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Financial Results

as of March 31st, 2023

1Q23

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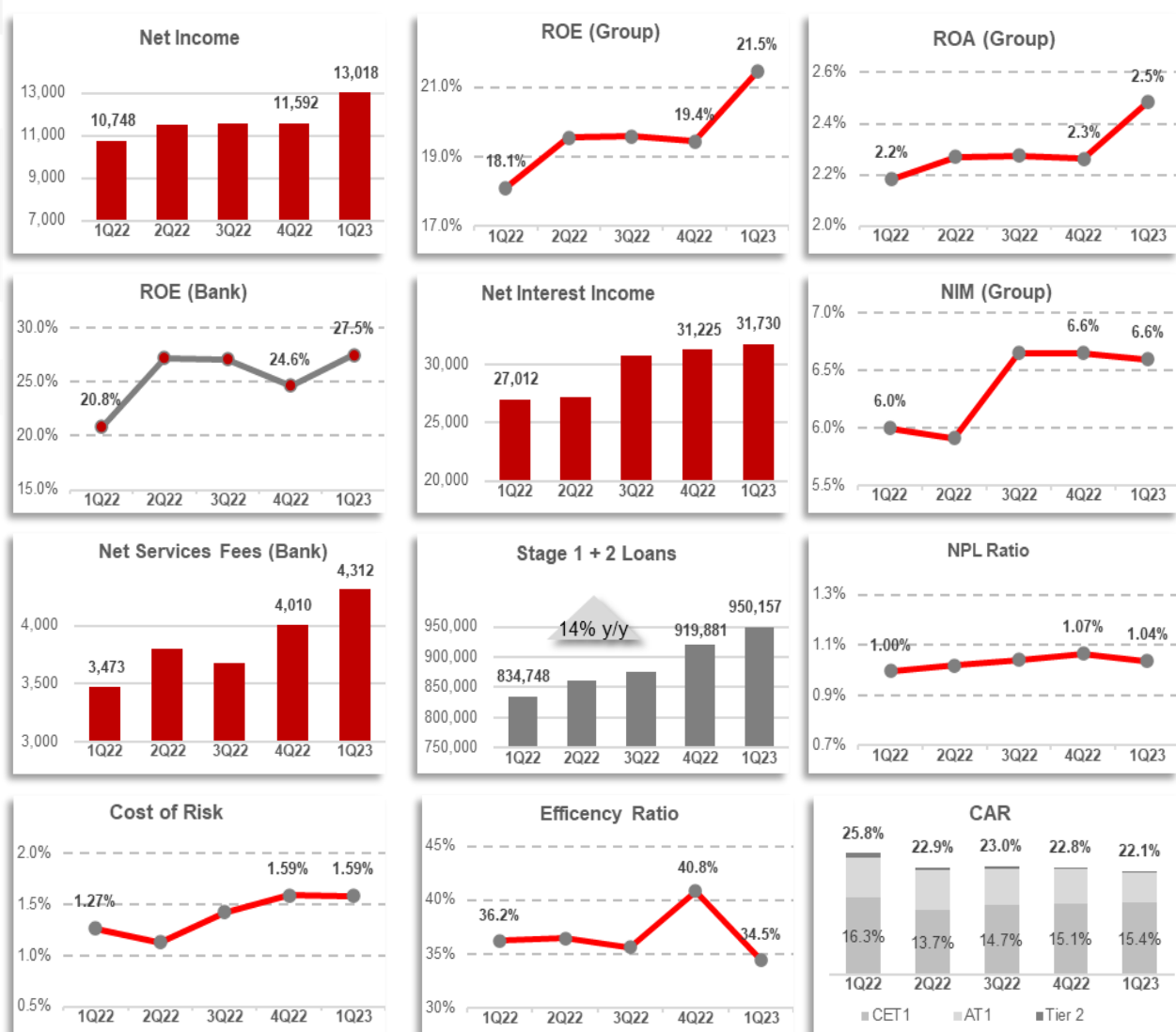


FTSE4Good



I. Executive Summary

- **GFNorte with solid fundamentals and profitability metrics. Quarterly, Net Income increases +12%; ROE of the Group +202bps higher to 21.5%, and ROE of the Bank grows +288bps, reaching 27.5%.**
- **Outstanding annual portfolio expansion of +14%. Consumer increases +17%, auto +25%, payroll +22%, credit card +16%, and mortgage +15%.**
- **Cost of Risk at 1.6% and NPL Ratio at 1.0%, remaining stable below expected levels.**
- **Efficiency Ratio reaching a historic record of 34.5% as of 1Q23, improving (175bps) annually, driven by sound revenues.**
- **Solid capitalization and solvency levels; CAR 22.07%, CET1 15.39%, and LCR 154.82% at the end of the first quarter.**
- **GFNorte published its 2022 Integrated Annual Report, under SASB standards, as well as its second TCFD report.**



GFNorte reports Net Income of Ps 13.02 billion in the first quarter of 2023, 21% higher vs. 1Q22

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

Grupo Financiero Banorte, S.A.B. de C.V. reported results for the period ended on March 31st, 2023.

Mexico faces a complex macroeconomic environment, with high inflation levels, way above the Central Bank's target, which leads us to forecast that the currently restrictive monetary policy could remain during most of the second semester of the year. Moreover, international events have affected the market's confidence in global financial systems, questioning the capabilities and operating conditions of the banking industry.

Nevertheless, amidst this challenging scenario, GFNorte has generated sound levels of profitability and has capitalized on the high-rate environment, while maintaining a sharp asset & liability management, aiming to constantly optimize the lending and funding mix. Moreover, structural changes in the credit strategy have allowed us to maintain asset quality and risk indicators below historic average levels, and a sustained appetite for loan growth, always vigilant of a healthy risk-profitability ratio.

At the end of 1Q23, GFNorte reported a net income of Ps 13.02 billion, 21% above 1Q22, with the following relevant results and indicators:

- **Net Interest Income** (NII) increased 2% sequentially and 17% versus 1Q22, in line with loan growth and partially reflecting the reference rate hikes in the last months. **NIM of the Group stood at 6.6% in 1Q23**, flat sequentially and 60bps higher in the year.
- **The bank and other subsidiaries'** sequential performance aligned with that of the market. **Bank's NIM** decreased (16bps) sequentially, due to higher earning assets at the end of the quarter. **Annually, it expanded 131bps**, reflecting the strength and mix of the credit portfolio, and partially showing the effect of the reference rate increases; in the quarter, the Mexican Central Bank increased the reference rate 50bps in February and 25bps the last day of March, reaching 11.25%.
- **Non-interest income** increased in the quarter, mainly due to better Other Operating Income (Expenses). The insurance business continues to recover, with a seasonal effect in premium renewals.
- **Provisions were 4% higher** sequentially and 41% annually, in line with the increase in loan origination. **Cost of risk** stable in **1.6%**, still below historic average levels.
- **Non-interest expenses** decreased (14%) sequentially, normalizing after some extraordinary expenses in 4Q22. On a yearly basis, expenses increased 11% due to IT and personnel investments, which strengthen the group's capabilities to face future business opportunities, while ensuring operational continuity. The **Efficiency Ratio improved and reached historic record levels of 34.5%**.
- **ROE** stood at **21.5%**, increasing 202bps sequentially and **336bps annually**, reflecting a sound and expanding business in the Group. Additionally, **ROA** reached **2.5%**, 22bps higher vs. 4Q22 and 30bps vs. 1Q22. **ROE for the Bank at 27.5%**, expanding 288bps vs 4Q22 and 665bps vs 1Q22.
- **Subsidiaries** contributed and supported the business' sound revenue diversification. In the year, net income of the Bank grew 35%, Seguros Banorte 13%, with claims in a downward trend, and Annuities 15%.
- **Loan book stages 1 and 2, increased 3% QoQ.** In the quarter, **consumer loans rose 4%**, driven by payroll 4%, mortgages 3%, and credit card 2%; additionally, auto increased 9% benefited by the recovery in the supply shortages of the sector, as well as by greater loan origination through different commercial partnerships. Commercial and corporate portfolios with good sequential expansion of 2% despite some prepayments, while the government portfolio expanded 5%. **In the year, the loan book stages 1 and 2 had an outstanding performance, increasing 14%**, driven by a record expansion of 17% in consumer, 16% in commercial, and 13% in government. Within the consumer portfolio, a double-digit expansion is noteworthy across all products, with auto increasing 25%, payroll 22%, credit card 16%, and mortgages 15%.
- **The quality of the loan portfolio continues to remain stable** in all segments. NPL ratio ended at 1.0%, improving (3bps) sequentially and slightly increasing 4bps annually, given the normalization process of the payroll, credit card, and commercial portfolio. **Cost of risk stable at 1.6%**, flat vs. 4Q22, and 32bps higher vs. 1Q22, driven by greater provisions related to loan origination. **Coverage ratio** stood at 182.4%, from 179.5%, in 4Q22.
- **Core Deposits decreased (1%)** sequentially due to a higher seasonal base in the fourth quarter. Demand deposits went down (1%), while time deposits increased 1%, both in line with the current dynamic of interest rates. In the annual comparison, demand deposits increased 5% and time deposits 3%, in line with the low funding cost strategy. **Overall, Core Deposits grew 5% 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 **22.07%**, and **Core Equity Tier 1 (CET1)** reached **15.39%**, both well above regulatory minimums, allowing the bank to comply with TLAC (Total loss-absorbing capacity) requirements, that came into effect in December 2022. The **quarterly average Liquidity Coverage Ratio** stood at **154.82%**, while the **Leverage Ratio** at **12.71%**.

