

Financial Results

as of June 30th, 2022

2Q22

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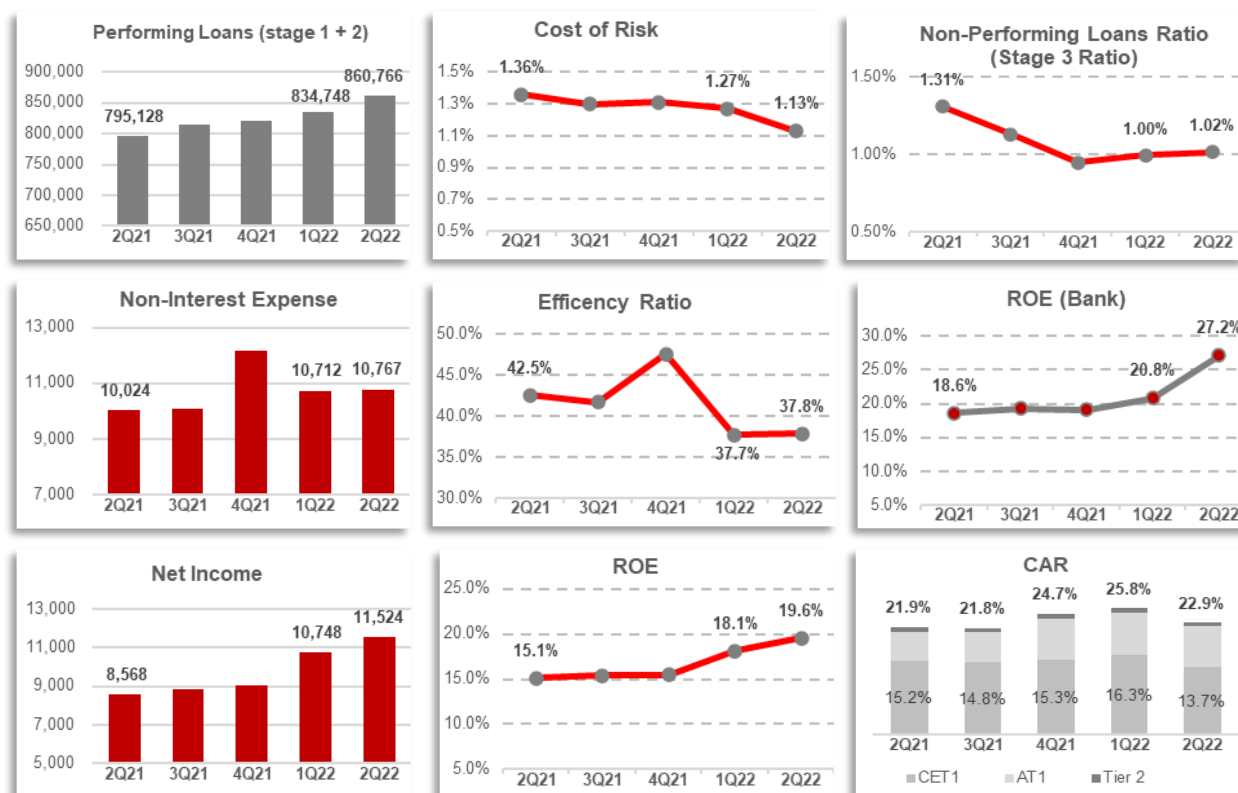
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I. Executive Summary

- Effective January 2022, new accounting rules, approaching convergence to IFRS international standards, were adopted by the Mexican banking system; thus, reflecting changes in the main indicators. To facilitate comparison, 2021 financial statements were restated under these same accounting rules.
- **Despite operating in a challenging economic environment, GFNorte improves profitability: Net Income +34% vs 2Q21**, driven by a sound business diversification
- **In the quarter, Net Income +7%, ROE +146bps to 19.6%. Bank's ROE at 27.2%.**
- **Outstanding sequential growth in loan book**, 8% in payroll, 4% in credit card, 2% in corporate, and 4% in government.
- **Asset quality and cost of risk remain solid**, below expected levels.
- **Efficiency ratio stable at 38%**, with significant expense control, despite inflationary pressures.

Figures for 2021 in the following graphs, as well as in the remainder of the document, were restated under new accounting standards, to facilitate comparison with 2022 information.



GFNorte reports Net Income of Ps 11.52 billion in the second quarter of 2022, 7% higher vs. 1Q22, and 34% higher vs. 2Q21.

(BMV: GFNORTEO; OTCQX: GBOOY; Latibex: XNOR)

2021 figures in this report were restated under new accounting rules, approaching convergence to IFRS international standards, as adopted by the Mexican banking system, to facilitate comparison with 2022 figures.

The most relevant results for the period ended on June 30, 2022, were:

Despite operating in a challenging macroeconomic environment, with low GDP growth expectations, inflationary pressures, restrictive monetary policies, and an uncertain international outlook, GFNorte ended the second quarter of the year with a net result of Ps 11.52 billion, 7% higher vs. 1Q22, and 34% higher vs 2Q21. Credit demand accelerated across all products, despite a restrictive rate cycle, and maintained sound risk metrics, that continue to perform ahead of our expectations. Despite inflationary pressures, GFNorte maintained an efficient expense control. GFNorte maintains sound levels of loan loss provisions and strong capital ratios, shielding the balance sheet for the rest of 2022.

The most relevant results for the quarter and year were:

- **Net Interest Income** (NII) flat sequentially and 24% higher versus 2Q21, partially reflecting the reference rate hikes in 12 months. **NIM of the Group stood at 5.9% in 2Q22**, a slight sequential decrease, but increasing 89bps versus the same period of last year.
- **Good performance remains at the bank and other subsidiaries. Bank's NIM was 33bps higher sequentially**, on higher credit origination and the still-partial-effect of the reference rate increases; in the quarter, the Mexican Central Bank increased the reference rate 50bps in May, and 75bps in June 24th, reaching 7.75%. Annually, bank's NIM increased 81bps.
- **Non-interest income decreased (4%) QoQ**, mainly on lower insurance premiums during the quarter, due to the seasonal effect of high insurance premiums during the first quarter of the year, as well as lower trading income results, despite **higher net fees, which grew 8%** vs 1Q22, and 18% vs 2Q21, on the back of electronic banking services, and higher POS transactions.
- The insurance business continues its gradual recovery; lower COVID-19-related claims, and solid premium issuance.
- **Provisions were (9%) lower** sequentially, and (12%) annually, on sound asset quality.
- **Non-interest expenses** increased 0.5% vs 1Q22, and 7.4% in the year, despite inflationary pressures –annual inflation in June of 8.0%–, showing an efficient expense control at an institutional level. The **cost to income ratio stood at 37.8% in 2Q22**, from 42.5% in 2Q21.
- **ROE** stood at **19.6%**, a **substantial sequential improvement of 146bps, and 444bps annually**, showing the sound business performance of the group, as well as a lower capital base derived from the 2021 dividend payment. **ROA increased 9bps** sequentially and **48bps** annually, to **2.3%**. **ROE for the Bank stands out at 27.2%** for the quarter, growing 631bps vs. 1Q22, and 856bps vs. 2Q21.
- **Net Income for 1H22 totaled Ps 22.27 billion, 30% higher** than 1H21. **Net Interest Income** for the first half grew 21% YoY; **NIM** reached **6.0%, 79bps higher vs 1H21**, partially reflecting the 225bps increase in the reference rate during the first half of 2022. **Non-interest income fell (9%)** vs 1H21, and **non-interest expenses grew 7%**, below inflation, reaching an **efficiency ratio of 37.8%**, 429bps better vs 1H21.
- **Subsidiaries** contributed positively and supported the business' sound revenue diversification. In the first half of 2022, net income for the Bank grew 36%, Brokerage House 49%, Seguros Banorte 58%, with claims in a downward trend, and Annuities 4%.
- **Performing loan book**, in stages 1 and 2, **increased 3% QoQ**. During the quarter, **consumer loans rose 3%, driven by payroll growing 8%**; followed by credit cards 4%, auto recovering with 3% growth, and mortgages 2%. Corporate and commercial loans grew 2%, whereas government 4%, showing growing economic activity, as well as the materialization of investment projects. In the year, the **performing loan book increased 8%**, driven by corporate 12%, commercial 7%, and government and consumer 8%. The latter, on the strong performance of **payroll and credit card portfolios, increasing 14% and 11%**, respectively, while **mortgages expanded 6%, and auto 3%**.
- **The quality of the loan portfolio continues to stand out** in all segments comprising the loan book. NPL ratio remains practically unchanged QoQ, at 1.0%, and improves (29bps) annually, mainly due to consumer loans.
- **Cost of risk improves (14bps) in the quarter** and stands at **1.1%**, given a decrease of (9%) in provisions. **Coverage ratio** decreased to 193.4%, from 202.5% in 1Q22.

- **Core Deposits rose 5%** during the quarter: **demand deposits were up 5%** while **time deposits were 3% higher**. In the annual comparison, demand deposits grew 15%, and time deposits rose only 2%, in line with the low funding cost strategy. Overall, **Core Deposits increased 11% in the year**.
- **Capital strength, as well as liquidity management** are still top priorities for the Financial Group. The **bank's total Capital Adequacy Ratio (CAR)** reached **22.9%**, and **Core Equity Tier 1 (CET1)** reached **13.7%**, both well above regulatory minimums, moreover, these levels will help the bank to comply with TLAC (Total loss-absorbing capacity) requirements, effective as of December 2022. **Liquidity Coverage Ratio** stood at **177%**, while **Leverage Ratio** at **11.72%**.

Income Statement Highlights - GFNorte (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Interest Income	46,287	55,171	60,289	9%	30%	93,678	115,460	23%
Interest Expense	24,502	28,249	33,238	18%	36%	49,116	61,487	25%
Net Interest Income	21,785	26,922	27,051	0%	24%	44,562	53,973	21%
Non Interest Income	1,774	1,476	1,413	(4%)	(20%)	3,174	2,889	(9%)
Total Income	23,559	28,398	28,464	0%	21%	47,736	56,862	19%
Non Interest Expense	10,024	10,712	10,767	1%	7%	20,081	21,479	7%
Provisions	2,766	2,668	2,434	(9%)	(12%)	5,980	5,102	(15%)
Operating Income	10,770	15,018	15,264	2%	42%	21,675	30,282	40%
Taxes	2,756	4,331	3,703	(15%)	34%	5,434	8,034	48%
Subsidiaries' Net Income	676	197	128	(35%)	(81%)	1,106	325	(71%)
Minority Interest	122	136	166	22%	35%	234	301	29%
Net Income	8,568	10,748	11,524	7%	34%	17,112	22,272	30%
Other Comprehensive Income	182	(1,830)	(2,311)	(26%)	(1371%)	(2,564)	(4,141)	(62%)
Comprehensive Income	8,872	9,054	9,378	4%	6%	14,783	18,432	25%
Balance Sheet Highlights - GFNorte (Million Pesos)	2Q21	1Q22	2Q22	Change				
				1Q22	2Q21			
Asset Under Management	3,101,420	3,208,835	3,128,108	(3%)	1%			
Performing Loans, Stage 1 & 2 (a)	795,128	834,748	860,766	3%	8%			
Past Due Loans, Stage 3 (b)	10,618	8,440	8,898	5%	(16%)			
Deferred Items (c)	1,505	1,580	1,590	1%	6%			
Loan Portfolio from Insur. Subs.(d)	2,601	2,927	3,025	3%	16%			
Total Loans (a+b+c+d)	809,851	847,695	874,278	3%	8%			
Preventive Loan Loss Reserves	18,337	17,090	17,208	1%	(6%)			
Total Loans Net	791,514	830,605	857,070	3%	8%			
Total Assets	1,923,999	2,035,427	2,033,316	(0%)	6%			
Total Deposits	810,082	836,028	865,191	3%	7%			
Total Liabilities	1,694,677	1,791,336	1,800,068	0%	6%			
Equity	229,322	244,091	233,248	(4%)	2%			

Financial Ratios GFNorte	2Q21	1Q22	2Q22	1H21	1H22
Profitability:					
NIM (1)	5.0%	6.0%	5.9%	5.2%	6.0%
ROE (2)	15.1%	18.1%	19.6%	15.2%	18.9%
ROA (3)	1.8%	2.2%	2.3%	1.8%	2.2%
Operation:					
Efficiency Ratio (4)	42.5%	37.7%	37.8%	42.1%	37.8%
Operating Efficiency Ratio (5)	2.1%	2.2%	2.1%	2.1%	2.2%
CCL Banorte and SOFOM - Basel III (6)	210.2%	221.9%	176.6%	210.2%	176.6%
Asset Quality:					
Past Due Loan Ratio	1.3%	1.0%	1.0%	1.3%	1.0%
Coverage Ratio	172.7%	202.5%	193.4%	172.7%	193.4%
Cost of Risk (7)	1.36%	1.27%	1.13%	1.47%	1.20%
Market References					
Banxico Reference Rate	4.25%	6.50%	7.75%	4.25%	7.75%
TIE 28 days (Average)	4.29%	6.01%	7.04%	4.33%	6.53%
Exchange Rate Peso/Dollar (8)	19.91	19.91	20.13	20.17	20.02

1) NIM= Annualized Net Interest Income / Average Earnings Assets.

2) Annualized earnings as a percentage of average quarterly equity over the period, minus minority interest, for the same period.

3) Annualized earnings as a percentage of average quarterly assets over the period, minus minority interest, for the same period.

4) Non-Interest Expense / Total Income

5) Annualized Non-Interest Expense / Average Total Assets.

6) Preliminary CCL calculation. To be updated upon publication of Banco de Mexico's official calculations.

7) Cost of Risk = Annualized Provisions / Average Total Loans.

8) The Exchange Rate Peso/Dollar for the semester is the average.

For more detail on Liquidity Coverage Ratio (LCR)

See Page. 26, 27 y 28 of the [Risk Management Report](#)

Subsidiaries Net Income (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change
				1Q22	2Q21			1H21
Banco Mercantil del Norte	6,408	7,499	9,211	23%	44%	12,278	16,710	36%
Banorte Broker Dealer	376	811	220	(73%)	(41%)	690	1,031	49%
Operadora de Fondos Banorte	107	96	87	(9%)	(19%)	214	183	(14%)
Retirement Funds - Afore XXI Banorte	456	155	99	(36%)	(78%)	853	254	(70%)
Insurance	462	1,232	852	(31%)	84%	1,320	2,084	58%
Annuities	494	511	520	2%	5%	990	1,031	4%
BAP (Holding)	9	(2)	(1)	7%	(116%)	17	(3)	(118%)
Other Finance Companies	89	127	245	94%	177%	338	372	10%
G. F. Banorte (Holding)	166	318	289	(9%)	74%	413	608	47%
Total Net Income	8,568	10,748	11,524	7%	34%	17,112	22,272	30%
Share Data	2Q21	1Q22	2Q22	Change		1H21	1H22	Change
				1Q22	2Q21			1H21
Earnings per share (Pesos)	2.971	3.728	3.996	7%	34%	5.935	7.724	30%
Earnings per share Basic (Pesos)	3.002	3.756	4.028	7%	34%	5.997	7.784	30%
Dividend per Share for the period (Pesos)	3.17	0.00	6.08	N.A.	92%	3.17	6.08	92%
Payout for the period	25.0%	0.0%	50.0%	N.A.	100%	25.0%	50.0%	100%
Book Value per Share (Pesos)	78.48	83.59	79.95	(4%)	2%	78.48	79.95	2%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	2,883.5	0%	0%	2,883.5	2,883.5	0%
Stock Price (Pesos)	128.76	149.55	112.17	(25%)	(13%)	128.76	112.17	(13%)
P/BV (Times)	1.64	1.79	1.40	(22%)	(14%)	1.64	1.40	(14%)
Market Capitalization (Million Dollars)	18,651	21,657	16,065	(26%)	(14%)	18,651	16,065	(14%)
Market Capitalization (Million Pesos)	371,274	431,221	323,437	(25%)	(13%)	371,274	323,437	(13%)

Share performance



II. Management's Discussion & Analysis

2021 figures in this report were restated under new accounting rules, approaching convergence to IFRS international standards, as adopted by the Mexican banking system, to facilitate comparison with 2022 figures. Thus, financial information of 2021 is not comparable to the reports published in the respective year. Please refer to the section "Accounting Regulatory Changes" for further detail.

For comparison purposes, it is important to consider that GFNorte holds a 98.2618% ownership of the Bank; therefore, some figures may vary as they refer to the Group or the Bank.

Net Interest Income

Net Interest Income (NII) (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change
				1Q22	2Q21			1H21
Interest Income	46,287	55,171	60,289	9%	30%	93,678	115,460	23%
Interest Expense	24,502	28,249	33,238	18%	36%	49,116	61,487	25%
GFNORTE's NII	21,785	26,922	27,051	0%	24%	44,562	53,973	21%
Credit Provisions	2,766	2,668	2,434	(9%)	(12%)	5,980	5,102	(15%)
NII Adjusted for Credit Risk	19,019	24,254	24,618	1%	29%	38,582	48,872	27%
Average Earning Assets	1,750,425	1,801,811	1,842,672	2%	5%	1,709,491	1,813,184	6%
Net Interest Margin (1)	5.0%	6.0%	5.9%			5.2%	6.0%	
NIM after Provisions (2)	4.3%	5.4%	5.3%			4.5%	5.4%	
NIM from loan portfolio (3)	7.5%	8.0%	8.1%			7.4%	8.0%	

1) NIM = Annualized Net Interest Income / Average Interest Earnings Assets.

2) NIM = Annualized Net Interest Income adjusted by Loan Loss Provisions / Average Interest Earnings Assets.

3) NIM = Annualized Net Interest Income from loans / Average Performing Loans

NII remained flat during the quarter, despite the 4% increase in the NII from the loan portfolio. The result was impacted by the combination of the negative effect in valuation of FX and inflation-indexed securities (UDIS). Interest expenses were 18% higher than the previous quarter, mainly due to an increase of 103bps in the average reference rate (TIIE28d), increasing interests expenses from deposits and funding by 21%. **NIM dropped (10bps) to 5.9%**, given 2.3% higher average earning assets and mark-to-market valuations on inflation-indexed securities (UDIS) in the Annuities business. **NIM of the loan portfolio rose 9bps in the quarter, reaching 8.1%**, reflecting greater loan origination activity and, partially, the gradual increases in the reference rate.

In the annual comparison, **Net Interest Income rose substantially 24%**, boosted by 13% higher NII in the loan portfolio, on greater credit dynamism and reflecting, partially, a 350bps adjustment in the reference rate over the past 12 months; offsetting the negative effect of FX valuation. Interest expenses went up 36%, mainly due to an adjustment in the average reference rate; but maintaining the efforts to improve the efficiency of the mix, increasing non-interest-bearing demand deposits by 13%, and time deposits by 2%, annually. **NIM increased 89bps, ending at 5.9%**; and the **NIM of the Loan Book increased 55bps, reaching 8.1%**.

For more detail on Margin Sensitivity (Bank):

- 1) Refer to page 32 and 33 of the [Risk Management Report](#)

Loan Loss Provisions

Credit Provisions (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Commercial, Corporate & Government	305	248	376	52%	23%	444	624	41%
Consumer	2,778	2,880	2,945	2%	6%	5,965	5,825	(2%)
Charge offs and discounts	(317)	(459)	(888)	(93%)	(180%)	(429)	(1,347)	(214%)
Credit Provisions	2,766	2,668	2,434	(9%)	(12%)	5,980	5,102	(15%)

Compared to the previous quarter, **credit provisions were down (Ps 235 million), or (9%)**, derived from the partial use of the additional reserves created in 2020 to face the COVID-19 pandemic, for Ps 472 million, as well as good asset quality.

Out of the Ps 2.43 billion provisions recorded in the quarter, 58% correspond to new loan origination and the remaining to risk and portfolio variations.

During the first half of the year, provisions were (Ps 878 million), or (15%), lower than 1H21; due to greater charge-offs and discounts given a solid recovery management, as well as slightly lower reserves in the consumer portfolio, given better asset quality. The latter, despite greater requirements in the commercial, corporate, and government portfolios, driven by greater activity in these segments.

Cost of risk improved (14bps) in the quarter and (23bps) in the year, reaching 1.1%; still remaining below historical levels, as a result of lower reserves requirement given greater assertiveness in the origination models, as well as the partial use of additional reserves created to face the pandemic.

For more detail on Internal Credit Risk Models:

- 1) Page. 16 to 20 of the [Risk Management Report](#)

Non-Interest Income

Non-Interest Income (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Net Service Fees	3,644	4,010	4,313	8%	18%	7,375	8,322	13%
Premium Income Ins. & Annu. (Net)	8,602	15,756	8,967	(43%)	4%	23,942	24,723	3%
Technical Reserves Ins. & Annu.	4,983	11,699	5,685	(51%)	14%	15,999	17,384	9%
Cost of Acquisition from Insurance Operations	231	468	308	(34%)	33%	565	775	37%
Net Cost of Claims and Other Obligations	5,777	6,796	6,594	(3%)	14%	12,873	13,389	4%
Trading	744	1,466	1,032	(30%)	39%	1,604	2,498	56%
Other Operating Income (Expenses)	(225)	(794)	(312)	61%	(38%)	(310)	(1,106)	(256%)
Non-Interest Income	1,774	1,476	1,413	(4%)	(20%)	3,174	2,889	(9%)

Non-interest income with a slight sequential drop of (4%), mainly due to the seasonality in insurance premiums during the first quarter of the year, as well as a drop in trading income, although with an **evident recovery in net fees, which rose 8% sequentially** and 18% in the annual comparison, associated with the economic recovery.

Compared to 1H21, non-interest income decreased (9%), mainly impacted by the technical results of the insurance and annuities business, related to the update of technical reserves for the annuities business, as well as by other operating income (expenses) due to extraordinary expenses registered in 1Q22.

Premium Income from Insurance and Annuities fell (43%) sequentially due to the seasonality of the insurance business during the first quarter; consequently, technical reserves decreased (51%) or (Ps 6.01 billion), out of which, (Ps 5.39 billion) correspond to the insurance business and (Ps 623 million) to annuities, and the cost of acquisition decreased (34%). On the other hand, claims declined (3%), reflecting the lower claims ratio in the portfolios affected by the pandemic.

In the semester, **premium income from Insurance and Annuities grew 3%**, while technical reserves expanded 9%, mainly due to reserves' valuation effect on inflation in the Annuities business and higher premium issuance in the Insurance business. Claims increased 4%, on a larger portfolio of Annuities, offset by lower insurance claims, particularly by those related to COVID-19.

Service Fees

Service Fees (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Fund Transfers	530	471	515	9%	(3%)	1,003	986	(2%)
Account Management Fees	508	483	489	1%	(4%)	1,017	972	(4%)
Electronic Banking Services	3,212	3,790	4,197	11%	31%	6,128	7,987	30%
Basic Banking Services Fees	4,250	4,744	5,201	10%	22%	8,148	9,945	22%
For Commercial and Government Loans	278	367	472	29%	70%	574	838	46%
Consumer Loan Fees	1,263	1,395	1,521	9%	20%	2,427	2,916	20%
Fiduciary & Mortgage Appraisals	177	127	136	7%	(23%)	283	262	(7%)
Mutual Funds	503	500	523	5%	4%	986	1,023	4%
Trading & Financial Advisory Fees	166	141	163	16%	(2%)	353	304	(14%)
Other Fees Charged (1)	42	86	67	(22%)	60%	281	153	(46%)
Fees Charged on Services	6,678	7,359	8,082	10%	21%	13,053	15,441	18%
Interchange Fees	1,911	2,301	2,638	15%	38%	3,537	4,939	40%
Other Fees Paid	1,123	1,048	1,131	8%	1%	2,141	2,179	2%
Fees Paid on Services	3,034	3,350	3,769	13%	24%	5,678	7,119	25%
Net Service Fees	3,644	4,010	4,313	8%	18%	7,375	8,322	13%

1) Includes fees from transactions with pension funds, warehousing services, financial advisory services, and securities trading, among others.

Fees charged on services increased 10% in the quarterly comparison and 21% vs. 2Q21, as a result of higher electronic banking services, increasing advisory and structuring fees in commercial and government portfolios, as well as higher transaction activity in consumer products, as a result of the internal demand reactivation.

On the other hand, **fees paid on services grew 13% sequentially and 24% annually**, driven by higher commercial activity, reflected in greater interchange fees, mainly in the credit card business, and better dynamics in the acquiring business, that during the second quarter, were mostly related to the "Hot Sale" event in May.

Altogether, **net service fees rose 8% sequentially and 18% on an annual basis**. Compared to 1H21, net fees grew 13%.

