalization Treatment	Market Value 4Q23	Gains / Losses Cumm.	Profit / Loss Sales / Purchases
Casa de Bolsa Banorte	Public	Negotiation	Market Risk	583.6	258.7	2.94
			Total	**583.6**	**258.7**	**2.94**

41 - MEMORANDUM ACCOUNTS (unaudited)

	2023	2022
Operations on behalf of third parties		
Banks customers (current accounts)	Ps. 13	Ps. 27
Settlement of customer transactions	(53)	36
Customer securities received in custody	873,526	772,939
Customer repurchase agreements	246,140	416,835
Collateral pledged on account of clients	240,997	208,581
Collateral delivered as guarantee on behalf of clients	5,050	-
Managed trusts	246	220
Investment banking transactions on account of third parties, (net)	322,821	268,191
	Ps. 1,688,740	**Ps. 1,666,829**
Proprietary transactions		
Guarantees Granted	Ps. -	Ps. 357
Contingent assets and liabilities	29	32
Assets in trust or under mandate	312,660	308,800
Managed assets in custody	623,956	515,172
Shares on custody or guarantee	45,542	44,942
Credit commitments	453,193	393,373
Collateral received	235,218	189,334

Collateral received and sold or given as a pledge	88,155	281,113
Deposits of assets	3,706	4,152
Interest accrued but not charged of stage 3	410	425
Other registration accounts	655,197	581,209
	Ps. 2,418,066	**Ps. 2,318,909**

42 - COMMITMENTS

As of December 31, 2023 and 2022, the Financial Group had the following contingent obligations and commitments:

Other contingent obligations and opening of credits totaling Ps. 453,193 and Ps. 347,355, respectively, which are recorded in memorandum accounts.

43 - CONTINGENCIES

As of December 31, 2023 and 2022, there are lawsuits filed against the Financial Group in civil and business court cases; however, the Financial Group attorneys consider that the claims filed are unsubstantiated and, in the event of an adverse ruling, they would not significantly impact the Financial Group consolidated financial position. As of December 31, 2022, the Financial Group has recorded a reserve for contentious matters of Ps. 1,915 and Ps. 1,852, respectively.

44 - PREVENTIVE MECHANISM FOR SAVINGS' PROTECTION

The objective of the Institute for the Protection of Bank Savings (IPAB) is to protect the deposits of small customers and thereby contribute to maintain the financial system's stability and the proper functioning of the payments systems.

According to the Law of Bank Savings Protection (LPAB), the IPAB manages a bank savings protection system that guarantees the payment of bank deposits or loans or credits to Full Service Banking Institution up to an amount equivalent to 400 thousand UDIS per individual or business entity, regardless of the number or type of such obligations in the customer's favor and charged to a single bank.

On July 30, 2007, general rules were issued for addressing joint accounts or those in which there is more than one account holder, referred to in art. 14 of the LPAB, as well as the rules banks must observe for classifying information relative to transactions associated with guaranteed obligations.

The IPAB plays a major role in the implementation of the LPAB resolutions methods and the Law of Credit Institutions (LIC) as timely and adequate mechanisms for salvaging and liquidating Full Service Banking Institutions in financial trouble that may affect their solvency. The purpose is to provide maximum protection to the public while minimizing the negative impact that salvaging an institution may have on others in the banking system.

During 2023 and 2022, the amount of contributions to the IPAB payable by Banorte for fees amounted to Ps. 4,292 and Ps 3,859, respectively.

45 - NEW ACCOUNTING GUIDELINES

Improvements to MFRS 2024 – The following improvements were issued with entry into force as of January 1, 2024, which do not generate accounting changes.

MFRS C-2.- an entity will classify financial assets based on its business model, among others, as financial instruments receivable or sold (IFCV). The term "financial instruments to collect or sell" is replaced by the term

“financial instruments to collect and sell” because the main objective of these must be to obtain a profit from their sale, which will be carried out when the conditions are met. optimal market conditions and in the meantime, collect contractual cash flows; That is, they are held to collect and sell.

MFRS C-10.- converges with the provisions of IFRS 9, Financial Instruments; Therefore, in the case of hedging a foreign currency risk, a non-derivative financial instrument denominated in that currency may be designated as a hedging instrument, provided that it is not an equity instrument for which an entity has elected to be presented at fair value in Other Comprehensive Income in accordance with MFRS C-2.