GFNorte-Consolidated Statement of Comprehensive Income Highlights (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Interest Income (1)	55,322	80,773	87,223	8%	58%
Interest Expense	28,310	49,548	55,493	12%	96%
Net Interest Income	27,012	31,225	31,730	2%	17%
Net Service Fees (3)	3,687	4,223	4,208	(0%)	14%
Premium Income Ins. & Annu. (Net)	15,756	8,771	13,994	60%	(11%)
Technical Reserves Ins. & Annu.	11,699	5,174	9,601	86%	(18%)
Cost of Acquisition from Insurance Operations	468	312	941	202%	101%
Net Cost of Claims and Other Obligations	6,796	6,661	6,576	(1%)	(3%)
Trading (1)(4)	1,373	657	412	(37%)	(70%)
Other Operating Income (Expenses) (2)(4)	(1,130)	(1,094)	(895)	18%	21%
Non Interest Income	724	410	601	46%	(17%)
Total Income	27,736	31,636	32,331	2%	17%
Non Interest Expense (2)(3)	10,050	12,920	11,148	(14%)	11%
Provisions	2,668	3,632	3,771	4%	41%
Operating Income	15,018	15,083	17,412	15%	16%
Taxes	4,331	3,742	4,542	21%	5%
Subsidiaries' Net Income	197	408	333	(18%)	69%
Minority Interest	136	157	185	18%	36%
Net Income	10,748	11,592	13,018	12%	21%
Other Comprehensive Income	(1,830)	1,046	1,172	12%	164%
Comprehensive Income	9,054	12,795	14,375	12%	59%

1. In 3Q22, the valuation of financial instruments of "Seguros y Pensiones" was reclassified from the "Interest Income" line, into the "Trading Income" line. For comparison purposes 1Q22 figures were reclassified.
2. In accordance with CNBV's D-2 criteria, as of 4Q22, expenses incurred for loan portfolio recovery are reclassified from administrative expenses to other operating income (expenses). For comparison purposes, 1Q22 figures shown in this report were reclassified.
3. As of 1Q23, card operating expenses are recorded in "Interchange Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses). For comparison purposes, figures shown in this report for 2022 were reclassified.
4. As of 1Q23, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income). For comparison purposes, figures shown in this report for 2022 were reclassified.

GFNorte-Consolidated Statement of Financial Position Highlights (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Asset Under Management	3,208,835	3,214,060	3,355,852	4%	5%
Stage 1 Loans	827,419	913,049	943,047	3%	14%
Stage 2 Loans	7,329	6,832	7,111	4%	(3%)
Stage 1 & 2 Loans (a)	834,748	919,881	950,157	3%	14%
Stage 3 Loans (b)	8,440	9,973	10,013	0%	19%
Deferred Items (c)	1,580	2,042	2,172	6%	37%
Loan Portfolio from Insur. Subs.(d)	2,927	3,188	3,249	2%	11%
Total Loans (a+b+c+d)	847,695	935,084	965,592	3%	14%
Preventive Loan Loss Reserves	17,090	17,899	18,261	2%	7%
Total Loans Net	830,605	917,185	947,330	3%	14%
Total Assets	2,035,427	2,070,072	2,130,031	3%	5%
Total Deposits	836,028	897,192	916,968	2%	10%
Total Liabilities	1,791,336	1,831,040	1,877,460	3%	5%
Equity	244,091	239,033	252,570	6%	3%

Financial Ratios GFNorte	1Q22	4Q22	1Q23
Profitability:			
NIM (1)	6.0%	6.6%	6.6%
ROE (2)	18.1%	19.4%	21.5%
ROA (3)	2.2%	2.3%	2.5%
Operation:			
Efficiency Ratio (4)	36.2%	40.8%	34.5%
Operating Efficiency Ratio (5)	2.0%	2.5%	2.1%
CCL Banorte and SOFOM - Basel III (6)	221.9%	154.6%	154.8%
Asset Quality:			
Past Due Loan Ratio	1.0%	1.1%	1.0%
Coverage Ratio	202.5%	179.5%	182.4%
Cost of Risk (7)	1.3%	1.6%	1.6%
Market References			
Banxico Reference Rate	6.50%	10.50%	11.25%
TIE 28 days (Average)	6.01%	10.00%	11.06%
Exchange Rate Peso/Dollar (8)	19.91	19.47	18.79

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.

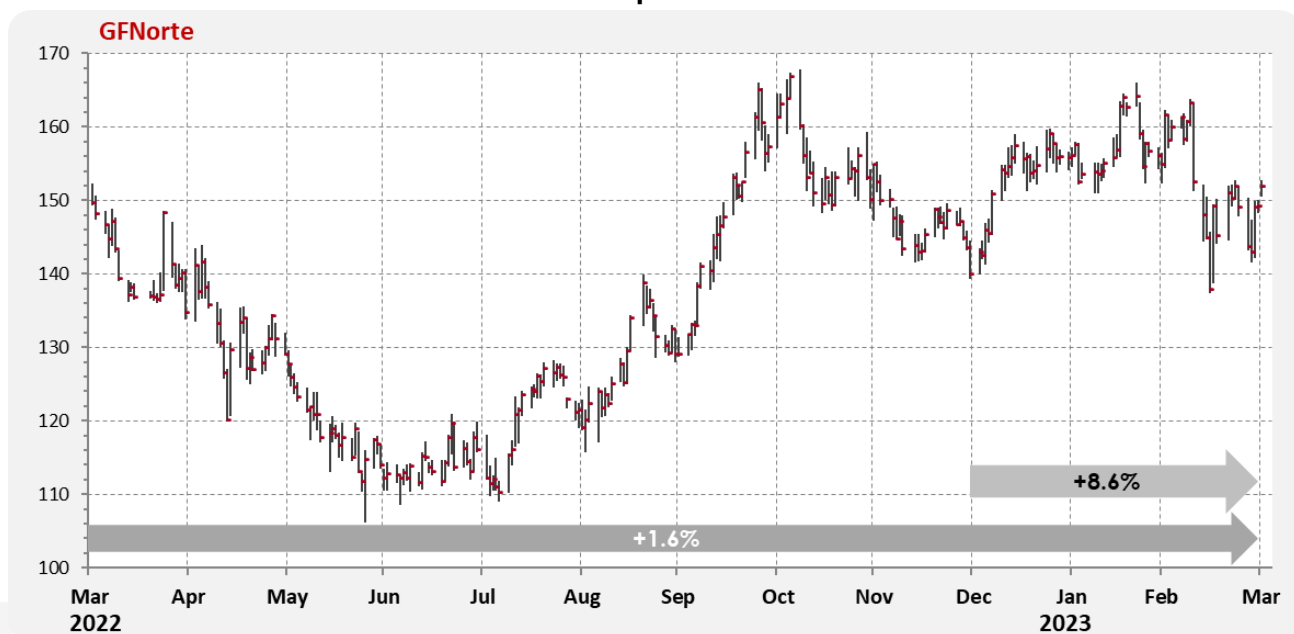
8. The Exchange Rate Peso/Dollar for the semester is the average.

For more detail on Liquidity Coverage Ratio (LCR)

See Page. 27 to 29 of the [Risk Management Report](#)

Subsidiaries Net Income (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Banco Mercantil del Norte	7,499	8,480	10,130	19%	35%
Banorte Broker Dealer	811	77	7	(91%)	(99%)
Operadora de Fondos Banorte	96	95	81	(14%)	(15%)
Retirement Funds - Afore XXI Banorte	155	355	293	(18%)	89%
Insurance	1,232	1,020	1,389	36%	13%
Annuities	511	825	586	(29%)	15%
BAP (Holding)	(2)	(1)	27	3293%	1820%
Other Finance Companies	127	226	110	(51%)	(13%)
G. F. Banorte (Holding)	318	514	394	(23%)	24%
Total Net Income	10,748	11,592	13,018	12%	21%
Share Data	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Earnings per share (Pesos)	3.728	4.020	4.515	12%	21%
Earnings per share Basic (Pesos)	3.756	4.062	4.551	12%	21%
Dividend per Share for the period (Pesos)	0.00	5.81	0.00	(100%)	N.A.
Payout for the period	0.0%	47.8%	0.0%	(100%)	N.A.
Book Value per Share (Pesos)	83.59	81.86	86.49	6%	3%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	2,883.5	0%	0%
Stock Price (Pesos)	149.55	139.91	151.90	9%	2%
P/BV (Times)	1.79	1.71	1.76	3%	(2%)
Market Capitalization (Million Dollars)	21,657	20,719	23,306	12%	8%
Market Capitalization (Million Pesos)	431,221	403,424	437,997	9%	2%

Share performance



II. Management's Discussion & Analysis

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)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Interest Income (4)	55,322	80,773	87,223	8%	58%
Interest Expense	28,310	49,548	55,493	12%	96%
GFNORTE's NII	27,012	31,225	31,730	2%	17%
Credit Provisions	2,668	3,632	3,771	4%	41%
NII Adjusted for Credit Risk	24,344	27,593	27,959	1%	15%
Average Earning Assets	1,801,704	1,878,325	1,924,643	2%	7%
Net Interest Margin (1)	6.0%	6.6%	6.6%		
NIM after Provisions (2)	5.4%	5.9%	5.8%		
NIM from loan portfolio (3)	8.0%	8.9%	8.9%		

1. NIM (Net Interest Margin)= Annualized Net Interest Income of the quarter / Average Interest Earnings Assets.

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

3. NIM= Annualized Net Interest Income from the credit portfolio of the quarter / Average Stages 1 and 2 Loans

4. In 3Q22, the valuation of financial instruments of "Seguros y Pensiones" was reclassified from the "Interest Income" line, into the "Trading Income" line. For comparison purposes, 1Q22 figures, were reclassified.

NII increased 2% sequentially, with 4% higher NII of the loan portfolio, driven by loan origination and the still partial benefit of the rate hikes. The latter offset the negative valuation effect in FX and lower interest from repos. Interest expenses rose 12%, mainly due to the 106bps increase in the average reference rate (TIEE28d), increasing interest expenses from deposits and funding by 16%. NIM remained stable in the quarter at 6.6%, on greater earning assets at quarter-end, slightly mitigated by the benefit of the funding mix. **NIM of the loan portfolio with no sequential changes, at 8.9%.**

In the annual comparison, **Net Interest Income rose 17%**, boosted by 28% higher NII in the loan portfolio, given greater credit dynamics, portfolio's mix diversification, and the still partial effect of the 475bps adjustment in the reference rate over the past 12 months. Interest expenses went up 96%, mainly due to the adjustment in the reference rate, but still maintaining the institutional focus on low-cost funding; demand deposits increased 5% annually, positively impacting the funding mix. **NIM increased 60bps vs. 1Q22, ending at 6.6%**, reflecting an improving mix of the loan portfolio and the benefit from the rate hikes, which offset higher average earning assets. The **NIM of the loan book increased 93bps, reaching 8.9%.**

For more detail on Margin Sensitivity (Bank):

- 1) Refer to page 33 and 34 of the [Risk Management Report](#)

Loan Loss Provisions

Credit Provisions (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Commercial, Corporate & Government	248	541	497	(8%)	101%
Consumer	2,880	3,859	3,665	(5%)	27%
Charge offs and discounts	(459)	(768)	(391)	49%	15%
Credit Provisions	2,668	3,632	3,771	4%	41%

In the quarter, **credit provisions increased Ps 139 million, or 4%**, given the combined effect of lower usage of COVID-related reserves and less requirements in the consumer and commercial portfolios, due to better asset quality. Out of the Ps 3.77 billion provisions recorded in the quarter, 35% correspond to new loan origination and the remaining to risk and portfolio variations.