Trading

Trading Income (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Currency and Metals	(453)	(543)	351	165%	177%	122	(193)	(258%)
Derivatives	68	1,354	424	(69%)	529%	75	1,778	2257%
Negotiable Instruments	122	34	(313)	(1028%)	(357%)	(457)	(279)	39%
Valuation	(264)	844	462	(45%)	275%	(259)	1,306	603%
Currency and Metals	838	1,319	753	(43%)	(10%)	1,602	2,072	29%
Derivatives	(10)	(719)	(216)	70%	(2144%)	(4)	(935)	N.A.
Negotiable Instruments	180	19	141	635%	(21%)	266	160	(40%)
Trading	1,008	619	678	9%	(33%)	1,864	1,297	(30%)
Other financial results	-	2	(107)	N.A.	N.A.	-	(105)	N.A.
Trading Income	744	1,466	1,032	(30%)	39%	1,604	2,498	56%

Trading income was (30%) lower than the previous quarter, on the back of the negative valuation effect in derivatives and securities, lower trading of foreign exchange and metals, and a weakening of other financial results, recorded in the quarter of (Ps 107 million).

On an annual basis, trading income rose 39%, mainly due to valuation effects. **Compared to 1H21**, this item grew 56%, driven by derivatives' and securities' valuation, which offset the decline in trading operations during the period, as well as the negative impact in other financial results for (Ps 105 million) in 1H22.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Contributions to IPAB	(889)	(934)	(954)	2%	7%	(1,801)	(1,889)	5%
Result for Foreclosed Assets	132	140	196	39%	48%	219	336	53%
Lease Income	55	62	86	38%	56%	117	148	27%
From Insurance	195	230	237	3%	22%	470	467	(1%)
Others	281	(292)	124	143%	(56%)	684	(168)	(124%)
Other Operating Income (Expenses)	(225)	(794)	(312)	61%	(38%)	(310)	(1,106)	(256%)

Other operating income (expense) grew 61% sequentially, driven by the extraordinary expenses recorded in other items during 1Q22. The result was also benefited by higher foreclosed assets and additional revenues from the leasing company.

In the annual comparison, there was **(38%) drop**, mainly related to extraordinary expenses recorded in the first quarter. Compared to 1H21, the item fell **(256%)**, due to the same extraordinary expenses mentioned above, as well as lower collection rights and recoveries, and higher contributions to the IPAB, related to an increase in the deposits' volume.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Personnel	4,367	4,330	4,264	(2%)	(2%)	8,535	8,594	1%
Professional Fees	830	797	915	15%	10%	1,641	1,712	4%
Administrative and Promotional	1,697	1,863	1,789	(4%)	5%	3,567	3,652	2%
Rents, Depreciation & Amortization	2,122	2,400	2,434	1%	15%	4,264	4,835	13%
Other Taxes	529	532	502	(6%)	(5%)	1,051	1,034	(2%)
Employee Profit Sharing (PTU)	151	385	387	1%	157%	307	772	151%
Other expenses	328	405	476	18%	45%	717	880	23%
Non-Interest Expense	10,024	10,712	10,767	0.5%	7.4%	20,081	21,479	7%

Non-interest expense rose (0.5%) sequentially, primarily due to greater professional fees, higher publicity and promotional expenses related to the "Hot Sale" campaign and sponsorships, as well as greater capitalized projects, partially offset by an efficient management in personnel expenses.

Compared to 1H21, non-interest expense went up 7.0%, despite inflationary pressures -annual inflation in June reached 8.0%-, showing an important control at an institutional level. The increase vs 1H21 resulted from higher expenses in the Employee Profit Sharing, derived from the labor reform, higher depreciation of leased properties, derived from the change in the accounting standards, and greater travel expenses given the reactivation of in-person activities.

Thus, the **efficiency ratio reached 37.8%**, a 10bps expansion vs the 37.7% of the previous quarter; whereas, in the semester, the ratio improved (429bps) vs the 42.1% in 1H21.

Net Income

Net Income (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Operating Income	10,770	15,018	15,264	2%	42%	21,675	30,282	40%
Subsidiaries' Net Income	676	197	128	(35%)	(81%)	1,106	325	(71%)
Pre-Tax Income	11,446	15,215	15,392	1%	34%	22,780	30,607	34%
Taxes	2,756	4,331	3,703	(15%)	34%	5,434	8,034	48%
Net income from continuing operations	8,690	10,884	11,689	7%	35%	17,346	22,573	30%
Minority Interest	122	136	166	22%	35%	234	301	29%
Net Income	8,568	10,748	11,524	7%	34%	17,112	22,272	30%
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	416	(1,983)	(2,351)	(19%)	(665%)	(1,186)	(4,334)	(266%)
Cash Flow Hedges Valuation	(237)	14	(73)	(636%)	69%	(1,564)	(59)	96%
Remeasurement on defined employee benefits	30	23	23	1%	(22%)	60	47	(22%)
Cumulative foreign currency translation adjustment	(34)	(47)	14	130%	141%	(2)	(33)	(1364%)
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	6	163	76	(53%)	1070%	128	238	86%
Other Comprehensive Income	182	(1,830)	(2,311)	(26%)	(1371%)	(2,564)	(4,141)	(62%)
Comprehensive Income	8,872	9,054	9,378	4%	6%	14,783	18,432	25%

Operating income grew 2% in the quarter, with stable business operations, despite the seasonality of the insurance business mentioned above, and lower trading income. **Compared to the same quarter of the previous year, it grew 42%**, as a result of better operating dynamics at the Bank, Brokerage House, and Insurance businesses. **On a cumulative basis vs 1H21, it grew 40%**, due to better dynamics in all businesses, with the exception of the Afore, which had important regulatory adjustments at the beginning of 2022, along with valuation pressures in long-term investments.

Net income reached Ps 11.52 billion, up 7% sequentially and a record 34% YoY. When compared to 1H21, it grew 30% to Ps 22.27 billion, at the end of 1H22.

Taxes fell (15%) sequentially, and increased 34% compared to 2Q21; on a cumulative basis, they rose 48%.

Earnings per share for the quarter were **Ps 3.996**.

Profitability

	2Q21	1Q22	2Q22	1H21	1H22
ROE	15.1%	18.1%	19.6%	15.2%	18.9%
Intangibles	16,701	16,718	17,786	21,026	34,504
Goodwill	26,720	26,720	26,725	53,451	53,445
Average Tangible Equity	181,856	183,778	180,915	181,856	180,915
ROTE	18.9%	23.4%	25.6%	18.8%	24.6%

For the quarter, **ROE** improved 146bps to **19.6%**, while vs 2Q21, ROE increased 444bps, reflecting the strength of the group's businesses, as well as the impact in capital, of the dividend payment for (Ps 17.52 billion).

ROTE improved 219bps in the quarter to 25.6%, while in the year, it grew 669bps.

	2Q21	1Q22	2Q22	1H21	1H22
ROA	1.8%	2.2%	2.3%	1.8%	2.2%
Average Risk Weighted Assets (billion pesos)	894	849	842	894	842
RRWA	3.6%	4.4%	4.8%	3.6%	4.8%

ROA improved 9bps in the quarterly comparison to **2.3%**, while in the annual comparison it **improved 48bps**.

Deposits

Deposits (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Non-Interest Bearing Demand Deposits	344,653	381,111	390,878	3%	13%
Interest Bearing Demand Deposits	192,348	202,876	224,849	11%	17%
Total Demand Deposits	537,001	583,988	615,727	5%	15%
Time Deposits – Retail	213,819	212,339	218,250	3%	2%
Core Deposits	750,820	796,327	833,978	5%	11%
Money Market and Credit Notes Issued	64,569	49,959	51,648	3%	(20%)
Total Bank Deposits	815,389	846,286	885,625	5%	9%
GFNorte's Total Deposits	810,082	836,028	865,191	3%	7%
Third Party Deposits	235,688	286,765	239,236	(17%)	2%
Total Assets Under Management	1,051,077	1,133,050	1,124,861	(1%)	7%

Core deposits increased 5% in the quarter, driven by demand deposits, mainly boosted by a 11% sequential increase in interest-bearing demand deposits, due to a strong increase in government deposits, and 3% in non-interest-bearing demand deposits; maintaining strategic efforts to increase the share of low-cost funding as a percentage of total deposits. When compared to 2Q21, core deposits went up 11%, given 15% higher demand deposits and, to a lower extent, 2% higher time deposits, in line with our strategy to improve the cost of funds.

Money market operations and credit notes issued increased 3% in the quarter and decreased (20%) annually. Overall, **total bank deposits** grew 5% QoQ and 9% YoY.

Loans stage 1 and stage 2 / Performing loan portfolio

Performing Loan Portfolio, stage 1+2 (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Performing Loan Portfolio, Stages 1 + 2					
Mortgages	196,179	202,642	207,524	2%	6%
Auto Loans	28,131	28,051	28,872	3%	3%
Credit Card	36,853	39,606	41,044	4%	11%
Payroll	53,868	57,278	61,591	8%	14%
Consumer	315,031	327,577	339,031	3%	8%
Commercial	193,287	202,283	207,275	2%	7%
Corporate	132,162	144,857	148,027	2%	12%
Government	154,649	160,031	166,433	4%	8%
Performing Loan Portfolio, Stages 1 + 2	795,128	834,748	860,766	3%	8%

Further detail on Performing and Past due loan portfolios in the [Risk Management Report](#)

- 1) displayed by Sector and Subsidiary, page 10
- 2) displayed by Federal Entities and Subsidiary, page 10
- 3) displayed by Remaining Term, page 11

During the quarter, **performing loans grew 3%** driven by a 4% increase in the government portfolio, followed by a 3% growth in the consumer portfolio, with a **substantial improvement of 8% in payroll**, while credit card rose 4% and auto 3%, despite current supply chain pressures.

During the year, **the corporate book grew 12%**, due to the materialization of investment projects, followed by government and consumer portfolios, each of them showing an 8% increase, the latter boosted by a 14% increase in payroll, followed by 11% in credit card, and 6% in mortgages. Commercial loans were 7% higher, reflecting greater economic activity.

Within the commercial portfolio, **SMEs loans** were 3% higher sequentially, and 6% yearly. NPL ratio improved (9bps) in the quarter and (188bps) in the year, ending at 1.56%.

SME's Loans (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Performing Portfolio	36,616	37,505	38,691	3%	6%
% of Performing Commercial Portfolio	18.9%	18.5%	18.7%	13 bp	(28 bp)
% of Total Performing Portfolio, stage 1 and 2	4.6%	4.5%	4.5%	0 bp	(11 bp)
NPL Ratio	3.4%	1.65%	1.56%	(9 bp)	(188 bp)

GFNorte's corporate book is well diversified by industry and by region, showing low concentration risk. The 20 main private sector corporate borrowers accounted for 11.2% of the group's total performing book, stages 1 and 2. The group's largest corporate exposure represented 1.0% of the total performing book, stages 1 and 2; whereas number 20 represented 0.3%. All 20 corporates have an A1 credit rating.

The **government book, stage 1 and 2, totaled Ps 166.43 billion, increasing 4% QoQ and 8% 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 90.8% of municipal and state government loans are backed by fiduciary guarantees.

Market share position (using CNBV figures as of May 2022):

The system's performing loans (stages 1 and 2) recovering, higher 9.4% annually; **Banorte rose 6.7%**, and decreased (38bps) of market share in the year, **reaching 14.6%**.

- **Mortgages:** Banorte held a **18.6% market share**, down (109bps) annually, holding on to the second place in the system.
- **Credit Cards:** Banorte maintains **its market share** in the year, ending at **10.4%**.
- **Auto Loans:** In the year, Banorte decreased its market share by (20bps) to **19.4%**, still ranking second in the system. The market continues with general slowdown regarding new cars sales.
- **Payroll Loans:** Banorte held a **20.6%** market share, down (12bps) in the year, but ranking second in the market.
- **Commercial:** Market share totaled **11.58%**, including corporate and SMEs according to the CNBV classification. Market share decreased (8bps) in the last 12 months, ranking third in the system.
- **Government:** Banorte's market share dropped (13bps) to **25.4%**, still ranking second in the banking system.

Stage 3/ Past Due Loans

In the quarter, non-performing loans increased Ps 459 million, impacting mainly payroll, corporate and to a lesser extent, mortgages and credit card.

Stage 3/ Past Due Loans (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Credit Cards	1,360	902	926	25	(433)
Payroll	1,346	1,425	1,713	289	367
Auto Loans	316	203	180	(23)	(135)
Mortgages	1,912	1,763	1,855	92	(57)
Commercial	3,779	3,503	3,442	(62)	(337)
Corporate	1,719	484	680	196	(1,039)
Government	186	159	102	(57)	(84)
Total	10,618	8,440	8,898	459	(1,720)

NPL ratio still at 1.0%, below normal pre-pandemic levels. During the quarter, the ratio increased 2bps, whereas in the year, it improved (29bps), driven by strict loan origination controls and strong collection management.

Past Due Loans Ratios	2Q21	3Q21	4Q21	1Q22	2Q22
Credit Cards	3.6%	2.7%	2.3%	2.2%	2.2%
Payroll	2.4%	2.4%	2.5%	2.4%	2.7%
Auto Loans	1.1%	0.9%	0.8%	0.7%	0.6%
Mortgages	1.0%	1.0%	1.0%	0.9%	0.9%
Commercial	1.9%	1.9%	1.6%	1.7%	1.6%
SMEs*	3.4%	2.5%	1.8%	1.7%	1.6%
Rest of commercial*	1.6%	1.8%	1.5%	1.7%	1.6%
Corporate	1.3%	0.4%	0.0%	0.3%	0.5%
Government	0.1%	0.1%	0.1%	0.1%	0.1%
Total	1.31%	1.13%	0.95%	1.00%	1.02%

*SMEs and the rest of the Commercial ratios for 2021 were restated due to methodology changes. However, the NPL ratio of the Commercial segment remains unchanged.

Expected loss for Banco Mercantil del Norte, the group's largest subsidiary, was 1.8%, and the unexpected loss was 4.1%, with respect to the total portfolio as of 2Q22, unchanged vs 1Q22. These ratios were 1.9% and 3.9%, respectively, twelve months ago.

Quarterly changes in accounts that affect past due loans (stage 3) balance for the Financial Group were:

Past due loan (Stage 3) variations (Million Pesos)	
Balance as of March '22	8,440
Transfer from Performing Loans (stage 1 +2) to Past Due Loans (stage 3)	5,455
Portfolio Purchase	-
Renewals	(17)
Debt reversal	4
Cash Collections	(1,168)
Discounts	(93)
Charge Offs	(2,724)
Foreclosures	-
Transfer from Past Due Loans (stage 3) to Performing Loans (stage 1 +2)	(1,018)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	19
Fair Value Ixe	-
Balance as of June '22	8,898

Regarding risk ratings, 90% of the **total loan portfolio** was rated as Risk A, 6% as Risk B, and 4% as Risk C, D, and E altogether.

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	786,398	1,230	766	80	740	255	3,070
A2	34,205	243	19	0	295	23	580
B1	31,179	27	10	1	979	15	1,033
B2	15,592	34	0	12	590	23	660
B3	10,889	53	4	0	594	14	666
C1	9,077	109	-	1	699	39	847
C2	9,371	81	-	-	989	203	1,273
D	9,369	959	44	-	1,326	413	2,742
E	7,151	1,672	-	56	3,001	112	4,841
Total	913,232	4,409	843	149	9,214	1,097	15,712
Not Classified	(1,326)						
Cartera sector BAP	3,025						
Partidas diferidas	1,590						
Exempt	-						
Total	916,520	4,409	843	149	9,214	1,097	15,712
Reserves							17,208
Reservas Sector BAP							195
Preventive Reserves							1,300

Notes:

- Figures for reserve creation and rating are as of June 30, 2022.
- The loan portfolio is rated pursuant to rules issued by the CNBV, in Chapter V, Second Title of General Provisions Applicable to Credit Institutions, and it can also be rated according to internal methodologies authorized by this same regulator.
- The Institution uses regulatory methodologies to rate all credit portfolios. The Institution uses internal methodologies authorized by the CNBV according to the following: for the Revolving Consumption portfolio as of January 2018, for the Auto (Individuals) portfolio as of January 2020, and for the portfolio commercial of borrowers with sales or income greater than or equal to 14 million UDIs, from January 2019 in the Banco Mercantil del Norte subsidiary and from February 2019 in the subsidiaries Arrendadora and Factor Banorte.
- The Institution uses risk ratings: A1; A2; B1; B2; B3; C1; C2; D and E to classify provisions according to the portfolio segment and percentage of the provisions representing the outstanding balance of the loan, and which are set forth in Fifth Section of the "Reserve creation and their classification by degree of risk" contained in Chapter 5, Second Title of the aforementioned regulation.
- The constituted complementary reserves follow the general provisions applicable to credit institutions, and they contemplate the additional reserves created to anticipate portfolio impairment effects due to COVID-19 previously described in "Provisions for Credit".

Based on Provisions, the Institution has formal policies and procedures so that, where appropriate, those credits that have elements that justify a greater potential for deterioration can be migrated to a higher risk stage, even if they have not complied with such requirements, according to the Accounting Provisions and Criteria applicable to the credit portfolio.

As of 2Q22 the Institution did not have loans considered as stage 3 under such policies.

Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves (Million Pesos)	2Q22
Previous Period Ending Balance	17,090
Provisions charged to results	3,127
Provisions charged to retained earnings	0
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	(3)
<u>Charge offs and discounts:</u>	
Commercial Loans	(208)
Consumer Loans	(2,345)
Mortgage Loans	(460)
Foreclosed assets	0
	(3,014)
Cost of debtor support programs	(3)
Valorization and Others	11
Adjustments	0
Loan Loss Reserves at Period End	17,208

Loan Loss Reserves as of 2Q22 totaled **Ps 17.21 billion**, increasing 0.7% vs. 1Q22. **Charge-offs and discounts** decreased (13.8%) quarterly.

Loan loss reserve coverage ratio totaled **193.4%** in the quarter; decreasing when compared to the 202.5% from the previous quarter.

Capital

Shareholders' **equity balance fell Ps 10.84 billion sequentially to Ps 233.25 billion**; the main changes in the quarter are: an increase of Ps 11.52 billion in net income, a reduction of (Ps 17.52 billion) from the dividend payment, a decrease in the valuation of financial instruments to be received or sold of (Ps 2.35 billion), and a reduction in interest on subordinated notes of (Ps 1.24 billion).

Supplementary Notes to the Financial Information

The following is a breakdown of the credit notes issued by each entity:

[Notes Appendix 1 Grupo Financiero Banorte](#)

[Notes Appendix 1 Banco Mercantil del Norte](#)

Current Events

1. SHAREHOLDER MEETING

On April 22, 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 profit and loss statement; (iii) the statement of changes in the shareholders' equity; and (iv) the statement of cash flows of the Company as of December 31st, 2021.

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, 2021, 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 on the operations and activities in which it participated was approved.

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

FIFTH.- Each and all operations performed by the Company during the fiscal year ended December 31, 2021, 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 all net profits of fiscal year 2021 reflected in the financial statements of the Company in the amount of \$35,048'168,481.91 (thirty-five billion forty- eight million one hundred sixty- eight thousand four hundred eighty- one pesos 91/100 Mexican currency) to the "Previous Fiscal Years Results" account due to the fact that the legal contingency fund of the Company is completely set up.

With respect to "Report of the External Auditor on the tax position of the Company" item of the Agenda, no resolution is passed, it is only evidenced that, in compliance with the provisions of section XIX of Article 76 of the Income Tax Law, the

Report of the External Auditor on the tax position of the Company as of December 31, 2020 shall be distributed among the participants of the Shareholders Meeting and be read.

SEVENTH.- It was approved that the Board of Directors for the fiscal year 2022 will be comprised of 14 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			
Proprietary Members		Alternate Members	
Don Carlos Hank González	Chairman	Doña Graciela González Moreno	
Don Juan Antonio González Moreno		Don Juan Antonio González Marcos	
Don David Juan Villarreal Montemayor		Don Alberto Halabe Hamui	Independent
Don José Marcos Ramírez Miguel		Don Gerardo Salazar Viezca	
Don Carlos de la Isla Corry		Don Alberto Pérez-Jácome Friscione	
Don Everardo Elizondo Almaguer	Independent	Don Diego Martínez Rueda-Chapital	Independent
Doña Alicia Alejandra Lebríja Hirschfeld	Independent	Don Roberto Kelleher Vales	Independent
Don Clemente Ismael Reyes Retana Valdés	Independent	Doña Cecilia Goya de Riviello Meade	Independent
Don Alfredo Elías Ayub	Independent	Don Isaac Becker Kabacnik	Independent
Don Adrián Sada Cueva	Independent	Don José María Garza Treviño	Independent
Don David Peñaloza Alanís	Independent	Don Carlos Césarman Kolteniuk	Independent
Don José Antonio Chedraui Eguía	Independent	Don Humberto Tafolla Núñez	Independent
Don Alfonso de Angoitia Noriega	Independent	Doña Guadalupe Phillips Margain	Independent
Don Thomas Stanley Heather Rodríguez	Independent	Don Ricardo Maldonado Yáñez	Independent

THIRTY SIXTH.- 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 SEVENTH.- 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 EIGHT.- It was approved to pay Board Members and their Substitutes, if the case, as compensation for each attended meeting, a net amount of taxes equivalent to two gold coins with a nominal value of fifty Pesos (commonly referred to as "centenarios"), priced according to the corresponding market quote on the date of each session.

THIRTY NINTH.- Mr. Thomas Stanley Heather Rodríguez was approved as Chairman of the Audit and Corporate Practices Committee.

FORTY.- The Board of Directors' Report regarding the purchase and sale of proprietary shares during 2021 was approved.

FORTY FIRST.- It was approved to earmark up to \$7,500,000,000.00 (seven billion five hundred million pesos, 00/100 Mexican currency), equivalent to 1.96% of the capitalization value of Grupo Financiero as of the closing of 2021, charged against the Net Worth, for the purchase of the Company's own shares, for fiscal year 2022, including any operations made from 2022 to April 2023, subject to the Company's Own Share Acquisition and Placement Policy.

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

2. UNDP AND BANORTE LAUNCH TRAINING PROGRAM FOR STATES AND MUNICIPALITIES ON SUSTAINABLE BUDGETS

In May, the United Nations Development Program (UNDP) in Mexico and Grupo Financiero Banorte launched the "Budgeting and Public Finance for Sustainable Development Program", which seeks to encourage state and municipal governments to incorporate the 2030 Agenda approach and integrate "Results-Based Budgeting" (RBB) into public budgets.

Results-Based Budgeting is a methodology that links decision-making and the allocation of public resources to the achievement of results, based on the performance of budgetary resources. The initiative will help subnational

governments to orient their budget allocation exercises towards the 2030 Agenda and the Sustainable Development Goals, as well as to adopt financial discipline tools.

3. AGREEMENT FOR A STRATEGIC COMMERCIAL ALLIANCE BETWEEN BANORTE AND TUHABI

On May 11 Grupo Financiero Banorte and Corporativo MCNEMEXICO, S. de R.L. de C.V. ("TuHabi"), have reached an agreement into a strategic commercial alliance to develop and offer financial products and services to the users of TuHabi ecosystem. As a result of this strategic alliance, Banorte expects to continue attracting important technological innovations to the Mexican market, expand distribution channels for its products through digital means, and continue to offer its customers user-friendly, adaptable, and cutting-edge products that are one step ahead of their needs.

Likewise, and in continuity with the digital strategy and technological innovation, Banorte participated in the financing round C of McN Investments Ltd. ("Habi"), with a minority investment in the successful PropTech.

4. MSCI AFFIRMS "AA" RATING FOR BANORTE FOR ITS SUSTAINABILITY PERFORMANCE

On May 12, Grupo Financiero Banorte was ratified for the second consecutive year with the "AA" rating by MSCI, which recognizes the institution's commitment to integrate sustainability in all its operations, as well as its management of ESG (Environmental, Social and Corporate Governance) best practices.

MSCI, formerly known as Morgan Stanley Capital International, is one of the most prestigious rating agencies specialized in market indexes on an international scale. It provides services and decision-making tools to the investment community. Banorte's ESG performance includes responsible financing and investment initiatives that contribute to mitigating the effects of climate change. In addition, one of the criteria taken into account by MSCI is the Mexican bank's strength in cybersecurity, as it contributes to its commitment to the social pillar of sustainability.

5. BANORTE REPURCHASES BANOC36 NOTES

On May 16 Grupo Financiero Banorte announced that, based on the tender offer outside Mexico launched on May 9, 2022, it acquired approximately 68.93% of its subordinated preferred, non-convertible notes, with coupon of 5.750%, placed abroad by Banorte on October 4, 2016, and maturing on October 4, 2031, with ticker symbol BANOC36. The acquisition was made at a price equal to its nominal value, plus accrued interest as of the Interest Payment Date, in terms of the Indenture.

6. MOODY'S DE MÉXICO WITHDRAWS ALL CREDIT RATINGS PREVIOUSLY ISSUED IN LOCAL SCALE, CONCURRENTLY WITH THE ASSIGNMENT OF NEW RATINGS BY MOODY'S LOCAL MX

Moody's Local México was launched on May 19, a new domestic ratings platform that uses new methodologies and a rating scale specific for the country. On the same day, domestic ratings previously issued under Moody's Investor Service brand name for Banco Mercantil del Norte, S.A. ("Banorte") and Arrendadora y Factor Banorte, S.A. de C.V. ("Arrendadora y Factor Banorte") were withdrawn, and new ratings were assigned, in such scale, under Moody's Local México brand name. In its analysis under this new methodology, Moody's Local México recognizes the bank's historically robust profitability and solid capitalization metrics, as well as the benefits the bank draws from its broad access to deposits and low reliance on market funding. They also highlight the bank's asset quality by maintaining low levels of non-performing loans.