In 1Q23, Ps 106 million of additional reserves were used, out of the reserves created in 2020 to face the COVID-19 pandemic.

In the year, provisions were Ps 1.10 billion or 41% higher vs. 1Q22, mainly due to greater loan origination in the consumer portfolio and higher requirements in the payroll and commercial book, given greater activity in those portfolios.

Cost of risk remained stable in the quarter at 1.6%, and increased 32bps vs. 1Q22, still below historic average levels, although tending to normalize, given our strategic focus in the consumer portfolio.

For more detail on Internal Credit Risk Models:

- 1) Pages 15 to 20 of the [Risk Management Report](#)

Non-Interest Income

Non-Interest Income (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Net Service Fees (1)	3,687	4,223	4,208	(0%)	14%
Premium Income Ins. & Annu. (Net)	15,756	8,771	13,994	60%	(11%)
Technical Reserves Ins. & Annu.	11,699	5,174	9,601	86%	(18%)
Cost of Acquisition from Insurance Operations	468	312	941	202%	101%
Net Cost of Claims and Other Obligations	6,796	6,661	6,576	(1%)	(3%)
Trading (2)(4)	1,373	657	412	(37%)	(70%)
Other Operating Income (Expenses) (3)(4)	(1,130)	(1,094)	(895)	18%	21%
Non-Interest Income	724	410	601	46%	(17%)

- As of 1Q23, card operating expenses are recorded in "Interchange Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses). For comparison purposes, figures shown in this report for 2022 were reclassified.
- In 3Q22, the valuation of financial instruments of "Seguros y Pensiones" was reclassified from the "Interest Income" line, into the "Trading Income" line. For comparison purposes, 1Q22 figures were reclassified.
- In accordance with CNBV's D-2 criteria, as of 4Q22, expenses incurred for loan portfolio recovery are reclassified from administrative expenses to other operating income (expenses). For comparison purposes, 1Q22 figures shown in this report were reclassified.
- As of 1Q23, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income). For comparison purposes, figures shown in this report for 2022 were reclassified.

Non-interest income increased 46% sequentially, mainly due to the seasonal increase in insurance premium income, as well as an improvement in other operating income (expenses), offsetting the drop in trading income. In the annual comparison, it fell (17%), resulting from lower trading income, despite a slight improvement in the technical result of insurance and annuities, and higher net service fees.

Premium income from Insurance and Annuities grew 60% sequentially, driven by high seasonality of the insurance business, attributable to the renewal of the portfolio in the first quarter. Technical reserves increased 86% or Ps 4.43 billion, out of which Ps 3.22 billion correspond to higher insurance premiums, especially in life, while Ps 1.21 billion are associated with the annuities business, impacted by greater premiums collected and the valuation effect of inflation. Acquisition cost

rose due to the same seasonality effect and the business generation. On the other hand, claims fell (1%) in the quarter, reflecting a reduction in all products.

On an annual basis, **premium income from Insurance and Annuities dropped (11%)**, on the back of i) the contraction of the annuities market; and ii) a temporary impact in the insurance business given the delayed renewal of a relevant multiannual policy in March, which will be gradually reflected in the next quarter; consequently, the constitution of technical reserves went down (18%). On the other hand, claims fell (3%).

Service Fees

Service Fees (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Fund Transfers	471	527	487	(8%)	3%
Account Management Fees	483	455	465	2%	(4%)
Electronic Banking Services	3,790	4,705	4,262	(9%)	12%
Basic Banking Services Fees	4,744	5,687	5,214	(8%)	10%
For Commercial and Government Loans	367	644	573	(11%)	56%
Consumer Loan Fees	1,395	1,611	1,750	9%	25%
Fiduciary & Mortgage Appraisals	127	151	132	(13%)	4%
Mutual Funds	500	551	578	5%	16%
Trading & Financial Advisory Fees	141	133	97	(27%)	(31%)
Other Fees Charged (1)	86	(2)	29	1820%	(66%)
Fees Charged on Services	7,359	8,775	8,372	(5%)	14%
Interchange Fees (2)(3)	2,643	3,116	2,844	(9%)	8%
Other Fees Paid (2)	1,029	1,435	1,320	(8%)	28%
Fees Paid on Services	3,673	4,552	4,164	(9%)	13%
Net Service Fees	3,687	4,223	4,208	(0%)	14%

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

2. As of 4Q22, a provision account for Interchange Fees is reclassified from "Other Fees Paid" to "Interchange Fees". For comparison purposes, 1Q22 figures shown in this report were reclassified.

3. As of 1Q23, card operating expenses are recorded in "Interchange Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses). For comparison purposes, figures shown in this report for 2022 were reclassified.

Fees charged on services fell (5%) sequentially, mainly related to the seasonal increase during the fourth quarter, resulting in lower transactional activity with affiliated businesses and in electronic banking services. **The year-over-year comparison showed strong 14% growth**, due to the solid increase in fees from electronic banking services, higher advisory and structuring fees in commercial and government portfolios, as well as higher transaction activity in consumer products, reflecting better dynamics in the economic activity.

On the other hand, **fees paid on services dropped (9%)**, mainly due to fewer interchange fees, on lower transaction volumes in the credit card business, compared to their seasonal increase during the fourth quarter. **In a yearly basis, they grew 13%**, driven by higher loan origination fees through external sales forces, and higher interchange fees.

Altogether, **net service fees** were flat sequentially and **up 14% year-over-year**.

Trading

Trading Income (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Currency and Metals	(543)	(1,262)	(3,242)	(157%)	(497%)
Derivatives	1,354	226	2,235	887%	65%
Negotiable Instruments (1)	(56)	508	126	(75%)	326%
Valuation	755	(529)	(881)	(67%)	(217%)
Currency and Metals	1,319	1,235	1,366	11%	4%
Derivatives	(719)	(89)	(96)	(8%)	87%
Negotiable Instruments	19	(98)	24	125%	26%
Trading	619	1,048	1,294	23%	109%
Other financial results(2)	(1)	138	(1)	(101%)	11%
Trading Income (1)	1,373	657	412	(37%)	(70%)

1. In 3Q22, the valuation of financial instruments of "Seguros y Pensiones" was reclassified from the "Interest Income" line, into the "Trading Income" line. For comparison purposes, 1Q22 figures were reclassified.

2. As of 1Q23, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income). For comparison purposes, figures shown in this report for 2022 were reclassified.

Trading income was (37%) lower vs. 4Q22, mainly due to the negative valuation effect in currency & metals, given rate and FX movements, despite the increase in derivatives. Trading operations grew 23%, driven by currency & metals operations. Other financial results fell significantly on a QoQ basis.

In the year-over-year comparison, it declined 70% due to the same valuation effect in currency & metals.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Contributions to IPAB	(934)	(985)	(1,001)	2%	7%
Expenses Incurred in the Recovery of Credit Portfolio (1)	(339)	(410)	(374)	(9%)	10%
Result for Foreclosed Assets	140	187	140	(25%)	(0%)
Lease Income	62	86	59	(31%)	(5%)
From Insurance & Annuities	230	156	117	(25%)	(49%)
Others (2)	(289)	(128)	163	227%	157%
Other Operating Income (Expenses)	(1,130)	(1,094)	(895)	18%	21%

1. In accordance with CNBV's D-2 criteria, as of 4Q22, expenses incurred for loan portfolio recovery are reclassified from administrative expenses to other operating income (expenses). For comparison purposes, 1Q22 figures shown in this report were reclassified.

2. As of 1Q23, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income). For comparison purposes, figures shown in this report for 2022 were reclassified.

Other operating income (expense) improved 18% sequentially, driven by lower impairments and higher accounts receivable write-offs, recorded under "other items", as well as lower expenses incurred in the recovery of loan portfolio.

On an annual basis, they improved 21%, given the extraordinary expenses recorded in "other items" during the first quarter of 2022.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Personnel	4,330	6,476	4,949	(24%)	14%
Professional Fees	797	961	915	(5%)	15%
Administrative and Promotional (1)(2)	1,201	820	1,383	69%	15%
Rents, Depreciation & Amortization	2,400	3,453	2,355	(32%)	(2%)
Other Taxes	532	587	699	19%	31%
Employee Profit Sharing (PTU)	385	342	418	22%	9%
Other expenses	405	282	429	52%	6%
Non-Interest Expense	10,050	12,920	11,148	(14%)	11%

1. In accordance with CNBV's D-2 criteria, as of 4Q22 expenses incurred for loan portfolio recovery are reclassified from administrative expenses to other operating income (expenses). For comparison purposes, 1Q22 figures shown in this report were reclassified.

2. As of 1Q23, card operating expenses are recorded in "Interchange Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses). For comparison purposes, figures shown in this report for 2022 were reclassified.

Non-interest expenses dropped (14%) sequentially, driven by the advanced recording of extraordinary expenses during 4Q22, related to personnel restructurings, as well as the accelerated amortization of IT-related projects and assets.

Compared to 1Q22, non-interest expenses went up 11%, on higher personnel expenses derived from the strengthening of the commercial structure, along with greater investments in IT projects.

The **efficiency ratio stood at 34.5% in the quarter**, improving (636bps) vs. 4Q22, and (175bps) vs. 1Q22, reflecting a sound revenue generation and expense efficiency.

Net Income

Net Income (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Operating Income	15,018	15,083	17,412	15%	16%
Subsidiaries' Net Income	197	408	333	(18%)	69%
Pre-Tax Income	15,215	15,492	17,745	15%	17%
Taxes	4,331	3,742	4,542	21%	5%
Net income from continuing operations	10,884	11,749	13,203	12%	21%
Minority Interest	136	157	185	18%	36%
Net Income	10,748	11,592	13,018	12%	21%
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,983)	1,057	473	(55%)	124%
Cash Flow Hedges Valuation	14	76	773	919%	N.A.
Remeasurement on defined employee benefits	23	36	22	(40%)	(6%)
Cumulative foreign currency translation adjustment	(47)	(48)	(111)	(132%)	(138%)
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	163	(75)	15	119%	(91%)
Other Comprehensive Income	(1,830)	1,046	1,172	12%	164%
Comprehensive Income	9,054	12,795	14,375	12%	59%

Operating income expanded 15% sequentially, with a growing banking business operation; total revenues increased 2%, whereas expenses fell (14%). Compared to the same quarter of the previous year, it went up **16%**, due to better operating dynamics in the Bank, Insurance, and Annuities businesses.

Taxes grew 21% sequentially, and 5% versus 1Q22.

Net income reached Ps 13,018 million, 12% higher on a sequential basis and 21% higher on a yearly basis. **Earnings per share** for the quarter were **Ps 4.515**.

Profitability

	1Q22	4Q22	1Q23
ROE	18.1%	19.4%	21.5%
Intangibles	16,718	18,089	17,971
Goodwill	26,720	26,741	26,710
Average Tangible Equity	183,778	181,056	190,129
ROTE	23.4%	25.6%	27.4%

During the quarter, **ROE** grew 202bps QoQ and 336bps YoY to **21.5%**, reflecting the strength of the group's businesses.

ROTE increased 181bps in the quarter, **reaching 27.4%**; in the annual comparison **it grew 399bps**.

	1Q22	4Q22	1Q23
ROA	2.2%	2.3%	2.5%
Average Risk Weighted Assets (billion pesos)	849	834	854
RRWA	4.4%	5.4%	5.6%

ROA stood at 2.5% in 1Q23, higher in 22bps sequentially and 30bps annually.

Deposits

Deposits (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Non-Interest Bearing Demand Deposits	378,052	412,119	389,525	(5%)	3%
Interest Bearing Demand Deposits	202,876	207,440	221,044	7%	9%
Global Account of deposits without movements	3,060	3,253	3,223	(1%)	5%
Total Demand Deposits	583,988	622,812	613,792	(1%)	5%
Time Deposits – Retail	212,339	216,787	218,848	1%	3%
Core Deposits	796,327	839,599	832,641	(1%)	5%
Money Market and Credit Notes Issued	49,959	79,369	106,636	34%	113%
Total Bank Deposits	846,286	918,968	939,276	2%	11%
GFNorte's Total Deposits	836,028	897,192	916,968	2%	10%
Third Party Deposits	286,765	202,459	215,706	7%	(25%)
Total Assets Under Management	1,133,050	1,121,427	1,154,982	3%	2%

Core deposits fell (1%) due to the year-end higher seasonal deposits' base. **Compared to 1Q22, core deposits went up 5%**, given 5% higher demand deposits and 3% higher time deposits. We maintain the Institutional focus in low-cost funding, however, a gradual adjustment in the funding mix is anticipated given current rate levels. The average reference rate (TIIE28d) increased 505bps in last twelve months.

Money market operations and credit notes issued had good performance, increasing 34% in the quarter and 113% annually. Overall, **total bank deposits** increased 2% QoQ and 11% YoY.

Stage 1 and 2 loans

Stage 1 and 2 Loans (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Stage 1 and 2 loans					
Mortgages	202,642	226,932	233,894	3%	15%
Auto Loans	28,051	32,173	35,182	9%	25%
Credit Card	39,606	45,127	46,109	2%	16%
Payroll	57,278	67,051	69,647	4%	22%
Consumer	327,577	371,283	384,832	4%	17%
Commercial	202,283	229,126	234,136	2%	16%
Corporate	144,857	147,752	150,826	2%	4%
Government	160,031	171,720	180,364	5%	13%
Stage 1 and 2 loans	834,748	919,881	950,157	3%	14%

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

- 1) displayed by Sector and Subsidiary, page 9
- 2) displayed by Federal Entities and Subsidiary, page 10
- 3) displayed by Remaining Term, page 10

During the quarter, **stage 1 and 2 loans, grew 3%**. Consumer loans rose 4%, **benefited by the noteworthy increase in all its portfolios**: payroll 4%, mortgages 3%, and credit card 2%; auto loans showed strong 9% increase, boosted by the sector recovery, as well as by greater loan origination through different commercial partnerships. Commercial and corporate portfolios increased 2%, impacted by FX variations and high prepayments in the corporate book. Government loans grew 5%.

In the year, there was a **record expansion of 17% in the consumer portfolio**, supported by an outstanding 25% increase in auto, 22% in payroll, 16% in credit card, and 15% in mortgages. The commercial portfolio expanded 16%, displaying greater economic activity, and the government book was 13% higher. The abovementioned reflects greater credit demand in all portfolios.

Within the commercial portfolio, **SMEs stage 1 and 2 loans**, were 6% higher sequentially and 14% yearly. Its NPL ratio improved (8bps) in the quarter and (64bps) in the year, ending at 1.01%, in line with the appropriate risk profile approach for this segment.

SME's Loans (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Stage 1 and 2 loans	37,505	40,416	42,690	6%	14%
% of Commercial Portfolio, stage 1 and 2 loans	18.5%	17.6%	18.2%	59 bp	(31 bp)
% of Total Portfolio, stage 1 and 2 loans	4.5%	4.4%	4.5%	10 bp	(0 bp)
NPL Ratio	1.65%	1.09%	1.01%	(8 bp)	(64 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 11.1% of the group's stages 1 and 2 loans. The group's largest corporate exposure represented 1.2% of the stages 1 and 2 loans, whereas corporate borrower number 20 represented 0.3%. 18 out of the 20 corporates have an A1 credit rating.

The **government book, stages 1 and 2, totaled Ps 180.36 billion, increasing 5% QoQ and 13% YoY**. GFNorte's government portfolio is well diversified by region, showing an adequate risk profile, given that 37.8% of the portfolio is Federal Government exposure and 88.3% of municipal and state government loans are backed by fiduciary guarantees.

Market share position (using CNBV figures as of February 2023):

The system's stages 1 and 2 loans expanding 12.2% annually; **Banorte rose 12.4%, reaching a 14.9%** market share, increasing 3bps in the year.

- **Mortgage Loans:** Banorte held a **19.3% market share**, increasing 49bps annually, holding on to the second place in the system.
- **Credit Card Loans:** Banorte decreased (51bps) **its market share** in the year, ending at **10.0%**.
- **Auto Loans:** In the year, Banorte regained 155bps market share to **21.0%**, still ranking second in the system. New car sales market clearly recovering.
- **Payroll Loans:** Banorte held a **20.8%** market share, increasing 64bps in the year, ranking second in the market.
- **Commercial Loans:** Market share totaled **11.56%**, including corporate and SMEs according to the CNBV classification. Market share decreased (57bps) in the last 12 months but rising to the second place in the system.
- **Government Loans:** Banorte's market share increased 282bps to **27.6%**, ranking second in the banking system.

Stage 3 Loans

In the quarter, stage 3 loans increased Ps 40 million, impacting mainly mortgages, corporate and, to a lower extent, commercial and credit card books. Balance movements are related to the loan book's volume.

Stage 3 Loans (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Credit Cards	902	1,108	1,132	24	230
Payroll	1,425	2,223	2,042	(181)	618
Auto Loans	203	198	193	(5)	(11)
Mortgages	1,763	1,865	1,994	129	230
Commercial	3,503	4,178	4,203	25	700
Corporate	484	398	445	48	(39)
Government	159	4	4	-	(154)
Total	8,440	9,973	10,013	40	1,574

NPL ratio improved to 1.04%, remaining below normal pre-pandemic levels and historical average, driven by strict loan origination controls and strong collection management. During the quarter, the NPL ratio declined (3bps), whereas in the year it slightly rose 4bps, still one of the healthiest in the system.

NPL Ratio	1Q22	2Q22	3Q22	4Q22	1Q23
Credit Cards	2.2%	2.2%	2.2%	2.4%	2.4%
Payroll	2.4%	2.7%	2.8%	3.2%	2.8%
Auto Loans	0.7%	0.6%	0.7%	0.6%	0.5%
Mortgages	0.9%	0.9%	0.9%	0.8%	0.8%
Commercial	1.7%	1.6%	1.7%	1.8%	1.8%
SMEs	1.7%	1.6%	1.4%	1.1%	1.0%
Rest of commercial	1.7%	1.6%	1.8%	1.9%	1.9%
Corporate	0.3%	0.5%	0.4%	0.3%	0.3%
Government	0.1%	0.1%	0.0%	0.0%	0.0%
Total	1.00%	1.02%	1.04%	1.07%	1.04%

Expected loss for Banco Mercantil del Norte, the group's largest subsidiary, was 1.9%, and the unexpected loss was 3.9%, with respect to the total portfolio as of 1Q23. In 4Q22, these ratios were 1.9% and 4.0%, respectively, and reached 1.8% and 4.1% twelve months ago.

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

Stage 3 Loans variations (Million Pesos)	
Balance as of December '22	9,973
Transfer from stage 1 and 2 loans to stage 3 loans	5,402
Portfolio Purchase	-
Renewals	(8)
Debt reversal	-
Cash Collections	(862)
Discounts	86
Charge Offs	(3,617)
Foreclosures	-
Transfer from stage 3 loans to stage 1 and 2 loans	(986)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	25
Fair Value Ixe	-
Balance as of March '23	10,013

Regarding risk ratings, 89% of the **total loan portfolio** was rated as Risk A, 7% as Risk B, and 4% as Risk C, D, and E altogether.

Risk Rating of Performing Loans as of 1Q23 - GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES						
		COMMERCIAL				CONSUMER	MORTGAGES	TOTAL
		MIDDLE COMPANIES	MARKET ENTITIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	852,170		1,143	798	70	811	288	3,110
A2	48,043		317	27	11	376	20	750
B1	37,213		76	6	2	1,058	13	1,154
B2	19,815		53	28	0	776	23	880
B3	11,951		152	0	0	432	12	596
C1	9,632		92	22	0	638	32	784
C2	10,662		69	-	0	1,068	211	1,348
D	9,194		731	-	-	1,856	362	2,949
E	8,586		2,202	-	2	3,577	95	5,876
Total	1,007,266		4,834	880	85	10,591	1,056	17,447
Not Classified	(1,119)							
Cartera sector BAP	3,249							
Partidas diferidas	2,172							
Exempt	-							
Total	1,011,568		4,834	880	85	10,591	1,056	17,447
Reserves								18,261
Reservas Sector BAP								221
Preventive Reserves								594

Notes:

- Figures for reserve creation and rating are as of March 31st, 2023.
- 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 Consumer portfolio as of January 2018, for the Auto (Individuals) portfolio as of January 2020, and for the portfolio of commercial 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" found 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 the Accounting provisions, the Institution has formal policies and procedures so that, where appropriate, those loans that have elements that justify greater potential deterioration can be migrated to a higher risk stage, even if they have not complied with such requirements, according to the Accounting Policies and Criteria applicable to the loan portfolio.