Ratings assigned to Banorte and Arrendadora y Factor Banorte in domestic scale are listed below:

Banorte

- Long-term local currency deposits rating of AAA.mx with stable outlook
- Short-term local currency deposits rating of ML A-1.mx
- Long-term local currency senior unsecured debt rating of AA+.mx (BANORTE 08U)

Arrendadora y Factor Banorte

- Long-term local currency issuer rating of AAA.mx with stable outlook
- Short-term local currency rating of ML A-1.mx

7. AFORE XXI BANORTE AND OPERADORA DE FONDOS BANORTE WILL PROMOTE INVESTMENT CRITERIA OF THE INTERNATIONAL COUNCIL FOR SUSTAINABLE STANDARDS

On May 30, in line with Grupo Financiero Banorte's commitment to sustainability, Afore XXI Banorte and Operadora de Fondos Banorte announced that they will promote the investment criteria issued by the International Sustainability Standards Board (ISSB), which aims to develop global benchmarks that respond to investors' and financial markets' needs.

Through these benchmarks, the Board seeks to provide institutional investors such as Afore XXI Banorte and Operadora de Fondos Banorte with consistent, comparable and useful information to make investment decisions that consider the impact of ESG (Environmental, Social and Corporate Governance) issues. Likewise, companies receiving investment should use them as a basis for disclosing information on their sustainable performance.

8. CNBV REAFFIRMS BANORTE AS A LOCAL SYSTEMICALLY IMPORTANT COMMERCIAL BANK

On June 1, Banorte was reaffirmed for the fourth time, as Level II - Domestic Systemically Important Financial Institution by the National Banking and Securities Commission ("CNBV"), which speaks of Banorte's relevance in the Mexican Financial System.

This results from the annual review that the CNBV's Board carried out based on Credit Institutions' information as of December 2021. Such designation implies that Banorte must maintain a capital buffer of 1.20 pp, in December 31st, 2022, in addition to the regulatory Capitalization Ratio ("CR") of 10.5%. In other words, Banorte's minimum CR will amount to 11.7% by the end of 2022.

9. GFNORTE WAS INCLUDED IN THE FTSE4GOOD SUSTAINABILITY INDEX SERIES

On June 20, FTSE Russell, announced that Banorte was appointed constituent of the FTSE4Good index series as of June 2022, as a consequence of Banorte's strength in Environmental, Social, and Governance practices, compared to international standards. The indices of which it is part are:

- FTSE4Good Emerging Indexes
- FTSE4Good Emerging Latin America Index
- FTSE4Good BIVA Index

FTSE4Good Rating of 3.7 pts (+12.1% vs. 2021).

10. WORLD FINANCE RECOGNIZED BANORTE AS THE BEST RETAIL BANK AND BEST CORPORATE GOVERNANCE IN MEXICO

On June 27, the international financial industry publication, World Finance, announced that it awarded Banorte as Best Retail Bank and Best Corporate Governance in Mexico, for the second consecutive year, due to its leadership in customer focus and the strengths of its Board of Directors, respectively. With these awards, Banorte is the only bank in Mexico to be recognized by the publication in 2022.

11. WORLD FINANCE RECOGNIZES AFORE XXI BANORTE AS THE BEST PENSION FUND

On June 28, Afore XXI Banorte was recognized as the Best Pension Fund in 2022 by World Finance in its annual "Pension Fund Awards". Currently Afore XXI Banorte, is Mexico's largest retirement fund manager in terms of assets under management, and continues to lead the pension sector due to its responsible investments and its client-centered approach, which prioritizes increasing the savings of each account holder and providing excellent service.

12. THE BANKER POSITIONS BANORTE ON THE TOP 5 BEST-CAPITALIZED BANKS IN LATIN AMERICA

In July, The Banker, an international publication specialized in financial intelligence, positioned Banorte within the "Top 1000 World Banks 2022" ranking, classifying it as one of the top 5 best-capitalized banks in Latin America, and the best capitalized Mexican bank in the country. Every year, The Banker carries out the "Top 1000 World Banks" ranking, where it identifies the most outstanding banks worldwide, regionally, and by country.

13. BANORTE ANNOUNCES THE VOLUNTARY REDEMPTION OF ITS 6.875% PERPETUAL SUBORDINATED NON-PREFERRED, NON-CUMULATIVE NOTES

On July 6, Banorte executed its right to redeem in full the 6.875% perpetual, callable, subordinated, non-preferred, non-cumulative, Tier 1 capital notes with ticker symbol BANOD19, placed on July 6, 2017, in the amount of USD\$350 million.

14. MOODY'S REVISED THE OUTLOOK AND RATINGS OF DEPOSITS AND SENIOR UNSECURED DEBT FOR BANORTE

On July 12, as a consequence of the downgrade of the Mexican Government's sovereign debt rating to Baa2, with a stable outlook, Moody's Investors Service ("Moody's") lowered the following ratings for Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte, ("Banorte") and its Cayman Islands subsidiary ("Cayman I"):

- Banorte:
- Long-term deposits - Foreign Currency from Baa1 with negative outlook to Baa2 with stable outlook.
 - Long-term deposits - Local Currency from Baa1 with negative outlook to Baa2 with stable outlook.

Cayman I:

- Senior unsecured foreign currency debt from Baa1 with a negative outlook to Baa2 with a stable outlook.

Moody's affirms the credit risk assessment and adjusted credit risk assessment for Banorte at baa2.

15. BANORTE, WINNER OF THE GOOGLE CLOUD CUSTOMER AWARDS FOR ITS DIGITAL TRANSFORMATION AND INNOVATIVE THINKING

On July 13, Google Cloud, the cloud technology arm of Google, announced Banorte as a winner of the Google Customer Awards, in the Financial Services 2021 category, for demonstrating innovative thinking, technical excellence and digital transformation.

The awards, which annually recognize companies that have had the most successful cases of transformation globally by industry, highlighted that Banorte has a "high level of business excellence in the financial services industry," and that the technology team is critical to the company's success.

This synergy between Banorte-Google Cloud, initiated just over a year ago, has allowed Banorte to work for the benefit of its customers by personalizing its services through artificial intelligence and strengthening cybersecurity processes, as well as fostering a culture of innovation among Banorte's personnel.

Bank

Income Statement and Balance Sheet Highlights - Bank								
(Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change
				1Q22	2Q21			
Net Interest Income	16,863	19,063	20,143	6%	19%	33,036	39,206	19%
Non-Interest Income	3,314	4,050	4,444	10%	34%	7,409	8,494	15%
Total Income	20,177	23,113	24,587	6%	22%	40,445	47,700	18%
Non-Interest Expense	9,182	9,661	9,776	1%	6%	18,396	19,437	6%
Provisions	2,584	2,634	2,390	(9%)	(8%)	5,815	5,024	(14%)
Operating Income	8,410	10,818	12,421	15%	48%	16,234	23,239	43%
Taxes	2,103	3,228	3,078	(5%)	46%	3,981	6,306	58%
Subsidiaries & Minority Interest	214	42	31	(26%)	(85%)	243	73	(70%)
Net Income	6,522	7,632	9,374	23%	44%	12,495	17,006	36%
Balance Sheet								
Performing Loans, Stage 1 & 2 (a)	776,457	813,837	845,152	4%	9%	776,457	845,152	9%
Past Due Loans, Stage 3 (b)	10,278	7,702	8,129	6%	(21%)	10,278	8,129	(21%)
Deferred Items (c)	1,522	1,596	1,606	1%	6%	1,522	1,606	6%
Total Loans (a+b+c)	788,257	823,135	854,887	4%	8%	788,257	854,887	8%
Preventive Loan Loss Reserves	17,741	16,278	16,350	0%	(8%)	17,741	16,350	(8%)
Total Loans Net (d)	770,515	806,857	838,537	4%	9%	770,515	838,537	9%
Total Assets	1,525,862	1,606,136	1,523,461	(5%)	(0%)	1,525,862	1,523,461	(0%)
Total Deposits	815,389	846,286	885,625	5%	9%	815,389	885,625	9%
Total Liabilities	1,382,446	1,457,778	1,395,609	(4%)	1%	1,382,446	1,395,609	1%
Equity	143,416	148,358	127,852	(14%)	(11%)	143,416	127,852	(11%)
Financial Ratios - Bank								
	2Q21	1Q22	2Q22			1H21	1H22	
Profitability:								
NIM (1)	4.7%	5.2%	5.6%			4.7%	5.4%	
NIM after Provisions (2)	4.0%	4.5%	4.9%			3.9%	4.7%	
ROE (3)	18.6%	20.8%	27.2%			18.0%	24.2%	
ROA (4)	1.7%	2.0%	2.4%			1.7%	2.2%	
Operation:								
Efficiency Ratio (5)	45.5%	41.8%	39.8%			45.5%	40.7%	
Operating Efficiency Ratio (6)	2.4%	2.5%	2.5%			2.5%	2.5%	
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	210.2%	221.9%	176.6%			210.2%	176.6%	
Asset Quality:								
Past Due Loan Ratio	1.3%	0.9%	1.0%			1.3%	1.0%	
Coverage Ratio	172.6%	211.3%	201.1%			172.6%	201.1%	
Capitalization:								
Net Capital/ Credit Risk Assets	31.0%	36.5%	31.7%			31.0%	31.7%	
Total Capitalization Ratio	21.9%	25.8%	22.9%			21.9%	22.9%	
Leverage								
Basic Capital/ Adjusted Assets	11.7%	13.2%	11.7%			11.7%	11.7%	

1) NIM = Annualized Net Interest Income for the quarter / Average of Performing Assets.

2) NIM = Annualized Net Interest Income for the quarter adjusted for Credit Risks / Average of Performing Assets.

3) Net Income of the period annualized as a percentage of the quarterly average of Equity (excluding minority interest) for the same period.

4) Net Income of the period annualized as a percentage of the quarterly average of Total Assets (excluding minority interest) for the same period.

5) Non-Interest Expenses / Total Income.

6) Annualized Non-Interest Expenses of the quarter / Average of Total Assets.

7) CCL calculation is preliminary and will be updated once Banco de Mexico publishes official indicators.

Changes vs. the previous quarter

Net interest income (NII) increased 6% sequentially, with 4% higher NII from the loan portfolio, higher income from repurchase agreements, and a positive valuation effect in foreign currency valuation. Interest expenses increased 14%, reflecting, still partially, the recent reference rate hikes; which rose the interest expense from deposits and funding by 23% in the quarter. Therefore, **NIM increased 33bps sequentially, reaching 5.6%**.

Non-interest income grew during the quarter, with an improvement in net fees.

Fees charged rose 10% sequentially, due to an increase in electronic banking transactions, as well as higher advisory and structuring fees for commercial and governmental loans. Likewise, **fees paid rose 13%**, mainly due to higher interchange fees related to the credit card business and the acquiring business, mostly related to the "Hot Sale" event in May. Altogether, **net fees** were up 7%, related to the country's economic recovery.

Trading income fell by (31%) in the quarter, due to a strong negative effect on the valuation of derivatives and securities, as well as a drop in the trading of foreign currencies and metals, due to the volatility of the exchange rate and commodities.

Other operating income (expense) increased Ps 544 million sequentially, mainly driven by the extraordinary expenses recorded last quarter, as well as higher foreclosed assets.

Non-interest expense was up 1.2% vs. the last quarter, primarily due to greater professional fees, higher publicity and promotional expenses related to the "Hot Sale" campaign, and sponsorships. Consequently, the **efficiency ratio** went from 41.8% to **39.8% by the end of 2Q22**.

In the quarter, **provisions dropped (9%)** QoQ, on higher charge-offs and discounts, given a solid recovery management, offset by more requirements related to loan growth. **NIM adjusted for credit risks** improved 39bps sequentially, reaching **4.9%**, from 4.5% in the previous quarter.

Net income for the quarter totaled Ps 9.37 billion, **23%** higher vs 1Q22, resulting in a substantial **improvement in ROE of 631bps** during the quarter, to **27.2%**. **ROA** improved 43bps to **2.4%** at the end of 2Q22.

Changes vs. the previous year

Net interest income (NII) increased 19% vs. 1H21 due to 14% higher income from the loan portfolio, given greater credit dynamics, the partial reflection of the 350bps increase in the reference rate in 12 months, greater interest from repurchase agreements, as well as the positive effect in currency valuation. Interest expenses increased 23%, mainly due to the adjustment in the average reference rate (TIIE28d), reaching 7.04%, although efforts have been maintained to increase further efficiency in the mix, increasing non-interest-bearing demand deposits by 13%, and time deposits by 2%, annually. Thus, **NIM was up 72bps in the period, to 5.4%**.

Non-interest income increased 15% compared to 1H21, on higher net fees, as well as an increase in trading income.

Fees charged grew 19% in the first half of the year, driven by higher electronic banking fees and credit advisory and structuring services fees, on the back of the economic activity reactivation. **Fees paid grew 27%** compared to 1H21, mainly due to higher interchange fees, resulting from the increase in transactional volumes. As a result, **net fees increased 13%** compared to 1H21.

Trading income grew 39% in the half-year comparison, due to higher valuation of securities and derivatives, which offset lower trading operations in the period.

Other operating income (expense) decreased (Ps 457 million) compared to 1H21, mostly explained by extraordinary expenses, recorded in other items last quarter.

Non-interest expense grew 5.7% vs. 1H21, amid inflationary pressures -annual inflation in June reached 8.0%- , due to higher Employee Profit Sharing derived from the labor reform, higher depreciation of leased properties, and higher travel expenses given a reactivation of in-person activities. Therefore, the **efficiency ratio** decreased (474bps) reaching **40.7%** in 1H22, compared to the 45.5% reported in 1H21.

Provisions were down by (14%) or (Ps 790 million) vs. 1H21, as a result of higher charge-offs and discounts, due to better recovery management, as well as good asset quality; offsetting greater requirements related to higher credit activity in the portfolio. **NIM adjusted for credit risks** improved **85bps** in the year, reaching **4.7% in 1H22**.

Net income grew 36% compared to 1H21 or Ps 4.51 billion, mainly due to better dynamics in the banking business, higher net fee and trading income, and efficient expense control. **ROE expanded 621bps** to 24.2% in 1H22, from 18.0% in 1H21. While **ROA increased 53bps, to 2.2%** in 1H22.

Capital

Shareholders' equity balance closed at Ps 127.85 billion, a (14%) decline vs 1Q22. The main changes during the quarter were: an increase of Ps 9.37 billion in net income, a decrease of (Ps 26.42 billion) from dividend payment, (Ps 2.17 billion) lower valuation of financial instruments to be received or sold, and a reduction in interest on subordinated notes of (Ps 1.26 billion).

Regulatory Capital (Banco Mercantil del Norte)

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 2022, 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 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%.

Capitalization (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Core Tier 1	130,003	135,082	114,240	(15.4%)	(12.1%)
Tier 1 Capital	179,769	205,695	185,720	(9.7%)	3.3%
Tier 2 Capital	7,955	8,605	4,393	(48.9%)	(44.8%)
Net Capital	187,724	214,300	190,114	(11.3%)	1.3%
Credit Risk Assets	606,089	586,750	600,339	2.3%	(0.9%)
Net Capital / Credit Risk Assets	31.0%	36.5%	31.7%	(4.9 pp)	0.7 pp
Total Risk Assets	856,393	829,253	831,723	0.3%	(2.9%)
Core Tier 1	15.18%	16.29%	13.74%	(2.6 pp)	(1.4 pp)
Tier 1	20.99%	24.80%	22.33%	(2.5 pp)	1.3 pp
Tier 2	0.93%	1.04%	0.53%	(0.5 pp)	(0.4 pp)
Capitalization Ratio	21.92%	25.84%	22.86%	(2.98 pp)	0.94 pp

(*) The reported capitalization ratio of the period is submitted to the Central Bank of México.

At the end of 2Q22 the estimated Capital Adequacy Ratio (CAR) for Banorte was **22.86%** considering credit, market, and operational risks, and 31.67% considering only credit risk. Moreover, the Core Equity Tier 1 reached 13.74%, a level corresponding to a Systemically Important Institution Level I under CNBV classification.

CAR fell (2.98 pp) vs. 1Q22 due to the following effects:

	2Q22 vs 1Q22
	-2.98 pp
1. Net Income in 2Q22	+1.13 pp
2. Growth in Risk Assets – Market	+0.40 pp
3. Growth in Risk Assets – Credit (Others)	+0.18 pp
4. Growth in Risk Assets – Operation	-0.05 pp
5. Other Capital Effects (1)	-0.07 pp
7. Securities' mark-to-market valuation and Hedging Derivatives (2)	-0.24 pp
8. Capital Notes (3)	-0.55 pp
9. Growth in Risk Assets – Credit	-0.61 pp
10. Dividend to Grupo Financiero (4)	-3.18 pp
(1) Includes actuarial changes from employee liability, variation of permanent and intangible.	
(2) Includes derivatives for hedging positions not valued with market prices.	
(3) Includes effect of Tender Offer - May'22.	
(4) Dividend payment of Ps 13.04 billion (May'22), and Ps 13.37 billion (Jun'22).	

CAR increased 0.94 pp vs. 2Q21 due to the following effects:

	2Q22 vs 2Q21
	+0.94pp
1. Net Income in the period	+3.68 pp
2. Capital Notes (1)	+1.47 pp
3. Internal Model Effects (Credit and Market)	+1.05 pp
4. Growth in Risk Assets – Credit (Others)	+0.62 pp
5. Growth in Risk Assets – Market	+0.34 pp
6. Other Capital Effects (2)	+0.10 pp
7. Growth in Risk Assets – Operation	-0.09 pp
8. IFRS9 effect (3)	-0.33 pp
9. Securities' mark-to-market valuation and Hedging Derivatives (4)	-0.47 pp
10. Growth in Risk Assets – Credit	-1.06 pp
11. Dividend to the Financial Group (5)	-4.36 pp
(1) Includes AT1 issuance for USD\$1.05 billion (Nov'21), efficiency loss on Basel II obligation (Jan'22), and Tender Offer on Basel III obligation (May'22).	
(2) Includes actuarial changes from employee liability, variation of permanent and intangible.	
(3) Includes recognition in equity of credit reserves, bond impairment, XVA in equity, and increase in fixed assets for leased goods.	
(4) Includes hedging derivatives on positions that are not marked to market.	
(5) Dividend payment of Ps 10.00 billion (Aug'21), Ps 13.04 billion (May'22), and Ps 13.37 billion (Jun'22).	

Evolution of Risk Assets

In compliance with capitalization requirements established to date by Mexican authorities and the International Standards Basel III, Banorte classifies its Risk Assets as Credit, Market, and Operational, which are actively managed by the Institution to monitor its quality.

Total Risk Assets as of June 2022 amounted to Ps 831.72 billion, decreasing (Ps 24.67 billion) compared to June 2021, and growing Ps 2.47 billion vs March 2022.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Total Credit	606,089	586,750	600,339	2%	(1%)
Credit (Loan Portfolio)	501,006	491,443	510,764	4%	2%
Credit (Others)	105,083	95,308	89,575	(6%)	(15%)
Total Market	175,500	165,778	153,145	(8%)	(13%)
Total Operational	74,804	76,725	78,239	2%	5%
Total	856,393	829,253	831,723	0%	(3%)

The main quarterly changes in RWA vs. 1Q22 were:

- Increase in Credit Risk Weighted Assets (Loan Portfolio) driven by the quarterly growth dynamics in the loan portfolios and the effect of recalibration of internal credit models.
- Decrease in Credit Risk Weighted Assets (Others) driven by higher capital requirement rates for Credit Valuation Adjustment in derivative transactions.
- Decrease in Market Risk Weighted Assets due to the matching of foreign currency balance sheet positions and the effect of the increase in demand deposits in the market requirement of the local currency balance sheet.

The main annual changes in RWA vs. 2Q21 were:

- Increase in Credit Risk Weighted Assets (Loan Portfolio) driven by the annual calibration of internal models, as well as by the widespread growth dynamics in credit portfolios.
- Decrease in Credit Risk Weighted Assets (Others) driven by higher capital requirement rates for Credit Valuation Adjustment in derivative transactions.
- Decrease in Market Risk Weighted Assets due to the positions' growth dynamic, matching of foreign currency balance sheet positions, effect of the increase in demand deposits in the market requirement of the local currency balance sheet.

Leverage Ratio (Banco Mercantil del Norte)

Leverage Ratio, according to CNBV's regulation, is presented below:

Leverage (Million Pesos)	2Q21	1Q22	2Q22	Change	
				1Q22	2Q21
Tier 1 Capital	179,769	205,695	185,720	(9.7%)	3.3%
Adjusted Assets	1,536,418	1,557,715	1,584,777	1.7%	3.1%
Leverage Ratio	11.70%	13.20%	11.72%	(149 bp)	2 bp

Adjusted Assets are defined according to the General Provisions applicable to Credit Institutions.

Long Term Savings

Seguros Banorte

Income Statement and Balance Sheet Highlights - Insurance - Seguros Banorte (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change
				1Q22	2Q21			
Interest Income (Net)	329	314	372	18%	13%	586	686	17%
Credit Provisions	0	0	3	N.A.	1264%	0	3	1391%
Premium Revenue (Net)	2,817	10,941	4,361	(60%)	55%	13,902	15,302	10%
Net increase in technical reserves	(1,525)	4,522	(868)	(119%)	43%	3,012	3,654	21%
Net Cost for Insurance and Bond Operations	485	731	587	(20%)	21%	1,111	1,319	19%
Net Cost of Claims and Other Obligations	3,390	4,018	3,646	(9%)	8%	8,275	7,664	(7%)
Securities-Realized Gains	42	0	6	N.A.	(85%)	78	6	(92%)
Other Operating Income (Expenses)	192	226	227	1%	18%	461	453	(2%)
Total Operating Income	1,029	2,210	1,597	(28%)	55%	2,629	3,807	45%
Non Interest Expense	381	484	439	(9%)	15%	761	923	21%
Operating Income	649	1,726	1,158	(33%)	79%	1,869	2,884	54%
Taxes	184	493	302	(39%)	64%	545	795	46%
Subsidiaries' Net Income	465	158	101	(36%)	(78%)	868	259	(70%)
Net income from continuing operations	929	1,391	957	(31%)	3%	2,192	2,348	7%
Minority Interest	10	4	6	54%	(45%)	19	9	(51%)
Net Income	919	1,387	951	(31%)	4%	2,173	2,339	8%
Other Comprehensive Income	2	(8)	(15)	(89%)	(758%)	91	(22)	(125%)
Comprehensive Income	931	1,383	942	(32%)	1%	2,283	2,325	2%
Shareholder's Equity	30,608	23,825	24,767	4%	(19%)	30,608	24,767	(19%)
Total Assets	70,392	71,447	71,291	(0%)	1%	70,392	71,291	1%
Technical Reserves	33,217	39,729	38,493	(3%)	16%	33,217	38,493	16%
Premiums sold	3,465	13,532	4,977	(63%)	44%	17,063	18,510	8%
Coverage ratio of technical reserves	1.3	1.1	1.1	0.0 pp	(0.2 pp)	1.3	1.1	(0.2 pp)
Solvency capital requirement coverage ratio	10.7	7.0	7.3	0.4 pp	(3.4 pp)	10.7	7.3	(3.4 pp)
Coverage ratio of minimum capital	267.5	193.1	200.9	7.7 pp	(66.6 pp)	267.5	200.9	(66.6 pp)
Claims ratio	78.2%	62.8%	70.0%	7.2 pp	(8.3 pp)	76%	66%	(10.1 pp)
Combined ratio	98.4%	70.3%	86.6%	16.3 pp	(11.8 pp)	85%	76%	(8.7 pp)
ROE	12.4%	24.4%	15.9%	(8.5 pp)	3.6 pp	15%	20%	5.1 pp
ROE ex-Afore	14.8%	75.7%	43.6%	(32.1 pp)	28.8 pp	23%	59%	36.1 pp

Interest income (net) increased 18% in the quarter and **17% compared to 1H21**, mainly explained by a higher valuation on financial instruments, and a positive effect in the period's yields and currency valuation.

Premium income decreased (60%) sequentially due to seasonal renewals in the first quarter of the year. Consequently, **technical reserves decreased (119%)**, given the combination of lower premium issuance during the quarter and the accrual of the premium issuance of the first quarter which, netted, result in a reserves' release of (Ps 868 million). **Looking at 1H22 results, premium income increased 10%**, despite the negative effect of the cancellation of a business related to the life portfolio, as well as lower sales in flexible products. It is worth mentioning that in both cases, there was no material impact in earnings. However, if the aforementioned effects were to be eliminated, the accumulated annual increase in premiums would have been 16%, with a solid upward trend, mainly in bank-assurance.