As of 1Q23 **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)	1Q23
Previous Period Ending Balance	17,899
Provisions charged to results	4,409
Provisions charged to retained earnings	0
Created with profitability margin	0
Sold Portfolio's Reserve	0
Other items	8
<u>Charge offs and discounts:</u>	
Commercial Loans	(201)
Consumer Loans	(3,339)
Mortgage Loans	(444)
Foreclosed assets	0
	(3,984)
Cost of debtor support programs	(7)
Valorization and Others	(64)
Adjustments	0
Loan Loss Reserves at Period End	18,261

Loan Loss Reserves as of 1Q23 totaled **Ps 18.26 billion**, increasing 2% vs. 4Q22. **Charge-offs and discounts** increased 1% quarterly.

Loan loss reserve coverage ratio totaled **182.4%**, in the quarter; higher when compared to the 179.5% from the previous quarter.

Equity

Shareholders' equity balance increased Ps 13.54 billion sequentially, reaching **Ps 252,570 million**; the main changes in the quarterly comparison were: net income of Ps 13.02 billion, an increase of Ps 773 million from valuation of cash flow hedging instruments, an increase of Ps 473 million from the valuation of financial instruments to be received or sold, and a reduction of (Ps 1.05 billion) from interest on subordinated notes.

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. GRUPO FINANCIERO BANORTE IS ONE OF THE MEXICAN COMPANIES INCLUDED IN S&P'S SUSTAINABILITY YEARBOOK 2023.

In February, Grupo Financiero Banorte was included for the second consecutive year in the Sustainability Yearbook for the 2023 edition, being one of the fourteen Mexican companies, and the only bank, recognized among the 708 companies listed in this Yearbook. This list is comprised of the best evaluated companies in sustainability. More than 7,800 companies from 61 industries around the world participate.

2. OPERADORA DE FONDOS BANORTE IS RECOGNIZED AS THE "BEST EQUITY FUND MANAGER" IN MEXICO BY MORNINGSTAR

On March 3rd, Operadora de Fondos Banorte, one of Mexico's leading mutual fund managers, announced the recognition for "Best Equity Fund Manager" in Mexico by Morningstar. Operadora de Fondos Banorte was recognized for its ability to create long-term value through its securities' selection and active portfolio management.

In addition, its NTERT mutual fund was awarded "Best Mixed Fund" by the world's leading investment research and analysis firm.

3. GRUPO FINANCIERO BANORTE HELD ITS "BANORTE DAY" IN NEW YORK CITY.

On March 28th, Banorte held its first Investor Day since 2014, in New York City. The event was developed around the Group's long-term strategic vision, highlighting the strengths that promote the sustainability of its business model and profitability indicators. Technological capabilities, hyper-personalization, and capitalization of nearshoring opportunities were highlighted as competitive advantages in the marketplace. Likewise, the soundness and effectiveness of institutional risk management, as well as the capabilities and potential of the wholesale banking, were discussed in depth. Finally, the 5-year guidance for the Group, bineo, and the JV with Rappi was presented. The event had more than 120 attendees, including the main investors and analysts, as well as the Institution's executives.

4. BANORTE RELEASES ITS 2022 INTEGRATED ANNUAL REPORT AND 2022 TCFD REPORT TO DISCLOSE CLIMATE RISKS AND OPPORTUNITIES.

On March 31st, Grupo Financiero Banorte released its 2022 Integrated Annual Report, which summarizes the main financial and non-financial results for the year, as well as the projects and initiatives to be implemented in the short and medium-term in the Environmental, Social, and Governance areas. This report also incorporates the feedback received from different relevant stakeholders to Banorte, contributing to an increasingly transparent disclosure of the Financial Group's operations and strategy. The 2022 TCFD report incorporates climate-related losses for the branch network and real estate portfolios, together with updated information regarding carbon emissions and decarbonization targets for the most carbon-intensive portfolios.

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

On March 31st, Banorte was reaffirmed for the fifth time, as Level II - Domestic Systemically Important Financial Institution by the National Banking and Securities Commission ("CNBV"), which highlights 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 2022. Such designation reaffirms that Banorte must maintain a capital buffer of 0.90 pp on December 31st, 2023, in addition to the regulatory Capitalization Ratio ("CR") of 10.5%, amounting to 11.4% by year-end.

Bank

Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position Highlights - Bank (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Net Interest Income	19,063	23,990	24,119	1%	27%
Non-Interest Income (1)(2)(3)	3,396	2,886	3,489	21%	3%
Total Income	22,459	26,876	27,608	3%	23%
Non-Interest Expense (1)(3)	9,007	11,859	9,975	(16%)	11%
Provisions	2,634	3,599	3,737	4%	42%
Operating Income	10,818	11,417	13,896	22%	28%
Taxes	3,228	2,829	3,620	28%	12%
Subsidiaries & Minority Interest	42	42	34	(21%)	(20%)
Net Income	7,632	8,630	10,309	19%	35%
Balance Sheet					
Stage 1 Loans	807,278	890,301	923,263	4%	14%
Stage 2 Loans	6,558	6,470	6,844	6%	4%
Stage 1 & 2 Loans (a)	813,837	896,771	930,107	4%	14%
Stage 3 Loans (b)	7,702	9,143	9,172	0%	19%
Deferred Items (c)	1,596	2,058	2,195	7%	37%
Total Loans (a+b+c)	823,135	907,972	941,474	4%	14%
Preventive Loan Loss Reserves including Insurance	16,278	16,961	17,288	2%	6%
Total Loans Net (d)	806,857	891,011	924,185	4%	15%
Total Assets	1,606,136	1,552,253	1,601,058	3%	(0%)
Total Deposits	846,286	918,968	939,276	2%	11%
Total Liabilities	1,457,778	1,407,576	1,445,741	3%	(1%)
Equity	148,358	144,677	155,317	7%	5%

1. In accordance with CNBV's D-2 criteria, as of 4Q22, expenses incurred for loan portfolio recovery are reclassified from administrative expenses to other operating income (expenses). For comparison purposes, 1Q22 figures shown in this report were reclassified.
2. As of 1Q23, the Expected Credit Loss of the Insurance and Annuities financial instruments portfolio are recorded in Trading Income (formerly recorded in Other Income). For comparison purposes, figures shown in this report for 2022 were reclassified.
3. As of 1Q23, card operating expenses are recorded in "Interchange Fees" within Fees Paid on Services (formerly recorded in Administrative Expenses). For comparison purposes, figures shown in this report for 2022 were reclassified.

Financial Ratios - Bank	1Q22	4Q22	1Q23
Profitability:			
NIM (1)	5.2%	6.7%	6.5%
NIM after Provisions (2)	4.5%	5.7%	5.5%
ROE (3)	20.8%	24.6%	27.5%
ROA (4)	2.0%	2.3%	2.6%
Operation:			
Efficiency Ratio (5)	40.1%	44.1%	36.1%
Operating Efficiency Ratio (6)	2.3%	3.1%	2.5%
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	221.9%	155%	155%
Asset Quality:			
NPL Ratio	0.9%	1.0%	1.0%
Coverage Ratio	211.3%	185.5%	188.5%
Capitalization:			
Net Capital/ Credit Risk Assets	36.5%	31.0%	31.2%
Total Capitalization Ratio	25.8%	22.8%	22.1%
Leverage			
Basic Capital/ Adjusted Assets	13.2%	12.7%	12.7%

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. LCR calculation is preliminary and will be updated once Banco de Mexico publishes official indicators.

Changes vs. the previous quarter

Net interest income (NII) increased 1% sequentially, with 3% higher NII from the loan portfolio, driven by loan origination volume and the still partial effect of higher rates. The aforementioned, along with higher interest from repos, offset the negative valuation effect in FX. Interest expenses were up 12%, reflecting the recent reference rate hikes, which rose deposit and funding interest by 16% in the quarter. Therefore, **NIM fell (16bps) sequentially, reaching 6.5%**.

Non-interest income grew QoQ, with increases in trading income and net fees.

Fees charged dropped (1%) sequentially, compared to their seasonal increase during the fourth quarter, resulting in lower transactions with affiliated businesses and in electronic banking services. It is worth mentioning that the 75% increase in Other Fees Charged, was due to the adjustment in the fee scheme paid by Seguros Banorte to the bank, for insurance products' placement through bancassurance. Likewise, **fees paid fell (9%)**, mainly due to fewer interchange fees in the credit card business, driven by the seasonality effect of the fourth quarter. **Altogether, net fees reflect an 8% increase**, related to the seasonal transaction of the last quarter of the year.

Trading income increased 150% quarter-over-quarter, primarily on trading operations in currency & metals despite its lower valuation, given rate and FX movements.

Other operating income (expense) improved Ps 188 million sequentially, mainly driven by an increase in other items, resulting from accounts receivable write-offs.

Non-interest expenses were down (16%) vs. 4Q22, primarily due to the advanced recognition of extraordinary expenses during 4Q22, related to personnel restructurings and the accelerated amortization of IT-related projects and assets. Consequently, the **efficiency ratio of the quarter** went to **36.1%** from 44.1% in 4Q22.

In the quarter, **provisions increased 4%** QoQ, in line with higher consumer loan origination. **NIM adjusted for credit risks dropped (17bps) sequentially**, reaching **5.5%**, from 5.7% in the previous quarter.

Net income for the quarter totaled Ps 10.31 billion, **19%** higher quarterly, resulting in a **288bps improvement** in ROE during the quarter to **27.5%**. ROA reached **2.6%** at the end of 1Q23, 37bps higher than in 4Q22.

Cumulative Changes vs. the previous year

Net interest income (NII) increased 27% vs. 1Q22, driven by 28% higher revenues in the loan portfolio, in line with greater origination and the still partial effect of the 475bps hike in the reference rate in the last 12 months, offsetting lower interest from repos and the negative effect in FX valuation. Interest expenses grew 90%, mainly on the 505bps adjustment in the average reference rate (TIIE28d), reaching 11.06%, although the strategic focus is still on low funding cost. Thus, **NIM was up 131bps in the period, to 6.5%** from 5.2%.

Non-interest income grew 3% compared to 1Q22, on better other operating income (expenses), as well as higher net fees.

Fees charged grew 19% YoY, derived from higher transaction volumes in consumer products, as well as the adjustment in the fee scheme paid from Seguros Banorte to the bank for the placement of insurance products through bancassurance. **Fees paid rose 13%**, driven by higher interchange fees, on greater transaction volumes, and higher loan origination fees through external sales forces. As a result, **net fees increased 24% compared to 1Q22**.

Trading income declined (86%) on a yearly basis, due to the negative effect of currency & metal valuations, and a reduction in securities' trading.

Other operating income (expense) improved Ps 460 million compared to 1Q22, mostly explained by the impact of the extraordinary expenses recorded in the first quarter of 2022, under "other items".