Damages and claims decreased (9%) in the quarter, due to the claims' mix in the different portfolios, already showing an impact in auto due to the increase in mobility. Additionally, COVID-19-related life and medical claims continued to be in line with the expected downward trend. **Damages and claims decreased (7%) vs 1H21**, on a low comparable base due to the pandemic effect in 2021. However, the behavior of the different portfolios has been developing within what was forecasted, improving for life and medical expenses, and increasing slightly in damages and auto, as mobility picks up.

Acquisition costs decreased (20%) QoQ, given the seasonal effect, and **increased 19% vs 1H21**, driven by business growth.

Net operating income decreased (33%) QoQ, totaling **Ps 1.16 billion in 2Q22**, due to seasonality effects. **Compared to 1H21, it went up 54%**, on a 10% increase in the business, while damages diminished (7%); however, it's worth noting that these results are still impacted by the effects of the COVID-19 pandemic.

Net Income for the quarter totaled **Ps 951 million**, a **(31%)** decrease vs. 1Q22 and an **8%** increase vs. 1H21. The positive result of the insurance business was affected by lower fees and valuation on rate volatility in the Afore. **Net Income for 2Q22** of Seguros Banorte, excluding its subsidiary Afore XXI Banorte, contributed with 7.4% of GFNorte's net income in the same period, **totaling Ps 852 million**.

ROE for the Insurance business, excluding its subsidiary Afore XXI Banorte, had a decrease of (32.1 pp) vs. the last quarter, reaching **43.6% in 2Q22**. The latter, impacted by the dividend payment to the group in July 2021.

Regarding the disclosure requested by the General Provisions applicable to the Financial Groups' holding companies, the following was presented 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 during 2Q22 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations:
 - *In 2Q22, 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 2Q22.*
- iv. Risks transfer through reinsurance and bonding contracts:
 - *In the Life and Damages books, risks were transferred to reinsurers, for the most part to foreign reinsurers, under which there were 4 important businesses: 1 related to government, 2 associated with tourism services, and 1 related to the construction industry.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies:
 - *There were no relevant issues related to non-compliance during 2Q22.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change
				1Q22	2Q21			1H21
Net Income	929	316	201	(36%)	(78%)	1,737	518	(70%)
Shareholder's Equity	23,840	22,766	22,966	1%	(4%)	23,840	22,966	(4%)
Total Assets	26,438	24,915	24,926	0%	(6%)	26,438	24,926	(6%)
AUM (SIEFORE)	1,044,901	1,060,913	1,016,665	(4%)	(3%)	1,044,901	1,016,665	(3%)
ROE	15.9%	5.2%	3.5%	(1.7 pp)	(12.4 pp)	14.4%	4.3%	(10.1 pp)

In 2Q22, Afore XXI Banorte reported net income of Ps 201 million, or a (36%) sequential decline, and a (70%) contraction with accumulated figures, reaching Ps 518 million. In the annual comparison, the result was impacted by two factors: i) the regulatory reduction in fees, effective at the beginning of the year, for around (Ps 1.05 billion); and ii) a decrease of (Ps 609 million) in financial products, due to the high volatility in the financial markets.

ROE reached **3.5% in 2Q22**, decreasing (1.7 pp), while compared to 1H21, it dropped (10.1 pp). Excluding goodwill, **Return on Tangible Equity (ROTE)** reached **13.2%** in 2Q22.

Afore XXI Banorte represented 0.9% of the Financial Group's net income in 2Q22.

Afore XXI Banorte's **assets under management (AUM)**, totaled **Ps 1.02 trillion**; decreasing (4%) compared to 1Q22 and (3%) vs. 1H21.

Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Interest Income (Net)	3,799	5,857	5,521	(6%)	45%	8,945	11,379	27%
Credit Provisions	0	12	11	(11%)	N.A.	(0)	22	N.A.
Premium Income (Net)	5,912	4,946	4,740	(4%)	(20%)	10,279	9,686	(6%)
Technical Reserves	6,508	7,176	6,554	(9%)	1%	12,987	13,730	6%
Damages, Claims (Net)	2,409	2,788	2,948	6%	22%	4,622	5,736	24%
Securities-Realized Gains	27	19	114	487%	317%	33	134	311%
Other Operating Income (Expenses)	(2)	1	6	667%	459%	4	6	66%
Total Operating Income	820	847	869	3%	6%	1,652	1,716	4%
Non Interest Expense	116	118	129	10%	11%	241	247	2%
Operating Income	704	729	740	1%	5%	1,411	1,470	4%
Taxes	212	219	223	2%	5%	424	442	4%
Subsidiaries' Net Income	1	1	3	354%	123%	3	4	36%
Net income from continuing operations	494	511	520	2%	5%	990	1,031	4%
Net Income	494	511	520	2%	5%	990	1,031	4%
Other Comprehensive Income	(1)	(14)	(9)	36%	(555%)	(12)	(22)	(84%)
Comprehensive Income	492	497	512	3%	4%	978	1,009	3%
Shareholder's Equity	7,425	8,893	9,405	6%	27%	7,425	9,405	27%
Total Assets	181,448	215,391	223,413	4%	23%	181,448	223,413	23%
Technical Reserves	170,960	203,525	210,258	3%	23%	170,960	210,258	23%
Premiums sold	5,912	4,946	4,740	(4%)	(20%)	10,279	9,686	(6%)
Coverage ratio of technical reserves	1.0	1.0	1.0	0.0 pp	0.0 pp	1.0	1.0	0.0 pp
Solvency capital requirement coverage ratio	7.6	7.7	9.3	1.6 pp	1.8 pp	7.6	9.3	1.8 pp
Coverage ratio of minimum capital	40.2	44.7	47.3	2.6 pp	7.1 pp	40.2	47.3	7.1 pp
ROE	27.5%	23.6%	22.8%	(0.8 pp)	(4.8 pp)	28.5%	23.1%	(5.4 pp)

In 2Q22, **interest income (net)** amounted to **Ps 5.52 billion**, a **(6%)** sequential **decline** driven primarily by the valuation effect on inflation-indexed securities (UDIS). Compared to 1H21, it **rose 27%** or Ps 2.43 billion, out of which, Ps 744 million were related to earned interests, and Ps 1.69 billion to the valuation effect.

In the quarter, technical results improved in Ps 257 million due to (9%) lower technical reserves, offsetting a (4%) reduction in premium income. Out of the quarterly variation in technical reserves, 60% were related to the valuation effect on inflation and 40% to lower premiums. **In the accumulated comparison of 1H22, technical results decreased (Ps 2.44 billion)** given the higher proportion of technical reserves and claims when compared to premium income. However, it is worth mentioning that this effect is offset in valuation. Out of the annual variation in technical reserves, there were lower reserves' constitution given fewer issuance, offsetted by the valuation effect on inflation of Ps 1.26 billion.

Net income for Pensiones Banorte **was 2% higher** sequentially, and **4%** with accumulated figures as of 1H22; representing 4.5% of the Financial Group's net income in 2Q22.

ROE of Pensiones Banorte stood at **22.8% in 2Q22, lower** (0.8 pp) quarterly, and (5.4 pp) vs 1H21, reaching 23.1%.

Brokerage

Brokerage Sector (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Net Income	484	907	308	(66%)	(36%)	904	1,215	34%
Shareholder's Equity	7,100	8,579	6,870	(20%)	(3%)	7,100	6,870	(3%)
Assets Under Management	972,226	984,612	964,814	(2%)	(1%)	972,226	964,814	(1%)
Total Assets	286,851	306,217	301,485	(2%)	5%	286,851	301,485	5%
ROE	28.2%	44.8%	15.9%	(28.8 pp)	(12.2 pp)	27.3%	31.6%	4.3 pp
Net Capital (1)	5,263	6,656	5,801	(13%)	10%	5,263	5,801	10%

1) Net capital structure: Core Equity = Ps 5.80 billion, Additional Capital= Ps 0 million.

The **Brokerage business** (Casa de Bolsa Banorte and Operadora de Fondos) reported a **net income of Ps 308 million in 2Q22**, a (66%) sequential decrease mainly due to lower interest income related to lower inflation premiums vs last quarter, higher operating expenses, and lower non-interest income. **Compared to 1H21, net income increased 34%**, due to a substantial increase in interest income, as well as higher non-interest income.

Net income from the brokerage business in 2Q22 accounted for 2.7% of the group's net income.

Assets Under Management

At the end of 2Q22, AUMs totaled **Ps 965 billion**, lower in (2%) quarterly and (1%) annually.

Assets under management by mutual funds totaled **Ps 232 billion**, representing a **(0.3%) annual decrease**. Assets held in **fixed income funds** totaled **Ps 209 billion, 4.1% higher** in the quarter, and 0.9% in the year. Assets held in **equity funds** amounted to **Ps 22 billion, down (13.7%)** in the quarter and (10.3%) in the year.

As of 2Q22, Banorte held an 8.3% share of the mutual fund market, comprised of a 10.6% share in fixed income funds and 2.7% in equity funds.

SOFOM and other Finance Companies

SOFOM & Other Finance Companies (Million Pesos)	2Q21	1Q22	2Q22	Change		1H21	1H22	Change 1H21
				1Q22	2Q21			
Warehousing								
Net Income	4	9	4	(52%)	12%	13	13	(0%)
Shareholder's Equity	296	314	304	(3%)	3%	296	304	3%
Inventories	611	1,019	1,398	37%	129%	611	1,398	129%
Total Assets	764	1,254	1,688	35%	121%	764	1,688	121%
ROE	5.1%	11.2%	5.4%	(5.9 pp)	0.3 pp	8.9%	8.4%	(0.5 pp)
Arrendadora y Factor (previous Sólida Administradora de Portafolios*)								
Net Income	88	106	226	114%	157%	347	332	(4%)
Shareholder's Equity	9,682	10,044	10,271	2%	6%	9,682	10,271	6%
Loan Portfolio (1)	32,012	35,135	33,181	(6%)	4%	32,012	33,181	4%
Past Due Loans	340	738	769	4%	126%	340	769	126%
Past Due Loan Ratio	1.1%	2.1%	2.3%	0.2 pp	1.2 pp	1.06%	2.32%	1.26 pp
Loan Loss Reserves	433	627	662	6%	53%	433	662	53%
Total Assets	42,157	44,585	42,558	(5%)	1%	42,157	42,558	1%
ROE	3.7%	4.3%	9.1%	4.8 pp	5.3 pp	7.4%	6.7%	(0.7 pp)
Ixe Servicios								
Net Income	(3.1)	12.3	15.4	26%	600%	(21.8)	27.6	227%
Shareholder's Equity	113	1,658	1,673	1%	1375%	113	1,673	1375%
Total Assets	321	1,781	1,721	(3%)	436%	321	1,721	436%
ROE	(10.7%)	3.0%	3.7%	0.7 pp	14.4 pp	(35.8%)	3.4%	39.2 pp

1) Includes operating lease portfolio of Ps 2.14 billion, and proprietary fixed assets of Ps 1.21 billion, both registered in property, plant, and equipment (net).

*For informational purposes.

Leasing and Factoring (Merger between Sólida and Arrendadora)

Net income in 2Q22 totaled **Ps 226 million, a quarterly increase of 114%**, due to higher financial margin, an increase in other operating income, and tax benefits. **Compared to 1H21, it dropped (4%)**, driven by higher administrative expenses and a decline in other operating income.

The **non-performing loan ratio** reached **2.3%**, 0.22 pp higher vs. the previous quarter. The Coverage ratio totaled 86.1%, 1.1 pp above 1Q22. **Capital ratio for 2Q22 stood at 20.9%**, considering total risk weighted assets of Ps 33.94 billion. Leverage ratio as of March and June 2022, reached 17.86% and 18.84%, respectively, considering adjusted assets of Ps 47.27 billion and Ps 45.38 billion, respectively.

In 2Q22, Net Income from Leasing and Factoring represented 2.0% of the group's total results.

As of March 2022, Arrendadora y Factor Banorte continues to rank second in terms of portfolio size among the 64 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

Warehouse

In 2Q22, the Warehousing business reported **net income of Ps 4 million, (52%) lower vs. 1Q22**, derived from an increase in the corporate costs of the Group. **ROE reached 5.4%**, and the **capital ratio** totaled **204%**, considering a Ps 252 million equity, and negotiable certificates of deposit issued in active warehouses for Ps 2.47 billion.

Almacenadora Banorte ranks in third place among the warehousing businesses in the sector in terms of net income as of March 2022.

III. Sustainability Strategy

Environmental



Climate change

PCAF (*Partnership for Carbon Accounting Financials*)

In May, Banorte completed the adhesion to the PCAF initiative (Partnership for Carbon Accounting Financials) in order to have a standardized methodology that allows the quantification of financed emissions. The results will be used to define the first scope of the portfolio's decarbonization goals to accomplish the commitments made with SBTi (Science Based Targets initiative) and NZBA (Net Zero Banking Alliance).

SBTi (*Science Based Target Initiative*)

In June, Banorte signed the SBTi (Science Based Targets initiative) Business Ambition for 1.5°C commitment, committing to net zero emissions by 2050. This commitment is in line with the adherence to NZBA (Net Zero Banking Alliance) in 2020 and represents a way to advance the competitive advantage of companies in the transition to a low-carbon economy.

Carbon compounds and greenhouse gases emissions report

In compliance with the Regulations of the General Law on Climate Change regarding the National Emissions Registry, during 2Q22 scopes 1 and 2 emissions were reported in the Annual Operation Certificate (COA for its acronym in Spanish). The verification process of said emissions was also carried out, obtaining a favorable opinion as no material findings were found. The verified GHG emissions inventory will be published in the response to the CDP Climate Change questionnaire at the end of July.

Social



Financial Inclusion

Partnership with UNHCR

Banorte supports the financial inclusion of refugees in Mexico through the Enlace Digital account. We joined the financial inclusion campaign promoted by the UN Refugee Agency (UNHCR) and the National Commission for Refugee Aid so that refugees and asylum seekers can open a bank account in Mexico. The **Enlace Digital** account allows the refugee population to access a bank account quickly, in a safe way, and completely online.

Diversity and gender equity

In June, the CEO of GFNorte announced the launching of the inclusive management workshop aimed at Banorte's top executives, which will allow us to have more opportunities to achieve successful and innovative results. Banorte aims to be a space where opportunities are for everyone, being a safe bank so that people can be authentic and contribute to making Banorte the best bank for Mexicans.

Awards

Global Finance Magazine named Banorte as one of the best banks in Mexico for SMEs as it understands and covers the special needs of these companies in their markets.

Governance



Awards

For the second year in a row, World Finance recognized Banorte with the Best Consumer Banking Award thanks to its customer service, Afore XXI Banorte as the Best Pension Fund due to its innovative strategies, its adaptability and its excellence, and GFNorte as the Best Corporate Governance, due to its focus on the client and the strengths of its Board of Directors.

In June, FTSE Russell included Banorte as part of the FTSE4Good Emerging Indexes, FTSE4Good Emerging Latin America Index and FTSE4Good BIVA Index, considering the bank's strengths in implementing environmental, social, and governance practices in line with international standards. The rating obtained was 3.7/5 pts. (+12.1% vs. 2021).

Sustainable Finance



Sustainable Finance Products

Autoestrene verde

We have placed 235 credits as of June 30th, 2022. In addition, there are more than 150 credit applications.

Eco-Credit SME

As of June 2022, we have an active portfolio of Ps. 9 mn from our SME portfolio focused on clients that operate with energy efficiency or through renewable energies through the Energy Efficiency Eco-Credit and the Solar Photovoltaic Systems programs. This amount corresponds to 3 energy efficiency credits, and 1 credit corresponding to the installation of photovoltaic solar systems.

Banorte and the United Nations Development Programme (UNDP) launched the "Public Budgeting and Finance Program for Sustainable Development"

This program, promoted by the Government Banking area, will train states and municipalities to align their budget exercises with the 2030 Agenda with the Sustainable Development Goals (SDG). In addition, it will allow them to incorporate the "Results-Based Budgeting" methodology in public budgets.

Afore XXI Banorte and Operadora de Fondos Banorte will promote the investment criteria issued by the International Sustainability Standards Board

In line with the sustainability commitments of the Group, Afore XXI Banorte and Operadora de Fondos expressed their interest in the investment criteria to be issued by the International Sustainability Standards Board, whose purpose is to develop global standards that respond to the investors and financial markets' needs.

This initiative contributes to the consolidation of evaluation standards to know the performance of companies and projects in which investors allocate resources. This increases the scope of responsible investments and access to better information to evaluate the performance of portfolios and strengthen the investment process for the benefit of each client.

Banorte published the Equator Principles Annual Report 2021

As part of the annual accountability exercises, in June, Banorte published the Equator Principles Annual Report 2021, the highest standard for environmental and social risk management in financing portfolios. This report is an essential requirement of these Principles and seeks to publicly disclose information regarding its implementation and results,

emphasizing the operation of the Environmental and Social Risk Management System and the sectoral projects it evaluates.

During 2021, Banorte evaluated thirteen projects under the Equator Principles, five classified under the A category or high risk, seven under the B category or medium risk, and one under the C category or low risk. The main sectors were construction, tourism, and infrastructure. It is important to highlight the participation of independent consultants who supervise the performance of the projects in compliance with national regulations and the guidelines of the Principles especially in high-risk cases. [To check the full report, please click here.](#)

ESG updates



ENVIRONMENTAL

- Adhesion to **PCAF** for financed emissions quantification
- SBTi** Commitment to **Business Ambition for 1.5° C**
- GEI México Program** participation, GEI2 level



SOCIAL

- In partnership with **UNHCR**, Banorte supports the **financial inclusion** of refugees in México through the **Enlace Digital** account
- Banorte appointed by **Global Finance** as one of the best banks in México for **SMEs**
- Banorte and Afore XXI Banorte appointed as **Best Retail Bank** and **Best Pension Fund**, respectively, by **World Finance**, for the 2nd consecutive year



GOVERNANCE

- FTSE** rating of **3.7/5** (+12.1% y/y). Adhesion to: **FTSE4Good Emerging Index**, **FTSE4Good Emerging Latin American Index** and **FTSE4Good BIVA**
- GFNorte awarded the **Best Corporate Governance** in Mexico by **World Finance** for the 2nd consecutive year
- Rated **"AA"** by **MSCI** for the 2nd consecutive year
- NPS 2Q22: 74.70***
- ▲ 8.90 vs 2T21
- ▲ 4.40 vs 1T22

*For 2Q22, Banorte's Integrated NPS includes digital channels and strategic segments.



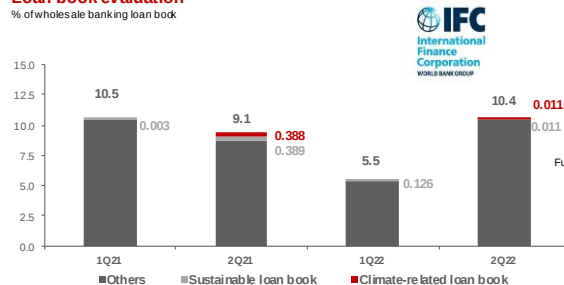
SUSTAINABLE FINANCE

- Afore XXI Banorte** and **Operadora de Fondos Banorte** announced their alignment with the **International Sustainability Standards Board's** investment criteria
- Banorte** and **UNDP** launched the "Public budgeting and finance program for sustainable development"
- Release of the **Equator Principles Annual Report 2021**

Sustainable Finance (2Q22)

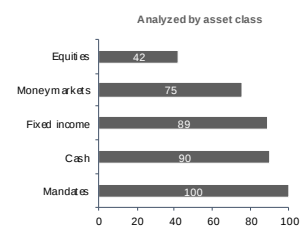
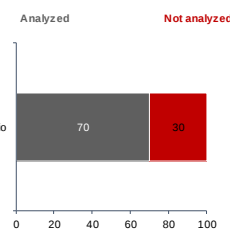
Loan book evaluation

% of wholesale banking loan book



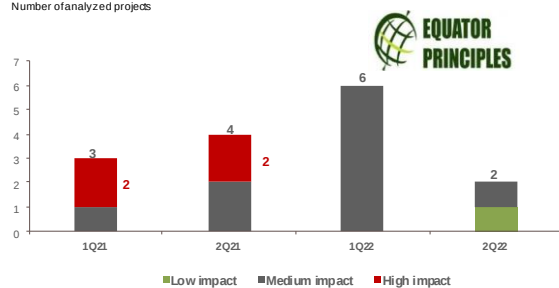
Responsible Investments – Mutual Funds

% of share of total analyzed AUM by instrument



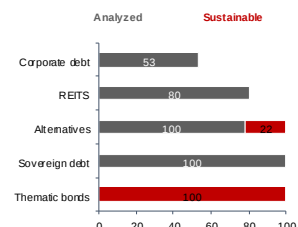
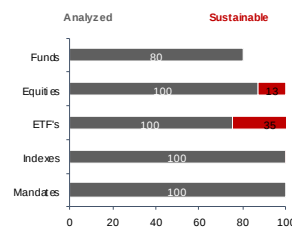
Loan book evaluation under Equator Principles

Number of analyzed projects



Responsible Investments – Pension Funds

% of share of total analyzed AUM by instrument



IV. General Information

GFNORTE's Analyst Coverage

In compliance with the requirements of BOLSA MEXICANA DE VALORES, S.A.B. DE C.V., we present the list of brokers who provide an analysis coverage for GFNORTE.

COMPANY	ANALYST	RECOMMENDATION	DATE
Actinver	Valentín Mendoza	Buy	21-Apr-22
Autonomous	Geoffrey Elliott	Buy	21-Apr-22
Barclays	Gilberto García	Buy	22-Apr-22
BBVA	Rodrigo Ortega	Buy	16-May-22
BofA	M. Pierry/ E. Gabilondo	Buy	16-Jun-22
Bradesco	Gustavo Schroden	Buy	1-Jun-22
BTG Pactual	Eduardo Rosman	Buy	21-Jun-22
GBM	Carlos de Legarreta	Buy	17-Jan-21
Goldman Sachs	Tito Labarta	Buy	14-Jul-22
Intercam	Carlos Gómez	Buy	21-Apr-22
Itau	Jorge Pérez	Buy	5-Apr-22
JP Morgan	Domingos Falavina	Buy	6-May-22
Santander	Andrés Soto	Buy	26-May-22
Scotia	Jason Molin	Buy	22-Apr-22
UBS	Thiago Batista	Buy	21-Apr-22
Vector	Marco Montañez	Buy	17-Jun-22
CITI	José Luis Cuenca	Hold	18-May-22
Credit Suisse	Alonso García	Hold	22-Apr-22
HSBC	Carlos Gómez	Hold	21-Apr-22
Monex	J. Roberto Solano	Hold	21-Oct-21
Morgan Stanley	Jorge Kuri	Hold	29-Apr-22
Nau	Iñigo Vega	Hold	29-Mar-21

Capital Structure

Holding Company Capital Structure

Number of Shares (Million)	SERIES O As of June 30, 2022
Number of Issued , Subscribed and Paid Shares	2,883,456,594
Number of Shares Outstanding	2,883,456,594
Shares held in GFNorte's Treasury	0