Non-interest expenses grew 11% vs. 1Q22, given greater personnel expenses derived from the strengthening of the commercial teams, as well as higher investments in IT projects. All in, the **efficiency ratio ended at 36.1% in 1Q23, a (397bps) yearly improvement** vs. the 40.1% in the same period of 2022.

Provisions went up 42% or (Ps 1.10 billion) YoY, driven by greater consumer loan origination volume and higher requirements in the payroll and commercial portfolios, due to greater activity in these segments. **NIM adjusted for credit risks improved 102bps** in the year, reaching **5.5% at the end of 1Q23**.

Net income grew 35% or Ps 2.68 billion vs. 1Q22, reflecting the strength of revenue's generation. **ROE expanded 665bps** to **27.5%**, from 20.8% in 1Q22. **ROA was 65bps higher YoY**, standing at **2.6%**.

Equity

Shareholders' equity balance amounted to Ps 155,317 million, a 7% increase compared to the previous quarter. The main changes during the quarter were: net income of Ps 10.31 billion, an increase of Ps 787 million from the valuation of cash flow hedging instruments, an increase of Ps 427 million from the valuation of financial instruments to be received or sold, and a reduction of (Ps 1.06 billion) from interest on subordinated notes.

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 2023, Banorte was confirmed as a Level II - Systemically Important Financial Institution, which implies that Banorte must maintain a 0.90 pp capital buffer. Therefore, **starting on December 2019, the minimum Capital Adequacy Ratio required for Banorte is 11.40%** (corresponding to the regulatory minimum of 10.5% plus the 0.90 pp capital supplement), which includes a minimum requirement of Core Equity Tier 1 (CET1) of 7.90%.

Banorte, as a Systemically Important Financial Institution, is subject to the net capital supplement, TLAC (Total loss-absorbing capacity), incorporated in the regulation during 2021, and effective since 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)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Core Tier 1	135,082	129,145	139,804	8.3%	3.5%
Tier 1 Capital	205,695	191,574	197,469	3.1%	(4.0%)
Tier 2 Capital	8,605	3,349	3,059	(8.7%)	(64.5%)
Net Capital	214,300	194,923	200,528	2.9%	(6.4%)
Credit Risk Assets	586,750	629,486	642,205	2.0%	9.5%
Net Capital / Credit Risk Assets	36.5%	31.0%	31.2%	0.3 pp	(5.3 pp)
Total Risk Assets	829,253	853,223	908,585	6.5%	9.6%
Core Tier 1	16.29%	15.14%	15.39%	0.3 pp	(0.9 pp)
Tier 1	24.80%	22.45%	21.73%	(0.7 pp)	(3.1 pp)
Tier 2	1.04%	0.39%	0.34%	(0.1 pp)	(0.7 pp)
Capitalization Ratio	25.84%	22.85%	22.07%	(0.78 pp)	(3.77 pp)

(*) The capitalization ratio of the last reporting period is the one submitted to the Mexican Central Bank.

At the end of 1Q23 the estimated Capital Adequacy Ratio (CAR) for Banorte was 22.07% considering credit, market, and operational risks, and 31.22% considering only credit risk. Moreover, the Core Equity Tier 1 reached 15.39%, a level corresponding to a Systemically Important Institution Level I under the CNBV's classification.

CAR decreased (0.78 pp) vs. 4Q22 due to the following effects:

	1Q23 vs. 4Q22
	(0.78 pp)
1. Net Income in 1Q23	+1.13 pp
2. Securities' mark-to-market valuation and Hedging Derivatives (1)	+0.13 pp
3. Other Capital Effects (2)	+0.01 pp
4. Effects in Risk Assets – Credit (Others) (3)	-0.02 pp
5. Effects in Risk Assets – Market	-0.15 pp
6. Effects in Risk Assets – Credit	-0.31 pp
7. Capital Notes	-0.66 pp
8. Effects in Risk Assets – Operation (4)	-0.91 pp

(1) Includes hedging derivatives on positions that are not marked to market.

(2) Includes actuarial changes from employee liability and variation of permanent and intangible investments.

(3) Includes issuer's risk, committed credit lines, and other assets.

(4) Includes effect of the Business Indicator Method's implementation, with a negative impact of -90bps.

CAR decreased (3.77 pp) vs. 1Q22 due to the following effects:

	1Q23 vs. 1Q22
	(3.77 pp)
1. Net Income in the period	+4.10 pp
2. Effects in Risk Assets – Market (1)	+0.53 pp
3. Securities' mark-to-market valuation and Hedging Derivatives (2)	-0.08 pp
4. Effects in Risk Assets – Credit (Others) (3)	-0.32pp
5. Effects in Risk Assets – Operation (4)	-1.10 pp
6. Effects in Risk Assets – Credit	-1.37 pp
7. Capital Notes (5)	-2.34 pp
8. Dividend to the Financial Group	-3.20 pp

(1) Effect of higher deposits, balance sheet optimization, and reduced FX exposure.

(2) Includes hedging derivatives on positions that are not marked to market.

(3) Includes issuer's risk, committed credit lines, and other assets.

(4) Includes effect of the Business Indicator Method's implementation, with a negative impact of -90bps.

(5) Includes Tender Offer Tier2 Capital Notes for USD\$202 million (May'22)

Prepayment of AT1 Capital Notes for USD\$350 million (Jul'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 March 2023 amounted to Ps 908.59 billion, increasing Ps 55.36 billion compared to December 2022, and an increase of Ps 79.33 billion vs. March 2022.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Total Credit	586,750	629,486	642,205	2%	9%
Credit (Loan Portfolio)	491,443	523,949	535,907	2%	9%
Credit (Others)	95,308	105,537	106,299	1%	12%
Total Market	165,778	143,368	149,093	4%	(10%)
Total Operational	76,725	80,369	117,287	46%	53%
Total	829,253	853,223	908,585	6%	10%

The main quarterly changes in RWAs vs. 4Q22 were:

- Increase in Credit Risk Weighted Assets (Portfolio) driven by the portfolio's quarterly growth dynamics in traditional credit portfolios.
- Increase in Assets Subject to Credit Risk (Other) driven by the increase in committed credit lines, offset by a decrease in the credit risk requirement for other assets.
- Increase in Assets subject to Market Risk due to the increase in currency requirements (FX position effect).
- Increase in Assets Subject to Operational Risk driven by the implementation of the Business Indicator Method as of January 2023.

The main annual changes in RWAs vs. 1Q22 were:

- Increase in Credit Risk Weighted Assets (Portfolio) driven by the widespread growth dynamics in credit portfolios, offset by the recalibration of internal models.
- Increase in Assets Subject to Credit Risk (Other) driven by the increase in committed credit lines, offset by the effect of rising interest rates on the Credit Valuation Adjustment requirement for derivative transactions, and the effect of higher demand deposits.
- Increase in Assets Subject to Operational Risk driven by the implementation of the Business Indicator Method as of January 2023.

Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Tier 1 Capital	205,695	191,574	197,469	3.1%	(4.0%)
Adjusted Assets	1,557,715	1,507,009	1,554,023	3.1%	(0.2%)
Leverage Ratio	13.20%	12.71%	12.71%	(1 bp)	(50 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)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Interest Income (Net) (1)	393	576	767	33%	95%
Credit Provisions	0	(0)	0	207%	(77%)
Premium Revenue (Net)	10,941	5,300	9,887	87%	(10%)
Net increase in technical reserves	4,522	103	3,324	3130%	(26%)
Net Cost for Insurance Operations	731	612	1,568	156%	114%
Net Cost of Claims and Other Obligations	4,018	3,642	3,427	(6%)	(15%)
Trading Income (1)	(80)	280	126	(55%)	257%
Other Operating Income (Expenses)	227	20	115	487%	(50%)
Total Operating Income	2,210	1,819	2,575	42%	17%
Non Interest Expense	484	362	561	55%	16%
Operating Income	1,726	1,457	2,014	38%	17%
Taxes	493	437	621	42%	26%
Subsidiaries' Net Income	158	362	298	(18%)	89%
Net income from continuing operations	1,391	1,382	1,691	22%	22%
Minority Interest	4	7	9	34%	145%
Net Income	1,387	1,375	1,682	22%	21%
Other Comprehensive Income	(8)	48	(21)	(144%)	(168%)
Comprehensive Income	1,383	1,429	1,670	17%	21%
Shareholder's Equity	23,825	23,280	24,950	7%	5%
Total Assets	71,447	66,537	72,343	9%	1%
Technical Reserves	39,729	36,319	39,824	10%	0%
Premiums sold	13,532	5,755	11,640	102%	(14%)
Coverage ratio of technical reserves	1.1	1.2	1.2	0.1 pp	0.1 pp
Solvency capital requirement coverage ratio	7.0	9.2	13.3	4.1 pp	6.3 pp
Coverage ratio of minimum capital	193.1	188.6	188.1	(0.5 pp)	(5.0 pp)
Claims ratio	62.8%	68.4%	52.6%	(15.8 pp)	(10.2 pp)
Combined ratio	70.3%	85.4%	70.1%	(15.3 pp)	(0.2 pp)
ROE	24.4%	24.2%	28.3%	4.1 pp	4.0 pp
ROE ex-Afore	75.7%	51.8%	64.8%	13.1 pp	(10.8 pp)

1. In 3Q22, the valuation of financial instruments of "Seguros y Pensiones" was reclassified from the "Interest Income" line, into the "Trading Income" line. For comparison purposes 1Q22 figures were reclassified.

Net Interest income increased 33% in the quarter, whereas **annual figures** increased **95%**, mainly due to higher yields and instrument valuation.

Premium income increased 87% sequentially driven by seasonal renewals and the incorporation of new business. As a result, **technical reserves increased Ps 3.22 billion** in the quarter, in line with premium growth in the period. **In the annual comparison, premium income decreased (10%)**, related to a temporary impact in the life portfolio given the delayed renewal of a relevant multiannual policy, whose effect will be gradually incorporated in the next quarter; consequently, technical reserves declined (26%). A good performance in the bancassurance business is maintained, expanding 15% annually.

Damages and claims fell (6%) in the quarter and (15%) in the year, primarily on claims' mix in the portfolio and its normalization, showing no more impacts derived from COVID-19 in the auto and life segments.

Acquisition costs rose 156% QoQ and 114% in the annual comparison, driven mainly by the adjustment in the fee scheme paid to the bank for the placement of insurance products through bancassurance, as well as the seasonality effect and business growth.

Net operating income totaled Ps 2.01 billion in 1Q23, 38% higher QoQ. In the **annual comparison**, it grew **17%**, driven by higher yields and instrument valuation, which offset the temporary impact in the premium income recognition.

Net Income for the quarter totaled **Ps 1.68 billion**, a **22% increase** vs. 4Q22 and **21%** vs. 1Q22. **Quarterly Net Income** for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, reached Ps 1.39 billion, representing 10.7% of the Group's net income in 1Q23.

ROE for the Insurance business, excluding its subsidiary Afore XXI Banorte, grew 13.1 pp in the quarter, reaching **64.8% in 1Q23**.

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 1Q23 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.
 - *In 1Q23, 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 1Q23.*
- 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 5 important businesses: 3 related to government, 1 related to industrial transformation, and 1 related to a construction business.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies.
 - *There were no relevant issues related to non-compliance during 1Q23.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Net Income	316	723	596	(18%)	89%
Shareholder's Equity	22,766	24,030	23,002	(4%)	1%
Total Assets	24,915	25,989	24,967	(4%)	0%
AUM (SIEFORE)	1,060,913	1,056,391	1,107,384	5%	4%
ROE	5.2%	12.2%	10.1%	(2.1 pp)	5.0 pp

In 1Q23, Afore XXI Banorte reported net income of Ps 596 million, representing an (18%) sequential decline driven by the adverse effect in financial products and higher expenses. In the annual comparison, net income increased 89%, given higher yield from financial products and the effect of the recognition of extraordinary expenses in 2022.

ROE reached 10.1% in 1Q23, a quarterly decline of (2.1 pp). In the annual comparison, it grew 5.0 pp. Excluding goodwill, **Return on Tangible Equity (ROTE)** reached **35.3%** in 1Q23.

Net Income of Afore XXI Banorte represented 2.2% of the Financial Group's net income in 1Q23.

Afore XXI Banorte's **assets under management (AUM)**, totaled **Ps 1,107 billion**; increasing 5% compared to 4Q22 and 4% vs. 1Q22.

Pensiones Banorte

Income Statement and Balance Sheet Highlights - Pensiones Banorte (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Interest Income (Net) (1)	5,868	5,616	6,150	10%	5%
Credit Provisions	12	8	8	1%	(33%)
Premium Income (Net)	4,946	3,593	4,254	18%	(14%)
Technical Reserves	7,176	5,071	6,277	24%	(13%)
Damages, Claims (Net)	2,788	3,019	3,161	5%	13%
Trading Income (1)	7	161	(1)	(101%)	(118%)
Other Operating Income (Expenses)	3	13	1	(89%)	(50%)
Total Operating Income	847	1,284	958	(25%)	13%
Non Interest Expense	118	105	124	18%	6%
Operating Income	729	1,179	834	(29%)	14%
Taxes	219	354	251	(29%)	15%
Subsidiaries' Net Income	1	(0)	3	N.A.	374%
Net income from continuing operations	511	825	586	(29%)	15%
Net Income	511	825	586	(29%)	15%
Other Comprehensive Income	(14)	4	(8)	(282%)	42%
Comprehensive Income	497	830	578	(30%)	16%
Shareholder's Equity	8,893	11,101	10,179	(8%)	14%
Total Assets	215,391	237,428	242,270	2%	12%
Technical Reserves	203,525	222,765	229,112	3%	13%
Premiums sold	4,946	3,593	4,254	18%	(14%)
Coverage ratio of technical reserves	1.0	1.0	1.0	0.0 pp	0.0 pp
Solvency capital requirement coverage ratio	7.7	10.8	9.7	(1.1 pp)	1.9 pp
Coverage ratio of minimum capital	44.7	55.8	47.5	(8.3 pp)	2.9 pp
ROE	23.6%	30.9%	22.0%	(8.9 pp)	(1.6 pp)

1. In 3Q22, the valuation of financial instruments of "Seguros y Pensiones" was reclassified from the "Interest Income" line, into the "Trading Income" line. For comparison purposes, 1Q22 figures in this report were reclassified.

In 1Q23, **net interest income** amounted to **Ps 6.15 billion, growing 10% sequentially**, driven primarily by the positive valuation effect on inflation-indexed securities (UDIS) and greater interest in the portfolio. Compared to 1Q22, **it expanded 5%** or Ps 283 million, out of which Ps 287 million derived from earned interests and (Ps 5 million) from the valuation effect.

In the quarter, technical results fell (Ps 687 million) given 24% higher technical reserves, related to an increase in premiums sold, as well as by an update in inflation reserves. **In the annual comparison, technical results decreased (Ps 165 million)** given lower premiums and reserves derived from a compression in the industry, and higher claims due to the size of the annuities portfolio.

In the combined result of interest income and technical results, **net income for Pensiones Banorte** dropped (29%) sequentially and **rose 15%** compared to 1Q22. The net income of the business represented 4.5% of the Financial Group's net income in 1Q23.

ROE of Pensiones Banorte stood at **22.0%** in 1Q23, (8.9 pp) lower quarterly and (1.6 pp) vs. 1Q22.

Brokerage

Brokerage Sector (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Net Income	907	172	89	(48%)	(90%)
Shareholder's Equity	8,579	5,779	5,903	2%	(31%)
Assets Under Management	984,612	1,008,853	1,058,034	5%	7%
Total Assets	306,217	217,543	247,139	14%	(19%)
ROE	44.8%	10.6%	6.1%	(4.6 pp)	(38.7 pp)
Net Capital (1)	6,656	4,916	4,978	1%	(25%)

1. Net capital structure: Core Equity =Ps 4.98 billion, Additional Capital= Ps 0 million.

The **Brokerage business** (Casa de Bolsa Banorte and Operadora de Fondos) reported a **net income of Ps 89 million in 1Q23**, a (48%) sequential decrease mainly due to lower net interest income, net fees, and trading income, partially offset by lower administrative expenses.

Compared to 1Q22, net income decreased (90%), driven by the effect of the inflation premium received in 2022 and lower fees.

Net income from the brokerage business in 1Q23 accounted for 0.7% of the group's net income.

Assets Under Management

At the end of 1Q23, AUMs totaled **Ps 1,058 billion**, 5% higher quarterly and 7% annually.

Assets under management by mutual funds totaled **Ps 261 billion**, representing a **14.9% annual increase**. Assets held in **fixed income funds** totaled **Ps 241 billion**, 11.5% higher in the quarter, and 20.1% in the year. Assets held in **equity funds** amounted to **Ps 19 billion, down (5.2%)** in the quarter and (25.3%) in the year.

As of 1Q23, Banorte held an 8.7% share of the mutual fund market, comprised of 10.7% share in fixed income funds and 2.6% in equity funds.

Other Subsidiaries

Other subsidiaries (Million Pesos)	1Q22	4Q22	1Q23	Change	
				4Q22	1Q22
Warehousing					
Net Income	9	12	12	(0%)	42%
Shareholder's Equity	314	327	339	4%	8%
Inventories	1,019	975	1,280	31%	26%
Total Assets	1,254	1,488	2,000	34%	59%
ROE	11.2%	15.4%	14.8%	(0.6 pp)	3.6 pp
Arrendadora y Factor					
Net Income	106	228	81	(65%)	(24%)
Shareholder's Equity	10,044	10,540	10,620	1%	6%
Loan Portfolio (1)	35,135	36,312	37,590	4%	7%
Past Due Loans	738	830	841	1%	14%
Past Due Loan Ratio	2.1%	2.3%	2.2%	(0.0 pp)	0.1 pp
Loan Loss Reserves	627	726	752	4%	20%
Total Assets	44,585	46,219	47,180	2%	6%
ROE	4.3%	8.9%	3.1%	(5.8 pp)	(1.2 pp)
Banco Bineo* (former IXE Servicios**)					
Net Income	12.3	(14.3)	17.2	220%	41%
Shareholder's Equity	1,658	1,677	1,694	1%	2%
Total Assets	1,781	1,828	1,812	(1%)	2%
ROE	3.0%	(3.4%)	4.1%	7.5 pp	1.1 pp

1) Includes operating lease portfolio of Ps 2.53 billion, and proprietary fixed assets of Ps 1.30 billion, both registered in property, plant, and equipment (net).

* On November 29th, 2022, shareholders of Ixe Servicios, S.A. de C.V. adopted unanimous resolutions outside the shareholders' meeting, through which it was agreed to modify its corporate name to Banco Bineo, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte. The protocolization of the respective resolutions were registered in the Public Registry of Commerce on January 3rd, 2023, prior authorization from the National Banking and Securities Commission.

**Since 2022, IXE Servicios has been preparing itself from an accounting perspective for the future operation of Banco Bineo.

Leasing and Factoring

Net income in 1Q23 totaled **Ps 81 million, a quarterly decrease of (65%)**, mainly due to lower income from investment projects. **Compared to 1Q22, it dropped (24%)**, driven by higher administrative expenses.

The **non-performing loan ratio** reached **2.2%**, (0.05 pp) lower vs. the previous quarter. The Coverage ratio totaled 89.4%, 2.0 pp above 4Q22. **Capital ratio for 1Q23 stood at 28.97%**, considering total risk weighted assets of Ps 31.52 billion. Leverage ratio as of December 2022 and March 2023, reached 18.35% and 18.08%, respectively, considering adjusted assets of Ps 49.34 billion and Ps 50.51 billion, respectively.

In 1Q23, Net Income from Leasing and Factoring represented 0.6% of the group's total results.

As of December 2022, Arrendadora y Factor Banorte ranks first place in terms of portfolio size among the 63 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

Warehouse

In 1Q23, the Warehousing business reported **net income of Ps 12 million, flat vs. 4Q22**, mostly on the combined effect of lower income and greater expenses, offset by a decline in taxes.

ROE reached **14.8%** and the **capital ratio** totaled **119%** considering a Ps 339 million equity, and negotiable certificates of deposit issued in active warehouses for Ps 3.73 billion.

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

III. Sustainability Strategy

Environmental



Climate Change

Release of the second climate risks and opportunities report (TCFD)

During 1Q23, GFNorte published its 2022 TCFD report, with relevant updates including:

- Scope 1 & 2 emissions from the bank's operation
- Scope 3 emissions estimates and decarbonization targets for the most carbon-intensive loan portfolios: oil & gas, energy, and commercial and residential real estate
- Scope 3 emissions estimates for agriculture, cattle, aluminum, carbon, cement, iron ore, steel, transport, wind energy and other securities from the banking book
- Emissions from the mutual funds' portfolio
- Physical risks for the branch network, real estate, and mortgage portfolios
- Transition risks for the oil and gas sector

Physical and transition risks analysis led to the development of in-house methodologies for the preparation of scenarios and stress tests that are now part of the risk management process.