V. Financial Statements

Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Interest Income	47,391	46,287	48,387	53,809	55,171	60,289
Interest Expense	24,614	24,502	25,515	27,252	28,249	33,238
Net Interest Income (NII)	22,777	21,785	22,873	26,557	26,922	27,051
Preventive Provisions for Loan Losses	3,214	2,766	2,657	2,725	2,668	2,434
Net Interest Income Adjusted for Credit Risk	19,563	19,019	20,216	23,832	24,254	24,618
Fund Transfers	473	530	517	552	471	515
Account Management Fees	509	508	498	508	483	489
Electronic Banking Services	2,916	3,212	3,246	4,049	3,790	4,197
For Commercial and Mortgage Loans	296	278	329	345	-	-
For Consumer and Credit Card Loans	1,164	1,263	1,307	1,505	1,395	1,521
Fiduciary	106	177	136	110	127	136
Income from Real Estate Portfolios	10	23	24	19	-	-
Mutual Funds	484	503	507	513	500	523
Trading & Financial Advising Fees	187	166	137	169	141	163
Other Fees Charged	405	221	306	328	331	331
Fees Charged on Services	6,374	6,678	6,732	7,779	7,359	8,082
Interchange Fees	1,625	1,911	1,923	2,515	2,301	2,638
Insurance Fees	339	236	295	257	-	-
Other Fees Paid	1,018	1,123	1,003	987	1,048	1,131
Fees Paid on Services	2,644	3,034	2,925	3,502	3,350	3,769
Net Service Fees	3,731	3,644	3,807	4,277	4,010	4,313
Premium Income Ins. & Annu. (Net)	15,340	8,602	10,319	11,309	15,756	8,967
Technical Reserves Ins. & Annu.	11,016	4,983	7,071	10,748	11,699	5,685
Cost of Acquisition from Insurance Operations	334	231	296	260	468	308
Net Cost of Claims and Other Obligations	7,097	5,777	6,157	6,634	6,796	6,594
Currency and Metals	575	(453)	357	(549)	(543)	351
Derivatives	8	68	51	245	1,354	424
Negotiable Instruments	(579)	122	636	107	34	(313)
Valuation	4	(264)	1,044	(196)	844	462
Currency and Metals	764	838	399	1,155	1,319	753
Derivatives	5	(10)	(121)	(142)	(719)	(216)
Negotiable Instruments	87	180	(278)	423	19	141
Trading	856	1,008	(0)	1,436	619	678
Other financial results	-	-	-	-	2	(107)
Trading Income	860	744	1,044	1,240	1,466	1,032
Contributions to IPAB	(912)	(889)	(889)	(905)	(934)	(954)
Acquired collection rights	99	85	91	95	54	68
Result for Foreclosed Assets	87	132	87	195	140	196
Donations	(3)	(83)	(37)	(61)	(143)	(36)
Impairment of Assets	-	-	-	(372)	-	-
Result on sale of Property, Furniture and Equipment	(20)	0	(15)	(21)	(5)	(15)
Lease Income	62	55	42	66	62	86
From Insurance	275	195	252	648	230	237
Securitization Operation Valuation Result	0	0	-	-	-	-
Other Operating Expense	327	230	122	210	(198)	102
Total Other Operating Income (Expense)	(85)	(225)	(343)	(144)	(794)	(312)
Total Non Interest Income	1,399	1,774	1,303	(960)	1,476	1,413
Total Operating Income	20,962	20,794	21,519	22,872	25,730	26,031
Personnel	4,168	4,367	4,412	4,717	4,330	4,264
Employee Profit Sharing (PTU)	156	151	145	1,115	385	387
Professional Fees	811	830	832	933	797	915
Administrative and Promotional Expenses	4,922	4,676	4,686	5,408	5,200	5,201
Total Non Interest Expense	10,057	10,024	10,075	12,173	10,712	10,767
Operating Income	10,905	10,770	11,445	10,699	15,018	15,264
Subsidiaries' Net Income	429	676	532	639	197	128
Pre-Tax Income	11,334	11,446	11,977	11,338	15,215	15,392
Taxes	2,678	2,756	2,975	2,148	4,331	3,703
Net Income from Continuous Operations	8,656	8,690	9,002	9,191	10,884	11,689
Discontinued Operations	-	-	-	-	-	-
Net income from continuing operations	8,656	8,690	9,002	9,191	10,884	11,689
Minority Interest	112	122	128	129	136	166
Net Income	8,544	8,568	8,874	9,061	10,748	11,524
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,602)	416	(191)	(830)	(1,983)	(2,351)
Cash Flow Hedges Valuation	(1,327)	(237)	(359)	149	14	(73)
Income and Expenses related to Assets Held for Disposal	-	-	-	-	-	-
Remeasurement on defined employee benefits	30	30	25	217	23	23
Cumulative foreign currency translation adjustment	32	(34)	41	(4)	(47)	14
Res. for holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	121	6	19	(33)	163	76
Other Comprehensive Income	(2,745)	182	(465)	(502)	(1,830)	(2,311)
Comprehensive Income	5,910	8,872	8,537	8,688	9,054	9,378

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
ASSETS						
Cash and Equivalents	116,389	110,851	67,768	98,842	124,571	99,209
Margin Accounts	11,012	8,703	8,268	7,999	8,221	6,526
Negotiable Instruments	260,030	252,901	260,759	258,201	257,355	267,006
Securities Available for Sale	236,274	231,710	234,479	233,594	230,875	222,511
Securities Held to Maturity	207,858	215,382	233,050	258,562	282,726	298,351
Investment in Securities	704,162	699,992	728,289	750,357	770,955	787,868
Estimate of Expected Credit Losses for Investments	-	-	-	-	291	304
Debtor Balance in Repo Trans, net	102,435	116,606	102,623	55,593	88,593	53,054
Securities Lending	-	-	-	-	-	-
For trading purposes	28,458	24,423	25,999	26,941	29,453	33,775
For hedging purposes	609	648	753	1,055	1,096	1,256
Operations w/ Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	29,068	25,072	26,751	27,996	30,550	35,031
Valuation adjustments for Asset Coverage	51	47	43	40	36	32
Commercial Loans	322,358	315,035	325,282	331,691	328,682	336,398
Loans to financial entities	8,440	8,873	8,151	10,915	16,637	17,135
Consumer Loans	114,609	116,874	118,229	120,578	122,920	129,446
Payroll Loans	50,628	52,122	52,926	53,306	55,340	59,648
Personal Loans	619	717	692	702	647	632
Credit Card	35,589	36,334	37,065	39,108	39,197	40,601
Auto Loans	27,773	27,701	27,546	27,462	27,737	28,565
Mortgage Loans	188,555	192,478	193,823	197,000	199,148	203,953
Medium and Residential	185,864	189,907	191,331	194,598	196,932	201,848
Low income housing	4	3	3	3	2	2
Loans acquired from INFONAVIT or FOVISSSTE	2,687	2,567	2,489	2,400	2,214	2,102
Restruct. or improv.t guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	160,042	154,649	161,400	154,318	160,031	166,433
Performing Loans, Stage 1	794,004	787,909	806,885	814,502	827,419	853,365
Commercial Loans	2,171	1,540	1,130	1,574	1,819	1,733
Loans to financial entities	4	1	37	1	1	36
Consumer Loans	2,242	1,977	1,831	1,791	2,014	2,061
Payroll Loans	1,006	1,026	1,012	1,023	1,261	1,283
Personal Loans	4	3	3	3	31	28
Credit Card	769	519	443	427	410	443
Auto Loans	463	430	373	339	313	307
Mortgage Loans	2,726	3,701	3,969	3,551	3,494	3,571
Medium and Residential	2,726	3,701	3,969	3,551	3,408	3,482
low income housing	0	0	0	0	0	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	-	-	86	89
Restruct. or improv.t guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	-	-	-	-	0	-
Performing Loans, Stage 2	7,142	7,219	6,968	6,917	7,329	7,401
Commercial PDL's	3,649	5,498	4,471	3,252	3,886	4,017
Financial Entities PDL's	-	-	-	-	101	105
Consumer PDL's	3,936	3,022	2,641	2,523	2,530	2,820
Payroll PDL's	1,520	1,302	1,312	1,359	1,380	1,665
Personal PDL's	37	44	39	29	45	49
Credit Card PDL's	1,992	1,360	1,042	915	902	926
Auto PDL's	386	316	249	220	203	180
Mortgage PDL's	2,011	1,912	2,080	1,985	1,763	1,855
Medium and Residential	1,758	1,654	1,803	1,710	1,446	1,521
low income housing	0	0	0	0	0	0
Loans acquired from INFONAVIT or FOVISSSTE	252	258	277	275	317	334
Restruct. or improv.t guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities PDL's	192	186	159	159	159	102
Past Due Loans, Stage 3	9,788	10,618	9,351	7,919	8,440	8,898
Loan Portfolio Valued at Fair Value	-	-	-	-	-	-
Deferred Items	1,327	1,505	1,611	1,704	1,580	1,590
Loans from Insur. Subsidiaries	2,495	2,601	2,728	2,827	2,927	3,025
Deferred (BAP)	-	-	-	-	-	-
Gross Loan Portfolio	814,756	809,851	827,542	833,870	847,695	874,278
Preventive Loan Loss Reserves	19,670	18,175	17,297	16,251	16,905	17,013
Loan Loss-reserve for Insurance and Bail Bond Risks	162	163	167	173	185	195
Net from Reserves Loan Portfolio	794,924	791,514	810,078	817,446	830,605	857,070
Acquired Collection Rights (net)	1,529	1,421	1,260	1,036	582	466
Total Credit Portfolio	796,453	792,935	811,338	818,482	831,187	857,536
Account Receivables from Insurance and Annuities	11,144	8,638	7,016	4,284	10,995	8,677
Amounts recoverable by Reinsurance and Counter-guarantee	7,521	7,707	7,981	7,451	8,022	8,033
Account Receivables from Reinsurance	-	-	-	-	-	-
Benef. receivab. securization transactions	2	-	-	-	-	-
Sundry Debtors & Other Accts Rec, Net	38,701	49,971	46,886	34,059	55,687	69,339
Inventories	832	611	960	1,026	1,019	1,398
Foreclosed Assets, Net	1,552	1,953	1,949	1,873	1,759	1,957
Advance Payments and Other Assets	12,762	14,847	14,573	13,787	18,557	16,728
Real Estate, Furniture & Equipment, Net	32,737	20,437	20,599	21,262	21,070	22,133
Rights of Use of Intangible Assets	8,514	8,050	7,962	7,344	7,638	7,372
Investment in Subsidiaries	13,511	14,155	14,476	15,004	13,420	14,216
Assets for Rights of Use of Property, Furn.& Eq.	-	-	-	-	-	-
Deferred Income Tax Assets	(0)	0	0	0	(0)	(0)
Intangibles	4,324	16,701	16,866	16,956	16,718	17,786
Rights of Use of Intangible Assets	-	-	-	-	-	-
Goodwill	26,731	26,720	26,733	26,732	26,720	26,725
TOTAL ASSETS	1,917,900	1,923,999	1,911,082	1,909,088	2,035,427	2,033,316

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
LIABILITIES						
Demand Deposits	541,002	529,030	511,091	528,051	570,690	592,056
Time Deposits-Retail	246,883	243,038	246,329	240,051	234,985	248,191
Time Deposits-Money Market	8,069	3,364	3,261	100	-	200
Global Account of deposits without movements	2,639	2,744	2,825	3,023	3,060	3,237
Senior Unsecured Debt	31,937	31,907	29,786	27,800	27,293	21,507
Deposits	830,531	810,082	793,292	799,025	836,028	865,191
<u>Due to Banks & Correspondents:</u>						
Demand Loans	0	0	0	7,809	0	0
Short Term Loans	20,054	19,531	16,829	18,089	20,059	15,285
Long Term Loans	13,962	14,223	13,952	13,589	12,778	13,861
Due to Banks & Correspondents	34,016	33,754	30,780	39,488	32,837	29,146
Technical Reserves	200,479	204,291	219,403	230,425	243,336	248,838
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	205,036	210,397	158,946	166,677	169,718	249,066
Secs to be received in Repo Trans, Net	0	0	0	-	0	0
<u>Collateral sold or pledged as collateral</u>						
Repos (Credit Balance)	265,684	285,953	315,066	261,530	295,829	178,235
Securities' Loans	13	22	6	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral Sold	265,697	285,975	315,072	261,530	295,829	178,235
<u>Derivatives</u>						
For trading purposes	24,508	20,011	21,637	22,442	22,855	27,172
For hedging purposes	5,566	5,623	6,565	6,571	5,549	5,651
Operations w/ Derivatives & Securities	-	-	-	-	-	-
Total Derivatives	30,073	25,634	28,202	29,013	28,404	32,823
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accountsfor Reinsurance	3,145	2,790	2,501	2,514	3,807	3,514
Lease Liabilities	8,495	8,055	7,984	7,366	7,695	7,407
Creditors for settlement of transactions	4,020	8,282	6,837	3,398	13,468	23,233
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	3,603	3,970	7,502	10,803	18,425	22,059
Contributions payable	2,289	2,140	1,878	2,284	2,291	2,197
Suppliers	-	-	-	-	-	-
Related Party	-	-	-	-	-	-
Other Creditors & Accounts Payable	31,758	30,976	29,519	24,429	47,605	49,005
Other Payable Accounts	41,669	45,367	45,735	40,913	81,790	96,494
Contributions for future capital increases pending formalization by its governing body	-	-	-	-	-	-
Subordinated Non Convertible Debt	58,761	57,245	59,187	80,574	78,316	75,050
Income Tax Liabilities	3,034	3,902	5,102	4,961	5,139	6,086
Employee benefit liability	5,517	5,942	6,707	8,043	7,199	7,042
Deferred Credits	1,307	1,243	1,231	1,320	1,239	1,176
TOTAL LIABILITIES	1,687,758	1,694,677	1,674,141	1,671,848	1,791,336	1,800,068
EQUITY						
Paid-in Capital	14,936	14,936	14,939	14,957	14,969	14,941
Provision for future capital increase not formalized by its governing entity	-	-	-	-	0	0
Share Subscription Premiums	47,863	48,283	48,491	48,292	48,200	48,462
Finan. instr. that qualify as capital	-	-	-	-	-	-
Subscribed Capital	62,799	63,219	63,430	63,248	63,169	63,403
Capital Reserves	9,719	8,415	8,451	8,835	9,110	8,209
Retained Earnings	148,359	139,558	138,647	130,076	162,794	143,760
Net Income	8,544	17,112	25,987	35,048	10,748	22,272
<u>Comprehensive Income</u>						
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	2,199	2,615	2,424	1,594	(389)	(2,740)
Valuation Adjustment for Cash Flow Hedges	(2,214)	(2,451)	(2,810)	(2,661)	(2,648)	(2,721)
Income and expenses related to assets held for disposal	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,229)	(2,199)	(2,174)	(1,957)	(1,934)	(1,911)
Cumulative foreign currency translation adjustment	166	132	173	169	122	136
Res. for holding non-monetary assets	-	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	(110)	(103)	(85)	(118)	45	120
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Earned Capital	164,434	163,079	170,613	170,985	177,848	167,125
Minority Interest	2,908	3,025	2,897	3,006	3,074	2,720
Total Equity	230,142	229,322	236,940	237,239	244,091	233,248
TOTAL LIABILITIES & EQUITY	1,917,900	1,923,999	1,911,082	1,909,088	2,035,427	2,033,316

GFNorte - Memorandum Accounts	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
<i>(Million Pesos)</i>						
On behalf of Third Parties						
Customer's Banks	49	18	13	23	22	6
Dividends Receivable from Customers	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-
Settlement of Customer Transactions	47	12,022	9,823	92	(409)	397
Customer Premiums	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-
Customers' Current Account	97	12,039	9,836	115	(386)	403
Client Securities Received in Custody	720,880	740,294	750,150	734,409	758,691	734,542
Securities and Documents Received in Guarantee	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-
Clients' Securities	720,880	740,294	750,150	734,409	758,691	734,542
Clients' Repurchase Operations	277,305	261,799	290,366	288,025	575,341	569,214
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	277,318	261,821	290,372	288,025	278,975	284,634
Purchase of Futures & Forward Contracts, national	-	9,345	9,268	11,969	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-
Purchase Operations of derivatives	-	9,345	9,268	11,969	-	-
Clients' Sales Operations of derivatives	-	-	-	-	-	-
Trusts under Management	187	129	177	191	195	201
Siefores shares held by employees	-	-	-	-	-	-
Miscellaneous accounts	-	-	-	-	-	-
Transactions On Behalf of Clients	554,810	533,094	590,183	588,211	854,511	854,049
Investment Bank Trans. on behalf of Third (Net)	238,860	236,451	264,315	249,907	268,105	292,819
TOTAL ON BEHALF OF THIRD PARTIES	1,514,646	1,521,878	1,614,484	1,572,641	1,880,922	1,881,813
Endorsement Guarantees Granted	-	-	182	211	185	221
Loan Obligations	276,976	282,098	298,397	329,855	324,304	353,074
Trusts	309,954	319,065	292,739	287,105	291,862	294,351
Mandates	7,024	6,860	7,129	8,377	8,167	8,489
Properties in Trusts and Warrant	316,978	325,925	299,868	295,482	300,029	302,840
Properties in Custody or Management	478,426	483,225	497,770	479,018	468,507	483,761
Shares delivered in custody or as collateral	43,458	43,458	43,458	43,458	43,458	43,458
Collateral Received	384,922	398,497	445,062	386,681	423,172	300,480
Collateral Received or sold or delivered	543,789	548,764	606,470	550,622	579,659	462,826
Assets' Deposit	2,482	2,150	2,512	3,325	2,888	3,258
Contingent assets & Liabilities	122	155	207	120	148	60
Uncollected Accrued Interest from Past Due Loans	286	242	221	220	424	356
Responsibilities for bonds in force (net)	-	-	-	-	-	-
Recovery guarantees for bonds issued	-	-	-	-	-	-
Complaints received pending verification	-	-	-	-	-	-
Contingent claims	-	-	-	-	-	-
Claims paid	-	-	-	-	-	-
Claims cancelled	-	-	-	-	-	-
Recovered claims	-	-	-	-	-	-
Siefores' shares, own position	-	-	-	-	-	-
Miscellaneous accounts	448,251	446,948	478,995	467,035	545,793	579,155
TOTAL PROPRIETARY	2,495,690	2,531,462	2,673,142	2,556,028	2,688,568	2,529,490

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2022 – JUNE 30, 2022***(Million Pesos)***Operation activities****Net income before taxes** **30,607****Adjustments for items associated with investing activities** **1,670**

Depreciation in property, furniture, and equipment 1,619

Amortization of intangible assets 376

Participation in the net income of other entities (325)

Adjustments for items associated with financing activities: **1,640**

Interest associated with interbank loans and loans from other organizations 975

Interest associated with financial instruments that qualify as a liability 665

Sum **3,310****Changes in operating items** **(4,857)**

Change in margin accounts (derivative financial instruments) 1,473

Change in investments in financial instruments (securities) (net) (41,757)

Change in repo debtors (net) 2,539

Change in derivative financial instruments (asset) (6,827)

Change in loan portfolio (net) (39,624)

Change in acquired collection rights (net) 571

Change in debtors of insurance and bail-bond companies (4,394)

Amounts recoverable by reinsurance and counter-guarantee (582)

Change in inventories (372)

Change in other accounts receivable (net) (39,042)

Change in foreclosed assets (net) (84)

Change in traditional deposits 66,166

Change in technical reserves 18,413

Changes of interbank loans and other organizations (11,317)

Change in creditors by repo 82,389

Change in collateral sold or given in guarantee (83,294)

Change in derivative financial instruments (liability) 4,730

Change in accounts payable for reinsurance and reguarantee (liability) 1,000

Change in hedging derivative financial instruments (1,181)

(of hedged items related to operating activities)

Change in assets/liabilities for employee benefits (996)

Change in other accounts payable 54,267

Income tax payments (6,935)

Net cash flows from operating activities **29,060****Investment activities**

Payments for the acquisition of property, furniture and equipment (2,390)

Charges for disposal of property, furniture and equipment 104

Payments for the acquisition of associates, joint ventures and other permanent investments (723)

Collections of cash dividends from permanent investments 1,817

Net cash flows from investing activities **(1,192)****Financial activities**

Lease liability payments (333)

Payments associated with financial instruments that qualify as capital (2,389)

Cash Dividend Payments (17,524)

Payments associated with the repurchase of own shares (816)

Payments associated with financial instruments that qualify as a liability (6,189)

Interest payments for lease liability (233)

Net cash flows from financing activities **(27,484)****Net increase or decrease in cash and cash equivalents** **384****Effects of changes in the value of cash and cash equivalents** **(17)****Cash and cash equivalents at the beginning of the period** **98,842****Cash and cash equivalents at the end of the period** **99,209**

GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2022 – JUNE 30, 2022
(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL									
	Fixed Paid-in Capital	Premium from Sale of Securities	Capital Reserves	Retained Earnings	Financial Instruments to Collect or Sell Valuation	Results from Cash Flow Hedges	Remeasurement on Defined Employee Benefits	Remeasurement by Result in the Valuation of the Unexpired Risk Reserve due to Variation in Discount Rates	Cumulative Foreign Currency Translation Adjustment	Total Majority Interest	Total Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2021	14,957	48,292	8,835	165,124	1,594	(2,661)	(1,957)	(118)	168	234,234	3,006	237,240
Retrospective adjustments for accounting changes				(1,171)	46					(1,125)		(1,125)
Balance as of December 31, 2021 adjusted	14,957	48,292	8,835	163,953	1,640	(2,661)	(1,957)	(118)	168	233,109	3,006	236,115
CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS												
Repurchase of share-based payment plan liquidable in equity instruments	(16)	111	(626)							(531)		(531)
Plan based on shares payable in equity instruments												
Dividends Decreed by the Ordinary General Meeting of Shareholders on May 23, 2022				(17,524)						(17,524)		(17,524)
Total	(16)	111	(626)	(17,524)	0	0	0	0	0	(18,055)	0	(18,055)
COMPREHENSIVE INCOME:												
Net Income				22,272						22,272		22,272
OTHER COMPREHENSIVE INCOME												
Financial instruments to collect or sell valuation					(4,550)					(4,550)		(4,550)
Effect of subsidiaries, associates and mutual funds		59		(280)	170					(51)		(51)
Result from conversion of foreign operations									(32)	(32)		(32)
Cash flow hedges valuation						(60)				(60)		(60)
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates								238		238		238
Defined remeasurements for employees benefits							46			46		46
Interest of subordinated debentures				(2,389)						(2,389)		(2,389)
Total	0	59	0	19,603	(4,380)	(60)	46	238	(32)	15,474	0	15,474
Minority Interest											(286)	(286)
Balance as of June 30, 2022	14,941	48,462	8,209	166,032	(2,740)	(2,721)	(1,911)	120	136	230,528	2,720	233,248

Bank

Income Statement - Bank <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Interest Income	39,669	40,329	41,623	44,111	46,022	50,904
Interest Expense	23,497	23,466	24,600	26,185	26,959	30,762
Net Interest Income (NII)	16,173	16,863	17,023	17,926	19,063	20,143
Preventive Provisions for Loan Losses	3,231	2,584	2,598	2,694	2,634	2,390
Net Interest Income Adjusted for Credit Risk	12,942	14,279	14,424	15,232	16,429	17,753
Fund Transfers	473	530	517	552	471	515
Account Management Fees	509	508	498	508	483	489
Electronic Banking Services	2,916	3,212	3,246	4,049	3,790	4,197
For Commercial and Mortgage Loans	277	261	323	337	-	-
For Consumer and Credit Card Loans	1,164	1,263	1,307	1,505	1,395	1,521
Fiduciary	106	176	136	110	127	135
Income from Real Estate Portfolios	6	7	4	9	-	-
Mutual Funds	-	-	-	-	-	-
Trading & Financial Advising Fees	0	0	0	0	0	(0)
Other Fees Charged	836	617	693	728	748	777
Fees Charged on Services	6,116	6,388	6,469	7,488	7,065	7,778
Interchange Fees	1,625	1,911	1,923	2,515	2,301	2,638
Insurance Fees	-	-	-	-	-	-
Other Fees Paid	929	1,045	938	925	968	1,065
Fees Paid on Services	2,555	2,956	2,861	3,440	3,269	3,703
Net Service Fees	3,561	3,431	3,608	4,048	3,796	4,075
Premium Income Ins. & Annu. (Net)	-	-	-	-	-	-
Technical Reserves Ins. & Annu.	-	-	-	-	-	-
Cost of Acquisition from Insurance Operations	-	-	-	-	-	-
Net Cost of Claims and Other Obligations	-	-	-	-	-	-
Currency and Metals	574	(449)	353	(548)	(542)	350
Derivatives	8	(1)	54	190	1,361	406
Negotiable Instruments	(264)	102	498	3	(1)	(220)
Valuation	317	(349)	905	(355)	818	537
Currency and Metals	764	838	399	1,155	1,319	753
Derivatives	5	(10)	(121)	(142)	(719)	(209)
Negotiable Instruments	3	128	(112)	266	(25)	(22)
Trading	772	956	165	1,279	575	522
Other financial results	-	-	-	-	2	(93)
Trading Income	1,090	607	1,070	924	1,395	966
Contributions to the IPAB	(912)	(889)	(889)	(905)	(934)	(954)
Acquired collection rights	85	68	71	75	51	63
Income from foreclosed assets	86	132	101	180	118	192
Donations	(3)	(79)	(35)	(59)	(136)	(36)
Impairment of Assets	-	-	-	(352)	-	-
Result on sale of Property, Furniture and Equipment	(2)	0	(16)	(21)	(6)	(16)
Lease Income	2	2	3	0	0	0
From Insurance	-	-	-	-	-	-
Securitization Operation Valuation Result	0	0	-	-	-	-
Other Operating Expense	185	(45)	10	133	(276)	(18)
Total Other Operating Income (Expense)	(555)	(725)	(655)	(929)	(1,141)	(596)
Total Non Interest Income	4,096	3,314	4,023	4,043	4,050	4,444
Total Operating Income	17,038	17,592	18,447	19,275	20,479	22,196
Personnel	3,985	4,183	4,008	3,919	3,839	3,792
Employee Profit Sharing (PTU)	155	149	143	1,042	367	367
Professional Fees	704	723	735	775	688	799
Administrative and Promotional Expenses	4,370	4,127	4,371	5,091	4,766	4,817
Total Non Interest Expense	9,214	9,182	9,257	10,828	9,661	9,776
Operating Income	7,824	8,410	9,190	8,447	10,818	12,421
Subsidiaries' Net Income	29	214	65	22	42	31
Pre-Tax Income	7,852	8,624	9,255	8,469	10,860	12,452
Taxes	1,879	2,103	2,430	1,703	3,228	3,078
Net Income from Continuous Operations	5,974	6,522	6,825	6,766	7,632	9,374
Discontinued Operations	-	-	-	-	-	-
Net income from continuing operations	5,974	6,522	6,825	6,766	7,632	9,374
Minority Interest	(0)	0	0	0	0	(0)
Net Income	5,974	6,522	6,825	6,766	7,632	9,374
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,658)	453	(187)	(759)	(1,936)	(2,169)
Cash Flow Hedges Valuation	(1,350)	(241)	(365)	151	14	(74)
Income and Expenses related to Assets Held for Disposal	-	-	-	-	-	-
Remeasurement on defined employee benefits	30	30	26	210	24	24
Cumulative foreign currency translation adjustment	25	(27)	33	(4)	(37)	11
Res. for holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount	-	-	-	-	-	-
Other Comprehensive Income	(2,952)	215	(493)	(401)	(1,936)	(2,208)
Comprehensive Income	3,021	6,737	6,332	6,365	5,696	7,166

Bank - Balance Sheet (Million Pesos)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
ASSETS						
Cash and Equivalents	115,949	110,406	67,251	98,302	124,197	98,778
Margin Accounts	11,012	8,703	8,268	7,999	8,221	6,526
Negotiable Instruments	39,609	43,914	30,280	32,263	32,064	34,414
Securities Available for Sale	142,487	140,484	142,115	136,172	130,391	130,393
Securities Held to Maturity	40,044	42,292	44,099	60,200	75,062	85,255
Investment in Securities	222,139	226,690	216,494	228,636	237,517	250,063
Estimate of Expected Credit Losses for Investments	-	-	-	-	209	208
Debtor Balance in Repo Trans, net	268,513	286,814	314,987	261,535	293,727	173,934
Securities Lending	-	-	-	-	-	-
For trading purposes	28,458	24,346	25,999	26,865	29,452	33,734
For hedging purposes	609	648	753	1,055	1,096	1,256
Operations w/Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	29,068	24,995	26,751	27,920	30,548	34,990
Operations w/Derivatives & Securities	297,581	311,809	341,738	289,454	324,275	208,924
Valuation adjustments for Asset Coverage	51	47	43	40	36	32
Commercial Loans	293,191	288,651	297,283	302,654	301,983	307,605
Financial Intermediaries' Loans	22,719	20,688	22,610	28,685	29,285	33,282
Consumer Loans	114,602	116,869	118,224	120,574	122,916	129,443
Payroll Loans	50,628	52,122	52,926	53,306	55,340	59,648
Personal Loans	619	717	692	702	647	632
Credit Card	35,589	36,334	37,065	39,108	39,197	40,601
Auto Loans	27,767	27,696	27,541	27,457	27,733	28,562
Mortgage Loans	188,555	192,478	193,823	197,000	199,148	203,953
Medium and Residential	185,864	189,907	191,331	194,598	196,932	201,848
low income housing	4	3	3	3	2	2
Loans acquired from INFONAVIT or FOVISSSTE	2,687	2,567	2,489	2,400	2,214	2,102
Restruct. or improv.t guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	156,941	150,703	157,746	147,734	153,946	163,785
Performing Loans, Stage 1	776,008	769,389	789,687	796,647	807,278	838,067
Commercial Loans	2,066	1,389	1,048	1,458	1,050	1,453
Financial Intermediaries' Loans	4	1	37	1	-	-
Consumer Loans	2,242	1,977	1,831	1,791	2,014	2,061
Payroll Loans	1,006	1,026	1,012	1,023	1,261	1,283
Personal Loans	4	3	3	3	31	28
Credit Card	769	519	443	427	410	443
Auto Loans	463	429	373	339	313	307
Mortgage Loans	2,726	3,701	3,969	3,551	3,494	3,571
Medium and Residential	2,726	3,701	3,969	3,551	3,408	3,482
low income housing	0	0	0	0	0	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	-	-	86	89
Restruct. or improv.t guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	-	-	-	-	-	-
Performing Loans, Stage 2	7,038	7,068	6,886	6,800	6,558	7,085
Commercial PDL's	3,303	5,163	3,830	2,588	3,153	3,252
Financial Intermediaries PDL's	-	-	-	-	101	105
Consumer PDL's	3,936	3,021	2,641	2,523	2,530	2,820
Payroll PDL's	1,520	1,302	1,312	1,359	1,380	1,665
Personal PDL's	37	44	39	29	45	49
Credit Card PDL's	1,992	1,360	1,042	915	902	926
Auto PDL's	386	315	248	219	203	180
Mortgage PDL's	2,011	1,912	2,080	1,985	1,763	1,855
Medium and Residential	1,758	1,654	1,803	1,710	1,446	1,521
low income housing	0	0	0	0	0	0
Loans acquired from INFONAVIT or FOVISSSTE	252	258	277	275	317	334
Restruct. or improv.t guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities PDL's	188	182	154	154	154	98
Past Due Loans, Stage 3	9,438	10,278	8,705	7,250	7,702	8,129
Loan Portfolio Valued at Fair Value	-	-	-	-	-	-
Deferred Items	1,345	1,522	1,627	1,721	1,596	1,606
Gross Loan Portfolio	793,828	788,257	806,905	812,418	823,135	854,887
Preventive Loan Loss Reserves	19,145	17,741	16,816	15,744	16,278	16,350
Net Loan Portfolio	774,683	770,515	790,089	796,674	806,857	838,537
Acquired Collection Rights (net)	1,529	1,421	1,260	1,036	582	466
Total Credit Portfolio	776,212	771,936	791,349	797,710	807,439	839,003
Benef. receivab. securization transactions	2	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	35,528	45,486	43,479	31,034	50,928	64,829
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	1,406	1,812	1,835	1,717	1,620	1,848
Advance Payments and Other Assets	6,308	7,919	7,164	5,788	11,080	9,358
Real Estate, Furniture & Equipment, Net	28,569	16,523	16,737	17,472	17,235	18,246
Rights of Use of Intangible Assets	8,194	7,755	7,690	7,096	7,424	7,178
Investment in Subsidiaries	552	734	588	523	559	1,261
Assets for Rights of Use of Property, Furn.& Eq.	-	-	-	-	-	-
Deferred Income Tax Assets	422	0	(1)	-	-	817
Intangibles	2,463	14,651	14,751	14,689	14,424	15,410
Rights of Use of Intangible Assets	-	-	-	-	-	-
Goodwill	1,402	1,392	1,404	1,403	1,391	1,396
TOTAL ASSETS	1,507,789	1,525,862	1,518,790	1,501,864	1,606,136	1,523,461

Bank - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
LIABILITIES						
Demand Deposits	545,953	534,257	516,559	535,201	580,928	612,491
Time Deposits-Retail	246,944	243,118	246,951	240,089	235,005	248,191
Time Deposits-Money Market	8,069	3,364	3,261	100	-	200
Global Account of deposits w without movements	2,639	2,744	2,825	3,023	3,060	3,237
Senior Unsecured Debt	31,937	31,907	29,786	27,800	27,293	21,507
Deposits	835,542	815,389	799,383	806,213	846,286	885,625
Due to Banks & Correspondents:						
Demand Loans	0	0	0	7,809	0	0
Short Term Loans	8,224	8,155	6,721	7,330	6,481	6,255
Long Term Loans	6,632	6,599	6,325	6,422	5,944	7,572
Due to Banks & Correspondents	14,856	14,754	13,047	21,562	12,425	13,827
Technical Reserves	-	-	-	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	113,047	119,110	100,565	108,591	110,034	108,400
Secs to be received in Repo Trans, Net	-	-	-	-	-	-
Collateral sold or pledged as collateral:						
Repos (Credit Balance)	265,684	283,942	312,066	258,530	291,402	172,035
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	265,684	283,942	312,066	258,530	291,402	172,035
Derivatives						
For trading purposes	24,508	20,003	21,703	22,487	22,950	27,238
For hedging purposes	5,566	5,623	6,565	6,571	5,549	5,651
Total Derivatives	30,073	25,626	28,269	29,058	28,499	32,889
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accountsfor Reinsurance	-	-	-	-	-	-
Lease Liabilities	8,175	7,759	7,712	7,118	7,478	7,211
Creditors for settlement of transactions	3,140	17,474	15,254	2,458	9,553	21,269
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	2,848	3,192	6,723	10,006	18,425	22,059
Contributions payable	1,325	1,291	1,089	1,270	1,280	1,335
Suppliers	-	-	-	-	-	-
Related Party	-	-	-	-	-	-
Other Creditors & Accounts Payable	29,335	28,433	26,797	21,671	43,742	44,363
Other Payable Accounts	36,649	50,389	49,864	35,404	73,000	89,025
Contributions for future capital increases pending formalization by its governing body	-	-	-	-	-	-
Subordinated Non Convertible Debt	58,761	57,245	59,187	80,574	78,316	75,050
Income Tax Liabilities	1,220	1,324	2,117	1,690	2,598	4,008
Employee benefit liability	5,380	5,801	6,434	7,382	6,655	6,462
Deferred Credits	1,161	1,107	1,124	1,108	1,087	1,076
TOTAL LIABILITIES	1,370,547	1,382,446	1,379,766	1,357,229	1,457,778	1,395,609
EQUITY						
Paid-in Capital	18,795	18,795	18,795	18,795	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	3,076	3,442	3,646	3,851	4,051	4,249
Finan. instr. that qualify as capital	-	-	-	-	-	-
Subscribed Capital	21,871	22,237	22,440	22,646	22,845	23,044
Capital Reserves	18,959	18,959	18,959	18,959	18,959	18,959
Retained Earnings	92,748	91,819	80,892	79,931	103,845	75,975
Net Income	5,974	12,495	19,320	26,086	7,632	17,006
Comprehensive Income						
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	2,213	2,666	2,479	1,720	(216)	(2,385)
Valuation Adjustment for Cash Flow Hedges	(2,255)	(2,496)	(2,861)	(2,710)	(2,696)	(2,770)
Income and expenses related to assets held for disposal	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,303)	(2,272)	(2,247)	(2,036)	(2,013)	(1,989)
Cumulative foreign currency translation adjustment	32	5	38	34	(3)	8
Res. for holding non-monetary assets	-	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Earned Capital	115,368	121,176	116,580	121,985	125,508	104,804
Minority Interest	3	4	4	4	4	4
Total Equity	137,242	143,416	139,024	144,635	148,358	127,852
TOTAL LIABILITIES & EQUITY	1,507,789	1,525,862	1,518,790	1,501,864	1,606,136	1,523,461

Bank - Memorandum Accounts <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Investment Banking transactions for third parties, net	-	-	-	-	-	-
TOTAL ON BEHALF OF THIRD PARTIES	-	-	-	-	-	-
Endorsement Guarantees Granted	-	-	182	211	185	221
Loan Obligations	242,137	239,502	256,608	288,260	281,480	307,653
Trusts	309,954	319,065	292,739	287,105	291,862	294,351
Mandates	7,024	6,860	7,129	8,377	8,167	8,489
Properties in Trusts and Warrant	316,978	325,925	299,868	295,482	300,029	302,840
Properties in Custody or Management	491,631	487,310	528,132	506,559	509,168	544,522
Shares delivered in custody or as collateral	-	-	-	-	-	-
Collateral Received	365,461	386,101	415,333	362,574	395,593	277,352
Collateral Received or sold or delivered	266,471	284,928	313,091	259,597	291,829	171,992
Deposits of assets	-	-	-	-	-	-
Contingent assets & liabilities	122	155	207	120	148	60
Uncollected Accrued Interest from Past Due Loans	286	242	221	220	418	349
Liabilities for active bonds (net)	-	-	-	-	-	-
Recovery guarantees for issued bonds	-	-	-	-	-	-
Complaints received pending verification	-	-	-	-	-	-
Contingent claims	-	-	-	-	-	-
Claims paid	-	-	-	-	-	-
Claims cancelled	-	-	-	-	-	-
Recovered claims	-	-	-	-	-	-
Miscellaneous accounts	427,148	424,607	456,283	443,973	511,708	542,442
TOTAL PROPRIETARY	2,110,234	2,148,771	2,269,924	2,156,996	2,290,559	2,147,431

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2021 – JUNE 30, 2022***(Million Pesos)***Operation activities****Net income before taxes 23,312****Adjustments for items associated with investing activities 1,717**

Depreciation in property, furniture, and equipment 1,495

Amortization of intangible assets 295

Participation in the net income of other entities (73)

Adjustments for items associated with financing activities: 1,082

Interest associated with interbank loans and loans from other organizations 417

Interest associated with financial instruments that qualify as a liability 665

Sum 2,799**Changes in operating items 12,652**

Change in margin accounts (derivative financial instruments) 1,473

Change in investments in financial instruments (securities) (net) (25,451)

Change in repo debtors (net) 87,601

Change in derivative financial instruments (asset) (6,862)

Change in loan portfolio (net) (41,863)

Change in acquired collection rights (net) 571

Change in other accounts receivable (net) (33,690)

Change in foreclosed assets (net) (131)

Change in other operating assets (net) (4,400)

Change in traditional deposits 79,413

Changes of interbank loans and other organizations (8,152)

Change in creditors by repo (191)

Change in collateral sold or given in guarantee (86,494)

Change in derivative financial instruments (liability) 4,750

Change in other operating liabilities (31)

Change in hedging derivative financial instruments (1,182)

Change in assets/liabilities for employee benefits (915)

Change in other accounts payable 52,587

Income tax payments (4,381)

Net cash flows from operating activities 38,763**Investment activities**

Payments for the acquisition of property, furniture and equipment (2,081)

Charges for the acquisition of property, furniture, and equipment 97

Pagos por operaciones discontinuadas 0

Cobros por operaciones discontinuadas 0

Pagos por adquisición de subsidiarias 0

Cobros por disposición de subsidiarias 0

Pagos por adquisición de asociadas, negocios conjuntos y otras inversiones permanentes (723)

Cobros de dividendos en efectivo de inversiones permanentes 42

Net cash flows from investing activities (2,665)**Financial activities**

Lease liability payments (342)

Payments associated with financial instruments that qualify as capital (2,431)

Dividends paid in cash (26,416)

Payments associated with financial instruments that qualify as a liability (6,189)

Interest payments for lease liability (227)

Net cash flows from financing activities (35,605)**Net increase or decrease in cash and cash equivalents 493****Effects of changes in the value of cash and cash equivalents (17)****Cash and cash equivalents at the beginning of the period 98,302****Cash and cash equivalents at the end of the period 98,778**

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2022 – JUNE 30, 2022
(Million Pesos)

	CONTRIBUTED			EARNED CAPITAL							
	Fixed Paid-in Capital	Premium from Sale of Securities	Capital Reserves	Retained Earnings	Financial instruments to Collect or Sell Valuation	Results from Cash Flow Hedges	Remeasurement on Defined Employee Benefit	Cumulative Foreign Currency Translation Adjustment	Total Majority Interest	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2021	18,795	3,851	18,959	106,018	1,720	(2,710)	(2,036)	34	144,631	4	144,635
Retrospective adjustments for accounting changes				(993)	(46)				(1,039)		(1,039)
Balance as of December 31, 2021 adjusted	18,795	3,851	18,959	105,025	1,674	(2,710)	(2,036)	34	143,592	4	143,596
CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS											
Plan based on shares payable in equity instruments		398							398		398
Dividends Decreed by the Ordinary General Meeting of Shareholders on May 16, 2022 and June 22, 2022				(26,416)					(26,416)		(26,416)
Total	0	398	0	(26,416)	0	0	0	0	(26,018)	0	(26,018)
COMPREHENSIVE INCOME:											
Net Income				17,006					17,006		17,006
OTHER COMPREHENSIVE INCOME											
Financial instruments to collect or sell valuation					(4,233)				(4,233)		(4,233)
Effect of subsidiaries, associates and mutual funds				(203)	174				(29)		(29)
Result from conversion of foreign operations								(26)	(26)		(26)
Cash flow hedges valuation						(60)			(60)		(60)
Defined remeasurements for employees' benefits							47		47		47
Interest of subordinated debentures				(2,431)					(2,431)		(2,431)
Total	0	0	0	14,372	(4,059)	(60)	47	(26)	10,274	0	10,274
Balance as of June 30, 2022	18,795	4,249	18,959	92,981	(2,385)	(2,770)	(1,989)	8	127,848	4	127,852

Seguros Banorte

Income Statement - Insurance - Seguros Banorte <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Interest Income	257	329	381	402	255	551
Interest Expense	-	-	-	-	3	3
Monetary Positions Net Interest Income	-	-	-	-	-	-
Net Interest Income (NII)	257	329	381	402	314	372
Preventive Provisions for Loan Losses	(0)	0	0	(0)	0	3
Net Interest Income	257	329	381	402	314	369
Premium Revenue (Net)	11,085	2,817	4,239	5,270	10,941	4,361
Net increase in technical reserves	4,537	(1,525)	(78)	1,062	4,522	(868)
Net Cost for Insurance and Bond Operations	626	485	550	512	731	587
Net Cost of Claims and Other Obligations	4,884	3,390	3,570	3,901	4,018	3,646
Trading Income	36	42	8	83	0	6
Total Other Operating Income (Expenses)	269	192	213	663	226	227
Total Non-Interest Income	1,343	700	418	540	1,896	1,228
Total Operating Income	1,600	1,029	800	942	2,210	1,597
Personnel	107	109	115	104	129	104
Professional Fees	63	51	37	69	63	62
Administrative and Promotional	37	42	37	45	30	36
Rents, Depreciation & Amortization	45	46	48	52	54	50
Other Taxes	34	27	34	19	23	25
Employee Profit Sharing (PTU)	1	1	1	46	4	6
Other expenses	94	104	67	91	181	155
Total Non-Interest Expense	380	381	339	426	484	439
Operating Income	1,220	649	461	516	1,726	1,158
Subsidiaries' Net Income	404	465	467	619	158	101
Pre-Tax Income	1,624	1,113	928	1,136	1,884	1,259
Taxes	361	184	136	59	493	302
Net Income from Continuous Operations	1,263	929	792	1,076	1,391	957
Discontinued Operations	-	-	-	-	-	-
Net income from continuing operations	1,263	929	792	1,076	1,391	957
Minority Interest	9	10	10	9	4	6
Net Income	1,254	919	782	1,068	1,387	951

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
ASSETS						
Cash and Equivalents	86	143	82	1,411	3,441	3,517
Margin Accounts	-	-	-	-	-	-
Negotiable Instruments	32,163	30,642	23,366	23,753	25,011	25,874
Securities Available for Sale	551	1,720	2,969	4,121	5,443	4,827
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)	(0)
Investment in Securities	32,714	32,362	26,336	27,874	30,454	30,701
Estimate of Expected Credit Losses for Investments	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	5,337	5,315	2,098	3,786	2,049	3,381
Securities Lending	-	-	-	-	-	-
For trading purposes	-	-	-	-	-	-
For hedging purposes	-	-	-	-	-	-
Operations w/Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Operations w/Derivatives & Securities	5,337	5,315	2,098	3,786	2,049	3,381
Valuation adjustments for Asset Coverage	-	-	-	-	-	-
Insurance and Bail Bond portfolio	9	9	24	25	25	24
Deferred Items (BAP)	-	-	-	-	-	-
Loan Loss-reserve for Insurance and Bail Bond Risks	9	9	24	25	25	24
Net Insurance and Bail Bond Loan Portfolio	0	0	0	0	0	0
Loan Portfolio, net	9	9	24	25	25	24
Net from Reserves Loan Portfolio	9	9	24	25	25	24
Acquired Collection Rights (net)	-	-	-	-	-	-
Total Credit Portfolio	9	9	24	25	25	24
Account Receivables from Insurance and Annuities	10,876	8,028	5,765	3,674	10,664	8,410
Amounts recoverable by Reinsurance and Counter-guarantee	7,521	7,707	7,981	7,451	8,022	8,033
Account Receivables from Reinsurance	-	-	-	-	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	275	302	409	494	236	583
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-	-
Advance Payments and Other Assets	728	1,039	1,391	1,720	1,679	1,673
Real Estate, Furniture & Equipment, Net	414	334	330	259	251	243
Assets for Rights of Use of Property, furniture and equipment	289	267	245	223	193	173
Investment in Subsidiaries	12,785	13,249	13,715	14,329	12,712	12,812
Assets for Rights of Use of Property, Furn.& Eq.	-	-	-	-	-	-
Deferred Income Tax Assets	335	335	335	327	338	338
Intangibles	1,224	1,303	1,330	1,365	1,385	1,403
Rights of Use of Intangible Assets	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
TOTAL ASSETS	72,593	70,392	60,042	62,937	71,447	71,291

Insurance - Seguros Banorte - Balance Sheet (Million Pesos)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
LIABILITIES						
Technical Reserves	36,094	33,217	32,309	34,079	39,729	38,493
Non-assigned Securities for Settlement	-	-	-	-	-	-
Total Derivatives	-	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accounts for Reinsurance	3,145	2,790	2,501	2,514	3,807	3,514
Lease Liabilities	289	267	245	223	195	175
Creditors for settlement of transactions	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	-	-	-	-	-	-
Contributions payable	852	758	673	885	893	731
Suppliers	-	-	-	-	-	-
Related Party	-	-	-	-	-	-
Other Creditors & Accounts Payable	1,642	1,680	1,619	1,516	2,006	2,313
Other Payable Accounts	2,494	2,438	2,292	2,401	2,900	3,044
Contributions for future capital increases pending formalization by its governing body	-	-	-	-	-	-
Subordinated Non Convertible Debt	-	-	-	-	-	-
Income Tax Liabilities	708	887	1,019	1,074	811	1,116
Employee benefit liability	129	132	134	132	132	133
Deferred Credits	56	53	53	46	50	50
TOTAL LIABILITIES	42,916	39,784	38,554	40,469	47,623	46,525
EQUITY						
Paid-in Capital	13,928	13,928	13,928	13,928	13,928	13,928
Provision for future capital increase not formalized by its governing entity	-	-	-	-	7	7
Share Subscription Premiums	-	-	-	-	-	-
Finan. instr. that qualify as capital	-	-	-	-	-	-
Subscribed Capital	13,928	13,928	13,928	13,928	13,934	13,934
Capital Reserves	3,268	3,840	3,840	3,840	3,834	4,236
Retained Earnings	10,765	10,193	343	337	4,333	3,930
Net Income	1,254	2,173	2,955	4,022	1,387	2,339
<u>Resultados Integrales:</u>						
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	164	160	141	68	(102)	(192)
Valuation Adjustment for Cash Flow Hedges	-	-	-	-	-	-
Income and expenses related to assets held for disposal	-	-	-	-	-	-
Remeasurements defined benefits for employees	10	10	10	20	20	20
Cumulative foreign currency translation adjustment	0	0	0	0	0	0
Res. for holding non-monetary assets	-	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	(108)	(101)	(83)	(116)	46	122
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Earned Capital	15,354	16,274	7,206	8,172	9,519	10,455
Minority Interest	395	406	355	368	371	377
Total Equity	29,677	30,608	21,488	22,468	23,825	24,767
TOTAL LIABILITIES & EQUITY	72,593	70,392	60,042	62,937	71,447	71,291

Information by Segments

GFNorte - Income Statement as of June 30, 2022

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest on Loan Portfolio	511	96,927	12,187	1,281	34	11,092
Interest on cash and cash equivalents	16	1,819	62	1	0	208
Interest and yields in favor from margin accounts	-	(229)	-	-	-	0
Interest and yields in favor from OTC collateral operations	-	48	-	-	-	-
Interest and yields in favor from investments in financial instruments	-	6,435	4,365	-	-	10,372
Interest and yields on repurchase agreements	495	8,290	0	-	-	117
Operations' coverage income from hedging operations	-	2,143	-	-	-	-
Income from trading financial instruments	-	34,474	-	-	-	364
Interest on loan portfolio with credit risk stage 1	-	-	-	-	-	-
Commercial loans	-	12,527	-	1,101	33	-
Financial entities	-	804	-	14	-	-
Government entities	-	5,520	-	130	-	-
Consumer loans	-	14,510	-	-	-	-
Mortgage loans	-	9,021	-	-	-	-
Interest on loan portfolio with credit risk stage 2	-	-	-	-	-	-
Commercial Loans	-	81	-	32	-	-
Financial entities	-	0	-	1	-	-
Government entities	-	-	-	3	-	-
Consumer loans	-	173	-	-	-	-
Mortgage loans	-	174	-	-	-	-
Interest on loan portfolio with credit risk stage 3	-	-	-	-	-	-
Commercial loans	-	32	-	1	-	-
Financial entities	-	0	-	-	-	-
Government entities	-	4	-	-	-	-
Consumer loans	-	32	-	0	-	-
Mortgage loans	-	34	-	-	-	-
Insurance and bond loan portfolio interest	-	-	391	-	-	-
Interest on acquired collection rights	-	-	-	-	-	-
Loan commissions	-	738	-	-	-	-
Effect of loan portfolio renegotiation	-	71	-	-	-	-
Securities' loans premiums	-	-	107	-	-	-
Debt issuance premiums	-	-	-	-	-	-
Net dividends from equity instruments	-	14	2	-	-	30
Income from valuation	-	211	7,261	-	-	0
Increase due interest income update	-	-	-	-	-	-

GFNorte - Income Statement as of June 30, 2022

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest expense	-	57,721	121	915	0	9,526
Interest on demand deposits	-	3,235	-	-	-	-
Interest on time deposits	-	5,293	-	-	-	-
Interest due to banks and correspondents	-	417	-	910	-	-
Interest, transaction costs, and discounts of financial instruments that qualify as liabilities	-	665	-	-	-	-
Interest and yields charged from OTC collateral operations	-	107	-	-	-	-
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	10,940	-	-	-	9,124
Expenses from hedging operations	-	2,040	-	-	-	-
Expenses from trading financial instruments	-	33,615	-	-	-	341
Proceeds from lent securities	-	-	-	-	-	61
Effect of loan portfolio renegotiation	-	227	-	-	-	-
Costs expenses of granting loans	-	703	-	-	-	-
Insurance and bail bond loan origination costs and expenses	-	-	-	-	-	-
Foreign exchange valorization income	-	145	116	4	0	0
Chargeable interest associated with the global deposit account without movements	-	107	-	-	-	-
Interest on lease liabilities	-	227	6	-	-	-
Increase due to update of interest expense	-	-	-	-	-	-
Financial Margin	511	39,206	12,066	366	33	1,565
Allowance for loan losses	0	5,024	25	52	-	-
Risk adjusted net interest income	511	34,181	12,041	315	33	1,565
Commissions and fees charged on services	-	14,843	-	134	-	665
Commissions and fees paid on services	-	6,972	-	29	0	88
Premium revenue (net)	-	-	24,950	-	-	-
Increase in technical reserves (net)	-	-	17,384	-	-	-
Cost of acquisition for insurance and bail bonds operations (net)	-	-	1,324	-	-	-
Cost of damages, claims, and other obligations	-	-	13,400	-	-	-
Trading income	-	2,361	140	(1)	-	(37)
Total other operating income (expense)	0	(1,737)	459	365	21	28
Administrative and promotional Expenses	54	19,437	1,133	429	34	743
Operating income	457	23,239	4,349	354	20	1,391
Subsidiaries' net income	21,781	73	259	(1)	-	0
Pre-tax income	22,238	23,312	4,607	353	20	1,392
Taxes	(13)	6,306	1,235	21	8	360
Net income from continuous operations	22,251	17,006	3,372	332	13	1,031
Discontinued Operations	-	-	-	-	-	-
NET INCOME	22,251	17,006	3,367	332	13	1,031
Minority interest	-	0	6	0	-	-
Other comprehensive income	-	-	-	-	-	-
Financial instruments to collect or sell valuation	(4,380)	(4,105)	(283)	-	-	(60)
Cash flow hedges valuation	(59)	(60)	-	-	-	-
Remeasurement on defined employee benefits	47	48	-	(0)	0	(0)
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	238	-	238	-	-	-
Cumulative foreign currency translation adjustment	(33)	(26)	-	-	-	(7)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Other comprehensive income	(4,187)	(4,144)	(45)	(0)	0	(67)
COMPREHENSIVE INCOME	18,065	12,862	3,328	332	13	964

GFNorte - Income Statement as of June 30, 2022

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest on Loan Portfolio	32	39	122,103	6,850	208	115,460
Interest on cash and cash equivalents	32	-	2,137	247	-	1,890
Interest and yields in favor from margin accounts	-	-	(229)	-	-	(229)
Interest and yields in favor from OTC collateral operations	-	-	48	-	-	48
Interest and yields in favor from investments in financial instruments	-	28	21,200	-	-	21,200
Interest and yields on repurchase agreements	-	11	8,914	6,137	-	2,777
Operations' coverage income from hedging operations	-	-	2,143	-	-	2,143
Income from trading financial instruments	-	-	34,838	-	-	34,838
Interest on loan portfolio with credit risk stage 1	-	-	-	-	-	-
Commercial loans	-	-	13,662	40	-	13,621
Financial entities	-	-	818	365	-	453
Government entities	-	-	5,650	-	208	5,858
Consumer loans	-	-	14,510	-	-	14,510
Mortgage loans	-	-	9,021	-	-	9,021
Interest on loan portfolio with credit risk stage 2	-	-	-	-	-	-
Commercial Loans	-	-	112	-	-	112
Financial entities	-	-	1	-	-	1
Government entities	-	-	3	-	-	3
Consumer loans	-	-	173	-	-	173
Mortgage loans	-	-	174	-	-	174
Interest on loan portfolio with credit risk stage 3	-	-	-	-	-	-
Commercial loans	-	-	33	-	-	33
Financial entities	-	-	0	-	-	0
Government entities	-	-	4	-	-	4
Consumer loans	-	-	32	-	-	32
Mortgage loans	-	-	34	-	-	34
Insurance and bond loan portfolio interest	-	-	391	-	-	391
Interest on acquired collection rights	-	-	-	-	-	-
Loan commissions	-	-	738	-	-	738
Effect of loan portfolio renegotiation	-	-	71	-	-	71
Securities' loans premiums	-	-	107	61	-	46
Debt issuance premiums	-	-	-	-	-	-
Net dividends from equity instruments	-	-	46	-	-	46
Income from valuation	-	0	7,473	-	-	7,473
Increase due interest income update	-	-	-	-	-	-

GFNorte - Income Statement as of June 30, 2022
 (Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest expense	-	-	68,284	-	6,797	61,487
Interest on demand deposits	-	-	3,235	-	246	2,989
Interest on time deposits	-	-	5,293	-	0	5,293
Interest due to banks and correspondents	-	-	1,327	-	353	975
Interest, transaction costs, and discounts of financial instruments that qualify as liabilities	-	-	665	-	-	665
Interest and yields charged from OTC collateral operations	-	-	107	-	-	107
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	-	20,064	-	6,198	13,866
Expenses from hedging operations	-	-	2,040	-	-	2,040
Expenses from trading financial instruments	-	-	33,956	-	-	33,956
Proceeds from lendable securities	-	-	61	-	-	61
Effect of loan portfolio renegotiation	-	-	227	-	-	227
Costs expenses of granting loans	-	-	703	-	-	703
Insurance and bail bond loan origination costs and expenses	-	-	-	-	-	-
Foreign exchange valorization income	-	-	266	-	-	266
Chargeable interest associated with the global deposit account without movements	-	-	107	-	-	107
Interest on lease liabilities	-	-	233	-	-	233
Increase due to update of interest expense	-	-	-	-	-	-
Financial Margin	32	39	53,819	6,850	7,005	53,973
Allowance for loan losses	-	-	5,102	-	-	5,102
Risk adjusted net interest income	32	39	48,717	6,850	7,005	48,872
Commissions and fees charged on services	1,023	-	16,665	1,224	-	15,441
Commissions and fees paid on services	738	1	7,828	-	709	7,119
Premium revenue (net)	-	-	24,950	227	-	24,723
Increase in technical reserves (net)	-	-	17,384	-	-	17,384
Cost of acquisition for insurance and bail bonds operations (net)	-	-	1,324	-	549	775
Cost of damages, claims, and other obligations	-	-	13,400	-	11	13,389
Trading income	14	(0)	2,478	(20)	-	2,498
Total other operating income (expense)	11	0	(852)	261	8	(1,106)
Administrative and promotional Expenses	85	11	21,927	34	483	21,479
Operating income	256	28	30,094	8,576	8,764	30,282
Subsidiaries' net income	(6)	-	22,106	21,781	-	325
Pre-tax income	250	28	52,201	30,357	8,764	30,607
Taxes	67	-	7,984	50	-	8,034
Net income from continuous operations	183	28	44,217	30,407	8,764	22,573
Discontinued Operations	-	-	-	-	-	-
NET INCOME	183	28	44,223	30,407	9,060	22,272
Minority interest	-	-	6	-	296	301
Other comprehensive income	-	-	-	-	-	-
Financial instruments to collect or sell valuation	-	(3)	(8,831)	1,785	6,282	(4,334)
Cash flow hedges valuation	-	-	(120)	26	86	(59)
Remeasurement on defined employee benefits	(0)	-	94	47	-	47
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	-	-	477	238	-	238
Cumulative foreign currency translation adjustment	-	-	(66)	-	33	(33)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Other comprehensive income	(0)	(3)	(8,446)	2,096	6,401	(4,141)
COMPREHENSIVE INCOME	183	25	35,782	32,504	15,757	18,432

GFNorte - Balance Sheet as of June 30, 2022

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and cash equivalents	13,014	98,778	3,657	137	5	3,885
Margin accounts (derivate financial instruments)	-	6,526	-	-	-	-
Investment in securities						
Trading financial instruments	-	34,414	33,030	-	-	199,098
Financial instruments to collect or sell	-	130,393	4,858	-	-	86,302
Financial instruments to collect principal and interest (securities)	-	85,255	212,573	-	-	870
Estimate of expected credit losses for investments (securities)	-	(208)	(82)	-	-	(14)
Debtor balance in repo trans (net)	13,396	173,934	3,381	-	-	6,200
Securities lending						
Derivative financial instruments	-	-	-	-	-	-
Transactions with derivatives for trading purposes	-	33,734	-	-	-	549
Transactions with derivatives for hedging purposes	-	1,256	-	-	-	-
Asset hedges valuation adjustments	-	32	-	-	-	-
Loan portfolio with credit risk stage 1						
Commercial loans						
Commercial	-	307,605	-	28,793	-	-
Financial entities	-	33,282	-	668	-	-
Government	-	163,785	-	2,648	-	-
Consumer loans	-	129,443	-	3	-	-
Mortgage						
Medium and residential	-	201,848	-	-	-	-
Low-income housing	-	2	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,102	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 1	-	838,067	-	32,112	-	-
Loan portfolio with credit risk stage 2						
Commercial loans						
Commercial	-	1,453	-	280	-	-
Financial entities	-	-	-	36	-	-
Government	-	-	-	-	-	-
Consumer loans	-	2,061	-	-	-	-
Mortgage						
Medium and residential	-	3,482	-	-	-	-
Low-income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	89	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 2	-	7,085	-	315	-	-

GFNorte - Balance Sheet as of June 30, 2022

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Loan portfolio with credit risk stage 3						
Commercial loans						
Commercial	-	3,252	-	765	-	-
Financial entities	-	105	-	-	-	-
Government	-	98	-	4	-	-
Consumer loans	-	2,820	-	0	-	-
Mortgage	-	-	-	-	-	-
Medium and residential	-	1,521	-	-	-	-
Low-income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	334	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 3	-	8,129	-	769	-	-
Loan portfolio	-	853,281	-	33,197	-	-
(+/-) Deferred items	-	1,606	-	(16)	-	-
(-) Minus						
Allowance for loan losses	-	(16,350)	-	(662)	-	-
Loan portfolio (net)	-	838,537	-	32,519	-	-
Loan portfolio from insurance and bail bonds	-	-	3,025	-	-	-
(+/-) Deferred items	-	-	-	-	-	-
(-) Minus						
Loan loss-reserve for insurance and bail bond risks	-	-	(195)	-	-	-
Total insurance and bail bond loan portfolio (net)	-	-	2,829	-	-	-
Acquired collection rights (net)	-	466	-	-	-	-
Loan portfolio, net	-	839,003	2,829	32,519	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Debtors of insurance and surety companies	-	-	8,677	-	-	-
Amounts recoverable by reinsurance and counter-guarantee (net)	-	-	8,033	-	-	-
Other accounts receivable (net)	41	64,829	663	774	208	3,363
Inventories	-	-	-	-	1,398	-
Foreclosed assets (net)	-	1,848	-	109	-	-
Advanced payments and other assets (net)	0	9,358	2,320	4,675	18	232
Property, furniture, and equipment (net)	-	18,246	253	3,342	52	76
Assets for rights of use of property, furniture and equipment (net)	-	7,178	193	-	-	-
Investment in subsidiaries	178,430	1,261	12,812	32	-	2
Deferred income tax assets	-	817	-	971	7	-
Intangible assets (net)	477	15,410	1,403	-	-	-
Goodwill	25,329	1,396	-	-	-	-
TOTAL ASSETS	230,686	1,523,461	294,601	42,558	1,688	300,564

GFNorte - Balance Sheet as of June 30, 2022

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and cash equivalents	36	3	119,514	129	20,435	99,209
Margin accounts (derivate financial instruments)	-	-	6,526	-	-	6,526
Investment in securities						
Trading financial instruments	574	-	267,116	-	109	267,006
Financial instruments to collect or sell	-	958	222,511	-	-	222,511
Financial instruments to collect principal and interest (securities)	-	-	298,698	-	347	298,351
Estimate of expected credit losses for investments (securities)	-	-	(304)	-	-	(304)
Debtor balance in repo trans (net)	-	125	197,036	-	143,981	53,054
Securities lending						
Derivative financial instruments	-	-	-	-	-	-
Transactions with derivatives for trading purposes	-	-	34,284	-	509	33,775
Transactions with derivatives for hedging purposes	-	-	1,256	-	-	1,256
Asset hedges valuation adjustments	-	-	32	-	-	32
Loan portfolio with credit risk stage 1						
Commercial loans						
Commercial	-	-	336,398	604	604	336,398
Financial entities	-	-	33,949	-	16,814	17,135
Government	-	-	166,433	3,115	3,115	166,433
Consumer loans	-	-	129,446	-	-	129,446
Mortgage						
Medium and residential	-	-	201,848	-	-	201,848
Low-income housing	-	-	2	-	-	2
Loans acquired from INFONAVIT or FOVISSTE	-	-	2,102	-	-	2,102
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 1	-	-	870,180	3,719	20,534	853,365
Loan portfolio with credit risk stage 2						
Commercial loans						
Commercial	-	-	1,733	-	-	1,733
Financial entities	-	-	36	-	-	36
Government	-	-	-	-	-	-
Consumer loans	-	-	2,061	-	-	2,061
Mortgage						
Medium and residential	-	-	3,482	-	-	3,482
Low-income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSTE	-	-	89	-	-	89
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 2	-	-	7,401	-	-	7,401

GFNorte - Balance Sheet as of June 30, 2022

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Loan portfolio with credit risk stage 3	-	-	8,898	-	-	8,898
Loan portfolio	-	-	886,478	3,719	20,534	869,664
(+/-) Deferred items	-	-	1,590	-	-	1,590
(-) Minus						
Allowance for loan losses	-	-	(17,013)	-	-	(17,013)
Loan portfolio (net)	-	-	871,056	3,719	20,534	854,241
Loan portfolio from insurance and bail bonds	-	-	3,025	-	-	3,025
(+/-) Deferred items	-	-	-	-	-	-
(-) Minus						
Loan loss-reserve for insurance and bail bond risks	-	-	(195)	-	-	(195)
Total insurance and bail bond loan portfolio (net)	-	-	2,829	-	-	2,829
Acquired collection rights (net)	-	-	466	-	-	466
Loan portfolio, net	-	-	874,351	3,719	20,534	857,536
Benef. receivab. securization transactions	-	-	-	-	-	-
Debtors of insurance and surety companies	-	-	8,677	-	-	8,677
Amounts recoverable by reinsurance and counter-guarantee (net)	-	-	8,033	-	-	8,033
Other accounts receivable (net)	210	57	70,145	-	807	69,339
Inventories	-	-	1,398	-	-	1,398
Foreclosed assets (net)	-	-	1,957	-	-	1,957
Advanced payments and other assets (net)	46	79	16,728	-	-	16,728
Property, furniture, and equipment (net)	0	3	21,974	203	44	22,133
Assets for rights of use of property, furniture and equipment (net)	-	-	7,372	-	-	7,372
Investment in subsidiaries	110	-	192,646	2,901	181,330	14,216
Deferred income tax assets	1	-	1,796	-	1,796	-
Intangible assets (net)	-	495	17,786	-	-	17,786
Goodwill	-	-	26,725	-	-	26,725
TOTAL ASSETS	976	1,721	2,396,255	6,952	369,891	2,033,316

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Deposits						
Demand deposits	-	612,491	-	-	-	-
Time deposits						
Time deposits-retail	-	248,191	-	-	-	-
Time deposits-money market	-	200	-	-	-	-
Senior unsecured debt	-	21,507	-	-	-	-
Global account of deposits without movements	-	3,237	-	-	-	-
Due to banks & correspondents						
Demand loans	-	0	-	-	-	-
Short-term loans	-	6,255	-	24,496	1,349	-
Long-term loans	-	7,572	-	6,289	-	-
Non-assigned securities for settlement	-	-	-	-	-	-
Technical reserves	-	-	248,752	-	-	-
Creditor balance in repo transactions (net)	-	108,400	-	-	-	284,647
Securities to be received in repo transactions (net)	-	-	-	-	-	0
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	172,035	-	-	-	6,200
Securities' loans	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivative financial instruments						
For trading purposes	-	27,238	-	-	-	443
For hedging purposes	-	5,651	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable accounts for reinsurance and counter-guarantee entities (net)	-	-	3,514	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Lease liabilities	-	7,211	196	-	-	-
Other payable accounts						
Creditors of liquidation operations	114	21,269	-	-	-	2,410
Margin accounts payable	-	-	-	-	-	-
Creditors from collaterals received in cash	-	22,059	-	-	-	-
Contributions payable	-	1,335	745	13	3	78
Other creditors and accounts payable	-	44,363	3,239	1,358	21	215
Financial instruments that qualify as a liability						
Financial instruments that qualify as a liability	-	75,050	-	-	-	-
Income tax liabilities	46	4,008	3,634	0	5	189
Employee benefit liability	-	6,462	144	83	8	289
Deferred credits and advanced charges	-	1,076	50	49	-	0
TOTAL LIABILITIES	160	1,395,609	260,273	32,288	1,384	294,470
Equity						
Paid-in capital						
Common stock	14,944	18,795	15,776	12,294	87	1,985
Additional paid-in capital	48,391	4,249	5,594	16	-	77
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Financial instruments that qualify as equity	-	-	-	-	-	-
Earned capital						
Capital reserves	8,209	18,959	1,580	770	62	397
Cumulative results						
Retained earnings	143,846	75,975	7,880	(3,327)	142	2,456
Net income	22,251	17,006	3,367	332	13	1,031
Other comprehensive income						
Valuation of financial instruments to collect or sell	(2,740)	(2,385)	(306)	-	-	18
Cash flow hedges valuation	(2,721)	(2,770)	-	-	-	-
Defined remeasurements for employees benefits	(1,911)	(1,989)	16	1	(0)	1
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	120	-	121	-	-	-
Cumulative foreign currency translation adjustment	136	8	-	-	-	129
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
Majority interest	230,526	127,848	34,028	10,086	304	6,094
Minority Interest	-	4	300	184	0	-
TOTAL EQUITY	230,526	127,852	34,328	10,271	304	6,094
TOTAL LIABILITIES AND EQUITY	230,686	1,523,461	294,601	42,558	1,688	300,564

GFNorte - Balance Sheet as of June 30, 2022

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits						
Demand deposits	-	-	612,491	20,435	-	592,056
Time deposits						
Time deposits-retail	-	-	248,191	-	-	248,191
Time deposits-money market	-	-	200	-	-	200
Senior unsecured debt	-	-	21,507	-	-	21,507
Global account of deposits without movements	-	-	3,237	-	-	3,237
Due to banks & correspondents						
Demand loans	-	-	0	-	-	0
Short-term loans	-	-	32,099	16,814	-	15,285
Long-term loans	-	-	13,861	-	-	13,861
Non-assigned securities for settlement	-	-	-	-	-	-
Technical reserves	-	-	248,752	-	86	248,838
Creditor balance in repo transactions (net)	-	-	393,047	143,981	-	249,066
Securities to be received in repo transactions (net)	-	-	0	-	-	0
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	-	178,235	-	-	178,235
Securities' loans	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivative financial instruments						
For trading purposes	-	-	27,681	509	-	27,172
For hedging purposes	-	-	5,651	-	-	5,651
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable accounts for reinsurance and counter-guarantee entities (net)	-	-	3,514	-	-	3,514
Obligations in securitization transactions	-	-	-	-	-	-
Lease liabilities	-	-	7,407	-	-	7,407
Other payable accounts						
Creditors of liquidation operations	-	-	23,792	559	-	23,233
Margin accounts payable	-	-	-	-	-	-
Creditors from collaterals received in cash	-	-	22,059	-	-	22,059
Contributions payable	19	6	2,197	-	-	2,197
Other creditors and accounts payable	149	17	49,361	400	43	49,005
Financial instruments that qualify as a liability						
Financial instruments that qualify as a liability	-	-	75,050	-	-	75,050
Income tax liabilities	-	-	7,882	1,796	-	6,086
Employee benefit liability	31	25	7,042	-	-	7,042
Deferred credits and advanced charges	-	-	1,176	-	-	1,176
TOTAL LIABILITIES	199	48	1,984,431	184,493	129	1,800,068
Equity						
Paid-in capital						
Common stock	170	144	64,195	49,298	44	14,941
Additional paid-in capital	-	-	58,327	10,187	322	48,462
Provision for future capital increase not formalized by its governing entity	-	1,534	1,534	1,534	-	-
Financial instruments that qualify as equity	-	-	-	-	-	-
Earned capital						
Capital reserves	34	2	30,013	21,805	-	8,209
Cumulative results						
Retained earnings	388	(33)	227,327	91,819	8,251	143,760
Net income	183	28	44,211	21,940	-	22,272
Other comprehensive income						
Valuation of financial instruments to collect or sell	-	(3)	(5,417)	1,003	3,679	(2,740)
Cash flow hedges valuation	-	-	(5,491)	1,187	3,957	(2,721)
Defined remeasurements for employees benefits	1	-	(3,880)	-	1,969	(1,911)
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	241	121	-	120
Cumulative foreign currency translation adjustment	-	-	273	137	-	136
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
Majority interest	776	1,673	411,335	199,030	18,223	230,528
Minority interest	-	-	489	-	2,232	2,720
TOTAL EQUITY	776	1,673	411,823	199,030	20,454	233,248
TOTAL LIABILITIES AND EQUITY	976	1,721	2,396,255	383,523	20,583	2,033,316

VI. Appendix

Accounting & Regulatory Changes

Numbers in this section are stated in million pesos.

Early termination of support programs for mortgage loan debtors

On June 30th, 2010, the Federal Government, through the SHCP (Tax and Credit Institutions Authority), signed an agreement to early terminate the support programs for the mortgage loan debtors. Therefore, as of January 1, 2011, the Holding entity absorbed the discount that was early applied to the mortgage loan debtors enrolled in the program.

The agreement established a set of payment obligations by the Federal Government payable in 5 equal annual payments ending on June 1, 2015; day in which the bank received Ps 29 million including a monthly interest from the day after the cutoff date until the ending month before the payment date.

As of June 30th, 2022, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government, totaled Ps 629 million, with maturities between 2022 and 2027.

New Financial Reporting Standards

In accordance with the resolution that modified the general regulation applicable to Financial Institutions published on December 4, 2020, in the Official Gazette of the Federation (DOF), about rules published on March 13th, 2020, regarding the Financial Reporting Standards (NIF) issued by the Mexican Council of Financial Information Standards (CINIF), referred to in paragraph 3 of Criterion A-2 "Application of particular standards" of Annex 33, will enter into force on January 1st, 2022.

The NIFs issued and that began to become applicable as of January 1st, 2022, are:

- NIF B-5 "Financial information by segments".
- NIF B-12 "Compensation of financial assets and financial liabilities".
- NIF B-17 "Determination of reasonable value".
- NIF C-2 "Investment in financial assets".
- NIF C-3 "Accounts receivable".
- NIF C-9 "Provisions, contingencies and commitments".
- NIF C-10 "Derivative and hedging financial instruments".
- NIF C-13 "Related parties".
- NIF C-14 "Transfer and derecognition of financial assets".
- NIF C-16 "Impairment of financial instruments receivable".
- NIF C-19 "Financial instruments payable".
- NIF C-20 "Financial instruments receivable principal and interest".
- NIF D-1 "Income from contracts with customers".
- NIF D-2 "Costs for contracts with customers".
- NIF D-5 "Leases".
- NIF B-5 "Financial information by segments".
- NIF C-22 "Cryptocurrencies".

The adoption of the aforementioned reporting standards did not have a material impact in the consolidated Financial Statements, which were recognized in the entry of Retained Earnings inside Stockholder's Equity.

Changes in the Local Liquidity Regulations for Banking Institutions

Aligned with the regulatory changes implemented on March 1st, 2022, the declaration of the institutions that consolidate in the calculation of the LCR and the NSFR can be found in the following link (available only in Spanish).

Notes to Financial Statements

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q22

(Million Pesos)

Trading Financial Instruments	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	237,530	2,104	(1)	239,632
Unrestricted	10,686	374	(43)	11,018
BONDES D	24	-	-	24
BONDES F	-	-	-	-
BONDES M	(1,300)	0	(1)	(1,301)
BPA	(351)	-	0	(351)
BREMS	-	-	-	-
Government Securities	9	0	2	11
Municipalities Securities	-	-	-	-
UDI Securities	-	-	-	-
CETES	6,612	349	(107)	6,855
CETES (Special)	-	-	-	-
Government Eurobonds	70	1	(11)	61
Udibonds	5,624	23	73	5,720
Restricted	226,843	1,730	42	228,615
BONDES D	46,597	79	24	46,700
BONDES F	14,196	22	4	14,221
BONDES M	2,477	11	4	2,493
BPA	154,810	1,575	27	156,412
Government Securities	2,039	6	(0)	2,045
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	6,597	35	(16)	6,617
Government Eurobonds	-	-	-	-
Udibonds	128	0	(1)	127
Banking Securities	13,494	23	2	13,519
Unrestricted	3,921	0	(0)	3,921
Bank Acceptances	5	-	-	5
Development Bank Securities	6	0	(0)	6
Bank Securities	6	0	(0)	6
Deposit Certificates	58	-	-	58
Structured Notes	-	-	-	-
Other Banking Securities	149	0	(0)	149
Promissory Notes	3,697	-	(0)	3,697
Restricted	9,573	23	2	9,598
Development Bank Securities	2,904	8	(0)	2,912
Bank Securities	1,727	4	1	1,732
Deposit Certificates	3,801	9	1	3,810
Other Banking Securities	838	2	1	841
Promissory Notes	303	-	-	303
Private Securities	12,823	21	1,012	13,855
Unrestricted	12,355	21	1,013	13,388
Shares	375	-	823	1,198
Investment Company Shares	10,309	-	257	10,566
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	473	1	(5)	469
Private Eurobonds	1,198	20	(63)	1,154
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	469	-	(1)	467
Shares	424	-	(1)	423
Corporate Stock Certificates	44	-	(0)	44
Private Eurobonds	-	-	-	-
Reasonable Value Adjustment lxe Bank Acq	-	-	-	-
Total	263,847	2,147	1,012	267,006

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q22

(Million Pesos)

Instruments to Collect or Sell	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	178,004	2,077	(2,351)	177,730
Unrestricted	34,755	182	(802)	34,135
BONDES D	48	0	(0)	48
BONDES F	-	-	-	-
BONDES M	489	2	(40)	452
BPA	799	6	(2)	803
BREMS	7,778	33	-	7,811
Government Securities	665	2	(55)	612
Municipalities Securities	183	5	22	210
UDI Securities	102	1	181	284
CETES	13,327	13	(102)	13,238
CETES (Special)	-	-	-	-
Government Eurobonds	9,538	117	(769)	8,886
Udibonds	1,824	4	(37)	1,791
Restricted	143,249	1,894	(1,549)	143,595
BONDES D	3,033	9	3	3,044
BONDES F	-	-	-	-
BONDES M	1,982	29	(262)	1,749
BPA	95,217	1,435	4	96,656
Government Securities	3,052	12	(1)	3,062
Municipalities Securities	2,532	5	1	2,539
UDI Securities	-	-	-	-
CETES	1,215	-	(13)	1,201
Government Eurobonds	29,198	377	(1,215)	28,360
Udibonds	7,020	28	(65)	6,982
Banking Securities	28,052	52	(276)	27,827
Unrestricted	18,906	37	(289)	18,654
Bank Acceptances	-	-	-	-
Development Bank Securities	2,202	23	(197)	2,028
Bank Securities	1,960	5	(49)	1,916
Deposit Certificates	11,118	5	(12)	11,112
Structured Notes	594	-	(9)	585
Other Banking Securities	1,205	2	1	1,209
Promissory Notes	1,827	-	(23)	1,804
Restricted	9,146	16	13	9,174
Development Bank Securities	1,782	3	(1)	1,783
Bank Securities	6,364	12	14	6,390
Deposit Certificates	1,000	1	(0)	1,001
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	18,195	237	(1,479)	16,954
Unrestricted	15,572	224	(1,243)	14,553
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	6,612	71	(602)	6,081
Private Eurobonds	8,883	153	(564)	8,473
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	2,623	14	(236)	2,401
Shares	-	-	-	-
Corporate Stock Certificates	1,123	2	8	1,134
Private Eurobonds	1,500	11	(244)	1,267
Reasonable Value Adjustment lxe Bank Acq	-	-	-	-
Total	224,251	2,366	(4,107)	222,511

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q22

(Million Pesos)

Financial instruments to Collect Principal and Interest (securities) (net)	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	288,138	1,143	-	289,281
Unrestricted	269,569	1,025	-	270,594
BONDES D	-	-	-	-
BONDES F	1,996	3	-	1,999
BONDES M	929	5	-	934
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,635	24	-	1,659
Municipalities Securities	2,261	45	-	2,306
UDI Securities	229	2	-	231
CETES	5,613	-	-	5,613
CETES (Special)	627	-	-	627
Government Eurobonds	51,049	501	-	51,550
Udibonds	205,230	445	-	205,675
Restricted	18,570	118	-	18,688
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	15,523	106	-	15,629
BPA	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,910	12	-	2,922
UDI Securities	-	-	-	-
CETES	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	136	0	-	137
Banking Securities	1,076	246	-	1,321
Unrestricted	1,076	246	-	1,321
Bank Acceptances	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	896	18	-	914
Deposit Certificates	-	-	-	-
Structured Notes	180	228	-	408
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	7,030	1,065	-	8,095
Unrestricted	7,030	1,065	-	8,095
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	1,059	1,026	-	2,085
Private Eurobonds	4,700	40	-	4,740
Other Banking Securities	1,269	-	-	1,269
CP	-	-	-	-
Restricted	-	-	-	-
Shares	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Reasonable Value Adjustment Ixe Bank Acq	(347)	-	-	(347)
Reasonable value adjustment Ixe Bank Acq	(304)	-	-	(304)
Reasonable Value Adjustment Ixe Bank Acq	(304)	-	-	(304)
Total	295,593	2,454	-	298,047

REPURCHASE AGREEMENT OPERATIONS 2Q22*(Million Pesos)*

	Repo Debtors			Repo Creditors	
	MV Repo Debtors	VM Collateral Received/Sold in Repo Trans	Debtor Balance	Creditor Balance	MV Repo Creditors
Government Securities	50,354	170,143	-	-	234,140
Banking Securities	1,200	6,316	-	-	8,661
Private Securities	1,500	1,776	-	-	6,264
Total	53,054	178,235	-	-	249,066

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 2Q22***(Million Pesos)*

Creditor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	471
Options	
Rate Options	786
Fx Options	278
Warrants	3
Swaps	
Rate Swap	27,315
Fx Swap	4,704
Credit Swap	219
Negotiable Total	33,775
Options	
Rate Options	-
Fx Options	-
Swaps	
Rate Swap	-
Fx Swap	1,256
Credit Swap	-
Hedging Total	1,256
Position Total	35,031

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 2Q22
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	57
Options	
Rate Options	895
Fx Options	266
Warrants	4
Swaps	
Rate Swap	19,920
Fx Swap	6,029
Credit Swap	-
Negotiable Total	27,172
Options	
Rate Options	-
Fx Options	-
Swaps	
Rate Swap	1,804
Fx Swap	3,846
Credit Swap	-
Hedging Total	5,651
Position Total	32,823

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q22 - Banorte
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN.)	2,075	165
FX Forwards	Sales	Exchange Rate (USD/MXN.)	3,553	187
FX Forwards	Purchases	Exchange Rate (CAD/MXN.)	0	0
FX Forwards	Sales	Exchange Rate (SEK/MXN.)	0	0
FX Forwards	Purchases	Exchange Rate (EUR/MXN.)	4	1
FX Forwards	Sales	Exchange Rate (EUR/MXN.)	5	1
FX Options	Purchases	Exchange Rate (Dollar)	20,696	15
FX Options	Sales	Exchange Rate (Dollar)	22,873	15
Interest Rate Options	Purchases	TIIE	23,671	75
Interest Rate Options	Sales	TIIE	31,055	271
Interest Rate Options	Purchases	LIBOR	9,245	23
Interest Rate Options	Sales	LIBOR	11,299	29
Interest Rate Swaps	USD LIBOR	LIBOR	278,596	3,505
Interest Rate Swaps	MXN TIIE	TIIE	972,259	3,486
Interest Rate Swaps	USD SOFR	TIIE	32,257	465
Interest Rate Swaps in Brokerage House	MXN TIIE M M	TIIE	14,647	12
Interest Rate Swaps in Brokerage House	USD LIBOR	TIIE	2,240	2
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	122	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	120,728	123
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	31,624	49
Interest Rate and FX Swaps	CS CHF MXN	FIX/FIX	9,185	3
Interest Rate and FX Swaps	CS CHF MXN	FIX/VARIABLE	3,113	1
Interest Rate and FX Swaps	CS EUR MXN	FIX/FIX	17,392	75
Interest Rate and FX Swaps	CS UDIMXN	FIX/FIX	700	1
Interest Rate and FX Swaps	CS GBPMXN	FIX/FIX	2,575	11
Credit Derivates	CDS USD	D2_PEMEX_150927	1,087	5
Credit Derivates	CDS USD	D1_MEXC46_270328	604	1
Equity Options	Compras	*I_MEXBOL_IND	6	1
Equity Options	Ventas	*I_MEXBOL_IND	5	1

LOAN PORTFOLIO (Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	2Q21	2Q22	2Q21	2Q22	2Q21	2Q22	2Q21	2Q22
Performing Loans Stage 1 & 2								
Commercial Loans	257,418	263,063	0	0	59,157	75,068	316,575	338,131
Loans to Financial Entities	8,873	11,072	0	0	0	6,099	8,873	17,170
Consumer Loans	118,852	131,507	0	0	0	0	118,852	131,507
Mortgage Loans	196,108	207,461	71	63	0	0	196,179	207,524
Government Loans	142,446	140,637	0	0	12,202	25,797	154,649	166,433
Total	723,697	753,740	71	63	71,360	106,963	795,128	860,766
Past Due Loans Stage 3								
Commercial Loans	3,662	2,934	0	0	1,836	1,083	5,498	4,017
Financial to Financial Entities	0	105	0	0	0	0	0	105
Consumer Loans	3,022	2,820	0	0	0	0	3,022	2,820
Mortgage Loans	1,900	1,850	12	5	0	0	1,912	1,855
Government Loans	186	102	-	-	-	-	186	102
Deferred Items	1,519	1,598	-	-	(14)	(8)	1,505	1,590
Total Credit Portfolio (Net)	733,985	763,148	84	67	73,182	108,038	807,250	871,254
Insurance and Bail Bond Portfolio (Net)	2,438	2,829	-	-	-	-	2,438	2,829
Total Proprietary Loans with Insur. and Subs.	736,424	765,978	84	67	73,182	108,038	809,689	874,083

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q22- GFNorte**

(Million Pesos)		
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	-3.8	0.0
Mortgage FOVI	-	-
	-3.8	0.0

DEFERRED TAXES 2Q22**(Million Pesos)**

ASSETS	INCOME TAX	PROFIT SHARING	NET
Global loss reserves loan portfolio	4,905	-	4,905
Non deductible provisions and cumulative income	1,116	-	1,116
Excess of accounting value over fiscal value on repossessed assets	375	-	375
Diminishable profit sharing	540	-	540
Fees received in advance	1,018	-	1,018
Effects from valuation of instruments	-	-	-
Tax losses pending amortization	533	-	533
Provisions for possible loss in loans	417	-	417
Loss on sale of foreclosed assets and credits	-	-	-
State tax on assets deferred	-	-	-
Loss on sale of foreclosed assets and credits	-	-	-
Loss on sale of foreclosed assets and credits	7	-	7
Total Assets	8,911	-	8,911
LIABILITIES			
Pension funds contribution	37	-	37
Loan Portfolio Acquisitions	(138)	-	(138)
Projects to be capitalized	(6,970)	-	(6,970)
Intangibles' amortizations	-	-	-
Effects from valuation of instruments	(2,172)	-	(2,172)
Intangibles' amortizations	(326)	-	(326)
Unrealized loss on securities held for sale	(75)	-	(75)
Total Liabilities	(9,644)	-	(9,644)
Assets (Liabilities) Accumulated Net	(733)	-	(733)

LONG TERM DEBT AS OF JUNE 30 2022 - BANCO MERCANTIL DEL NORTE
(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUANCE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	CALLABILITY	MATURITY	INTEREST PAYMENT
Non- Convertible Subordinated Bonds 2008 (Q_BANORTE_08U)	UDIS	11-mar-08	495	1,963	2,039	20 years	4.950%	25-feb-23	15-feb-28	182 days
Non- Convertible Subordinated Bonds 2016 (D2_BANOC36_311004)	USD	04-oct-16	500	9,607	1,841	15 years	5.750%	04-oct-26	04-oct-31	180 days
Non- Convertible Subordinated Bonds 2017 (D2_BANOD19_999999)	USD	06-jul-17	350	6,413	7,047	Perpetual	6.875%	06-jul-22	Perpetual	Quarterly
Non- Convertible Subordinated Bonds 2017 (D2_BANOE91_999999)	USD	06-jul-17	550	10,077	11,074	Perpetual	7.625%	10-ene-28	Perpetual	Quarterly
Stock Certificates 2016 (94_BINTER_16U)	UDIS	13-oct-16	365	2,000	2,689	10 years	4.970%	-	01-oct-26	182 days
Stock Certificates 2019 (94_BANORTE_19-2)	MXN	17-may-19	1,500	1,500	1,500	5 years	TIIE +0.17%	-	10-may-24	28 days
Eurbond (Swiss Francs) 2019 (D2_BANO397_221011)	CHF	11-apr-19	250	4,694	5,258	3.5 years	1.550%	-	11-oct-22	Annual
Non- Convertible Subordinated Bonds 2019 (D2_BANO64_999999)	USD	27-jun-19	600	11,501	12,081	Perpetual	6.750%	27-sep-24	Perpetual	Quarterly
Non- Convertible Subordinated Bonds 2019 (D2_BANOB48_999999)	USD	27-jun-19	500	9,584	10,068	Perpetual	7.500%	27-jun-29	Perpetual	Quarterly
Eurbond (Swiss Francs) 2019 (D2_BANO343_231218)	CHF	18-sep-19	160	3,112	3,365	4.3 years	0.450%	-	18-dec-23	Annual
Eurbond (Swiss Francs) 2020 (D2_BANO664_241206)	CHF	06-mar-20	225	4,826	4,733	4.8 years	0.500%	-	06-dec-24	Annual
Non- Convertible Subordinated Bonds 2020 (D2_BANOC21_999999)	USD	14-jul-20	500	11,309	10,068	Perpetual	8.375%	14-oct-30	Perpetual	Quarterly
Stock Certificates 2020 (94_BANORTE_20U)	UDIS	30-sep-20	107	700	787	10 years	2.760%	-	18-sep-30	182 days
Non-Convertible Subordinated Bonds 2021 (D2_BANO99_999999)	USD	24-nov-21	500	10,718	10,068	Perpetual	5.875%	24-ene-27	Perpetual	Quarterly
Non- Convertible Subordinated Bonds 2021 (D2_BANOB72_999999)	USD	24-nov-21	550	11,790	11,074	Perpetual	6.625%	24-ene-32	Perpetual	Quarterly

BANK AND OTHER ENTITIES LOANS' AS OF 2Q22

(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Local Banks	-	2,017	2,017
Préstamos de bancos	21,456	-	21,456
Loans from Development Banks	11,847	1,673	13,520
Loans from Public Funds	7,859	946	8,804
Loans from Fiduciary Funds	43	-	43
Provisions for Interest	120	-	120
	41,324	4,636	45,960
Eliminations			(16,814)
Total			29,146

CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -
INTEREST RATES 2Q22

CORE DEPOSITS (BANORTE)

Demand Deposits

Local Currency and UDIs	1.47%
Foreign Currency	0.09%

Time Deposits - Retail

Local Currency and UDIs	4.71%
Foreign Currency	0.28%

Time Deposits - Money Market

Local Currency and UDIs	9.02%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)

Immediate Redemption Loans

Local Currency and UDIs	7.66%
Foreign Currency	-

Public Funds and Development Banks

Local Currency and UDIs	6.92%
Foreign Currency	1.80%

MAIN CREDIT LINES RECEIVED 2Q22 (BANORTE)

Million pesos

	1Q21			1Q22			2Q22		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	219,412	2,447	1.1%	268,417	2,290	0.9%	268,635	2,300	0.9%
Banxico (Repos for liquidity with the System of Payments) RSP*	77,302	8,114	10.5%	86,216	7,796	9.0%	88,286	7,810	8.8%
Banxico MXN & USD Credit Auction*	52,027	-	0.0%	62,611	-	0.0%	68,616	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	52,027	-	0.0%	62,611	-	0.0%	68,616	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	86,641	-	0.0%	90,334	-	0.0%	90,645	-	0.0%
TOTAL	487,409	10,561	2.2%	570,188	10,086	1.8%	584,798	10,110	1.7%

* The credit amount of the RSP, Banxico Credit Auction, and Green Facility are interchangeable.

TRADING INCOME 2Q22*Million Pesos*

Trading income	Consolidated
Securities - unrealized gains	1,499
Trading financial instruments	(279)
Derivate trading financial instruments	1,820
Derivative instruments - hedging	(42)
Impairment loss or revaluation increase	(105)
Result from foreign exchange valuation	(193)
Result from valuation of precious metals	0
Result from purchase/sale of securities and derivatives	(775)
Trading financial instruments	145
Financial instruments to collect or sell	21
Financial instruments to collect principal and interest (securities)	(6)
Derivative instruments - negotiation	(32)
Cash flow hedges	(903)
Result from purchase/sale of foreign exchange	2,070
Result from purchase/sale of precious metals	2
Total	2,498

Internal Control

For Grupo Financiero Banorte, S.A.B. de C.V. (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 Controller departments, which provide permanent control and monitoring support, and
- C. **Third.** Internal Audit, with which 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 the second quarter of 2022, 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. The manuals containing policies and procedures have been updated for changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls.
- C. The requests from different internal areas regarding the 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.
- D. GFNORTE's business and operating support processes were constantly monitored through the Business Process and Management Controllers. They issue periodic compliance reports and identify areas of opportunity so that they can be remediated appropriately.
- E. Various activities regarding internal accounting control were carried out and were concluded with the work plan established at the beginning of the year.
- F. Effectiveness tests related to the Business Continuity Plan were carried out in accordance with the calendar dates and scope, approved by the corresponding Corporate Governance Committee.
- G. We continued to monitor the improvement initiatives derived from the observations made by the different members of the SCI.
- H. The Information Security Officer (CISO) presented the Master Plan for approval to the Management Team of GFNorte, and it carried out its functions according to it. It also kept reporting the findings and the details of the activities carried out, to the General Director of GFNorte and to the Corresponding Corporate Governance Committees, while maintaining a matrix coordination with the Comptroller, as part of the SCI.
- I. The requirements of the Supervisory Authorities were answered, and the information requirements required by the external regulation were fulfilled. In addition, ordinary inspector visits were attended by Authorities and follow-ups in remediation from the resulting recommendations have been fulfilled.

Financial Situation and Liquidity

Main sources of liquidity

The main liquidity source comes from the various deposit products that the institution offers to customers, such as interest bearing and non-interest-bearing demand deposits, as well as time deposits.

Regarding other sources of liquidity, Banorte has diverse mechanisms to access the debt and capital markets. The Institution obtains resources through the issuance of debt securities, including subordinated debt (Capital Notes), and loans and facilities from other institutions including the Central Bank and international banking institutions.

Liquid assets include investments in government securities and deposits held in the Central Bank and other foreign banks.

Important initiatives of Banorte's liquidity during 2Q22.

Banorte's liquidity strategy is aimed at maintaining adequate liquidity levels based on prevailing circumstances. In this sense, and given the current contingency, management decided to maintain current liquidity levels prioritizing funding from client's deposits.

In May 2022, Banorte acquired its subordinated, preferred, non-convertible notes, with ticker symbol BANOC36, repurchasing USD\$202.79 billion of subordinated notes.

In addition, it should be noted that Banorte has not used the Central Bank of México's Ordinary Facilities or Extraordinary Facilities during 2Q22.

Detailed information related to liquidity sources is reported in different headings of the GFNorte's Balance Sheet in this report.

Related Parties Loans

According to Article 73 of the Law of Credit Institutions, loans granted to the related parties of credit institutions cannot exceed the established limit of 35% of the basic portion of net capital.

In the case of GFNorte as of June 30, 2022 and March 31, 2022, the amount of loans granted to third parties is as follows (billion pesos):

Lender	Jun-2022	% Basic Equity	Mar-22	% Basic Equity
Banorte	Ps 14.89	7.2%	Ps 14.35	7.0%
	Ps 14.89		Ps 14.35	

The loans granted are under the 100% limit set forth by the LIC.

Banorte

As of **June 30, 2022**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 14.89 billion (including Ps 1.93 billion in Letters of Credit "CC", which are registered in memorandum accounts), representing 1.7% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 14.13 billion were loans granted to clients linked to members of the Board of Directors, and Ps 754 million were linked to companies related to GFNORTE. At the end of June 2022, there are 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 June 2022 was 7.0% 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 **March 31, 2022**, total loans granted to related parties, under the Article 73 of the Law of Credit Institutions, was Ps 14.35 billion (including Ps 1.84 billion in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.7% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps

13.67 billion were loans granted to clients linked to members of the Board of Directors, and Ps 681 million were linked to companies related to GFNORTE. At the end of March 2022, 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 March 2022 was 7.0% 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.

Loan or tax liabilities

The tax credits listed below are currently in litigation:

		As of June 30, 2022
AFORE BANORTE	Ps	2
Crédito No 4429309391 Impuesto sobre nóminas del estado de Coahuila		2
PENSIONES BANORTE	Ps	364
Ejercicio 2014		364
SEGUROS BANORTE	Ps	1,107
Ejercicio 2014		1,107
SEGUROS BANORTE	Ps	1,924
Ejercicio 2017		1,924

Million pesos

People in Charge

The undersign represent under oath that, taking into account our respective functions, we have drawn up the information relative to Grupo Financiero Banorte, which, to the best of our knowledge, reasonably reflects its financial situation. Furthermore, we express that we are not aware that relevant information has been omitted or falsified in this quarterly report or that it contains information that may lead to errors for investors.

Act. Jose Marcos Ramirez Miguel
Chief Executive Officer of Grupo Financiero Banorte, S.A.B. de C.V.

Eng. Rafael Arana de la Garza
Chief Operating Officer & Chief Financial Officer

C.P. Isaias Velazquez Gonzalez
Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

C.P.C. Mayra Nelly López
Executive Director of Accounting

Basis for submitting and presenting Financial Statements

Grupo Financiero Banorte (GFNorte). Issues the financial statements in consolidated form with its Subsidiaries in accordance with the General Provisions Applicable to the Controlling and Sub-Controlling Companies of Financial Groups that regulate the matters that correspond jointly to the National Supervisory Commissions (the Provisions) published in the Official Gazette of the Federation on June 29, 2018, modified through Resolution published in the same official medium on December 21, 2021.

Banorte. Issues the financial statements in consolidated form with its Subsidiaries in accordance with the General Provisions Applicable to the financial information of the Credit Institutions (the Provisions) published in the Official Gazette of the Federation on December 2, 2005, modified by means of published Resolutions in the aforementioned Official Gazette on March 3 and 28, September 15, December 6 and 8, 2006, January 12, March 23, April 26, November 5, 2007, March 10, August 22, September 19, October 14, December 4, 2008, April 27, May 28, June 11, August 12, October 16, November 9, December 1 and 24, 2009, January 27, February 10, April 9 and 15, May 17, June 28, July 29, August 19, September 9 and 28, October 25, November 26 and December 20, 2010, January 24 and 27, March 4, April 21, July 5, August 3 and 12, September 30, October 5 and 27, and December 28, 2011, June 19, July 5, October 23, November 28 and December 13, 2012, January 31, April 16, May 3, June 3 and 24, July 12, October 2 and December 24, 2013, January 7 and 31, March 26, May 12 and 19, July 3 and 31, September 24, October 30, December 8 and 31, 2014, January 9, 5 February, April 30, May 27 and June 23, 2015, August 27, September 21, October 29, November 9 and 13, December 16 and 31, 2015, April 7 and 28 and June 22, 2016, July 7 and 29, August 1, September 19 and 28, 2016, and December 27, 2016, January 6, April 4 and 27, May 31, June 26, 4 and 24 July, August 29, October 6 and 25, December 18, 26 and 27, 2017, January 22, March 14, April 26, May 11, June 26, July 23, August 29, September 4, October 5, November 15 and 27, 2018, and April 15, July 5, October 1, and November 4 and 25, 2019, March 13, April 9, June 9, August 21, October 12, November 19, December 4, May 21 and June 18, July 20 and 23, and August 6, 2021, September 23, and December 15, 30, and 31 2021, May 13 and 27, as well as June 22, 2022, respectively.

GFNorte and Banorte. The financial information contained in this document has been prepared in accordance with the regulation issued by the National Banking and Securities Commission (CNBV) for the holding company and the financial entities that make up the Financial Group and the NIF issued by the Mexican Board of Standards of Financial Information, AC (CINF). The regulation of the CNBV and the NIFs differ from each other due to the specialized operations of the Credit Institutions. They also differ from the accounting principles generally accepted in the United States of America (US GAAP) and the regulations and principles established by the North American authorities for this type of financial entities. In order to present the information contained in an international format, the format for the classification and presentation of certain financial information differs from the format used for the financial information published in Mexico.

The information contained in this document is based on unaudited financial information of each of the entities to which it refers.