During 2023, we will seek to expand the scope to other relevant sectors of climate exposure. We will also evaluate different alternatives to improve data availability, as well as climate-related tools and methodologies.

Social



Awards

- Cemefi's recognition as a Socially Responsible Enterprise:
 - Banorte for the 12th consecutive year
 - Afore XXI Banorte for the 4th consecutive year
 - Seguros y Pensiones Banorte for the 9th consecutive year
- GFNorte was renewed as a constituent of Bloomberg's Gender Equity Index

Governance



Ethics and accountability

Release of the 2022 Integrated Annual Report. Through the Value Creation Model, a much more detailed analysis is made of the inputs and key performance indicators of the seven capitals (financial, technology and infrastructure, manufacture, intellectual, human, social, and environment) and their corresponding outcomes and impacts, as well as their relationship with the Sustainable Development Goals (SDGs) and with each stakeholder.

Likewise, the 2022 report includes a new section with diligently selected indicators in both, financial and ESG matters, for each of the subsidiaries, making a comparative analysis 2022 vs. 2021.

Awards

GFNorte is one of the 14 Mexican companies comprising the Sustainability Yearbook 2023 issued by S&P Global.

Sustainable Finance



Sustainable Finance Products

Principles for Responsible Banking

During 1Q23, GFNorte published the Principles for Responsible Banking's Reporting and Self-Assessment report, which details the activities related to its six governing principles. Considering the materiality assessment results, we selected: i) climate change, and ii) education and financial inclusion, to establish PRB goals.

FOVISSSTE agreement

GFNorte will grant a new type of mortgage loan to FOVISSSTE beneficiaries which will allow them to obtain up to Ps 4.8 million and use resources accumulated in the housing sub-account as a down payment on the operation. It is estimated that with GFNorte's support, at least 1,500 mortgage loans per year will be granted.

Sustainable Finance Products

Autoestrene verde

During 1Q23, we placed 214 loans (Ps 146.3 million) to acquire hybrid and electric vehicles.

SME Eco-Credito

As of March 31st, 2023, our SME loan portfolio totaled Ps. 9.1 million, including 2 energy efficiency loans, and the installation of photovoltaic solar systems.

● **ESG updates**



ENVIRONMENTAL

- **SECOND TCFD** (Task Force on Climate-related Financial Disclosures) report
- **SECOND PHASE** of Scope 3 carbon emissions quantification, and **DECARBONIZATION TARGETS** for agriculture, cattle, cement, iron, steel, carbon, aluminum, & transportation



SOCIAL

- CEMEFI recognition for **12th** consecutive year for Banorte
- CEMEFI recognition for **4th** consecutive year for Afore XXI Banorte
- CEMEFI recognition for **9th** consecutive year for Seguros y Pensiones Banorte
- Constituent of **BLOOMBERG'S GENDER EQUALITY INDEX**



GOVERNANCE

- For the **SECOND** consecutive year, Banorte was included in the **SUSTAINABILITY YEARBOOK** published by **S&P GLOBAL**
- Release of the **2022 INTEGRATED ANNUAL REPORT**



SUSTAINABLE FINANCE

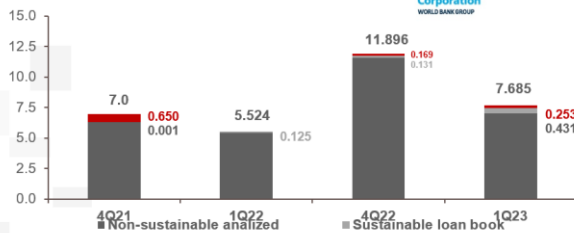
- Release of the **PRB** (Principles for Responsible Banking) **UNEP FI REPORT**
- **FOVISSTE AND BANORTE AGREEMENT** for mortgage loans

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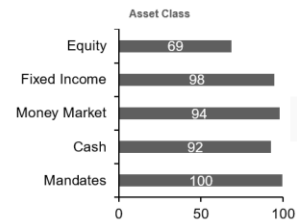
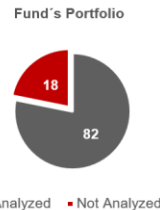
Sustainable Finance



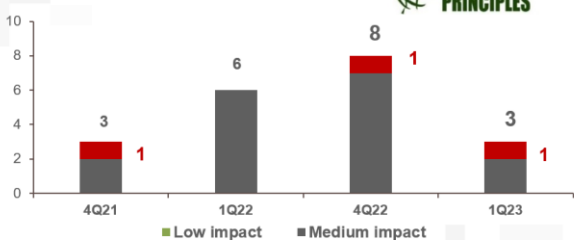
Loan book evaluation
% of wholesale banking loan book



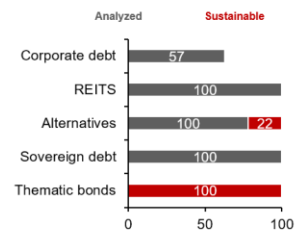
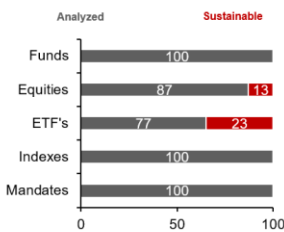
Responsible Investments – Mutual Funds
% of total analyzed AUM by instrument



Loan book evaluation under Equator Principles
Number of analyzed projects



Responsible Investments – Pension Funds
% of total analyzed AUM by instrument



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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 GFNORTEO.

COMPANY	ANALYST	RECOMMENDATION	DATE
Actinver	Valentín Mendoza	Buy	21-Apr-21
Autonomous	Geoffrey Elliott	Buy	19-Jan-23
Barclays	Gilberto García	Buy	7-Mar-23
BBVA	Rodrigo Ortega	Buy	6-Mar-23
BofA	M. Pierry/ E. Gabilondo	Buy	23-Mar-23
Bradesco	Gustavo Schroden	Buy	2-Feb-23
BTG Pactual	Eduardo Rosman	Buy	19-Jan-23
CITI	José Luis Cuenca	Buy	25-Jan-23
GBM	Carlos de Legarreta	Buy	17-Jan-21
Goldman Sachs	Tito Labarta	Buy	20-Jan-23
HSBC	Carlos Gómez	Buy	21-Feb-23
Itau	Jorge Pérez	Buy	21-Aug-22
JP Morgan	Domingos Falavina	Buy	19-Jan-23
Monex	J. Roberto Solano	Buy	19-Jan-23
Morgan Stanley	Jorge Kuri	Buy	12-Feb-23
Santander	Andrés Soto	Buy	6-Sep-22
UBS	Thiago Batista	Buy	19-Jan-23
Vector	Marco Montañez	Buy	19-Jan-23
Credit Suisse	Marcelo Telles	Hold	31-Oct-22
Interam	Carlos Gómez	Hold	19-Jan-23
Nau	Iñigo Vega	Hold	6-Oct-22
Scotia	Jason Mollin	Hold	20-Jan-23

Capital Structure

Holding Company Capital Structure

Number of Shares	SERIES O As of March 31, 2023
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

GFNorte- Consolidated Statement of Comprehensive Income (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23
Interest Income	55,322	60,289	72,244	80,773	87,223
Interest Expense	28,310	33,061	41,550	49,548	55,493
Net Interest Income (NII)	27,012	27,229	30,694	31,225	31,730
Preventive Provisions for Loan Losses	2,668	2,434	3,148	3,632	3,771
Net Interest Income Adjusted for Credit Risk	24,344	24,795	27,546	27,593	27,959
Fund Transfers	471	515	527	527	487
Account Management Fees	483	489	483	455	465
Electronic Banking Services	3,790	4,197	4,280	4,705	4,262
For Commercial and Mortgage Loans	-	-	-	-	-
For Consumer and Credit Card Loans	1,395	1,521	1,617	1,591	1,750
Fiduciary	127	136	123	151	132
Income from Real Estate Portfolios	-	-	-	-	-
Mutual Funds	500	523	535	551	578
Trading & Financial Advising Fees	141	163	135	133	97
Other Fees Charged	331	331	381	375	405
Fees Charged on Services	7,359	8,082	8,132	8,775	8,372
Interchange Fees	2,643	2,905	2,995	3,116	2,844
Insurance Fees	-	-	-	-	-
Other Fees Paid	1,029	1,141	1,272	1,435	1,320
Fees Paid on Services	3,673	4,047	4,268	4,552	4,164
Net Service Fees	3,687	4,035	3,864	4,223	4,208
Premium Income Ins. & Annu. (Net)	15,756	8,967	9,361	8,771	13,994
Technical Reserves Ins. & Annu.	11,699	5,685	6,983	5,174	9,601
Cost of Acquisition from Insurance	468	308	300	312	941
Net Cost of Claims and Other Obligations	6,796	6,594	6,516	6,661	6,576
Currency and Metals	(543)	351	(146)	(1,262)	(3,242)
Derivatives	1,354	424	(399)	226	2,235
Negotiable Instruments	(56)	(490)	(66)	508	126
Valuation	755	285	(611)	(529)	(881)
Currency and Metals	1,319	753	1,218	1,235	1,366
Derivatives	(719)	(216)	115	(89)	(96)
Negotiable Instruments	19	141	48	(98)	24
Trading	619	678	1,380	1,048	1,294
Other financial results	(1)	(110)	4	138	(1)
Trading Income	1,373	852	774	657	412
Contributions to IPAB	(934)	(954)	(985)	(985)	(1,001)
Expenses Incurred in the Recovery of Credit Portfolio	(339)	(321)	(350)	(410)	(374)
Acquired collection rights	54	68	141	70	101
Result for Foreclosed Assets	140	196	107	187	140
Donations	(143)	(36)	(23)	(26)	(90)
Impairment of Assets	-	-	(204)	(100)	-
Result on sale of Property, Furniture and Equipment	(5)	(15)	(28)	(13)	(5)
Lease Income	62	86	88	86	59
From Insurance	230	237	(360)	156	117
Securitization Operation Valuation Result	-	-	-	-	-
Other Operating Expense	(195)	105	(85)	(69)	149
Total Other Operating Income (Expense)	(1,130)	(630)	(1,690)	(1,094)	(895)
Total Non Interest Income	724	637	(1,490)	410	601
Total Operating Income	25,068	25,432	26,057	28,004	28,560
Personnel	4,330	4,264	4,510	6,476	4,949
Employee Profit Sharing (PTU)	385	387	394	342	418
Professional Fees	797	915	929	961	915
Administrative and Promotional Expenses	4,538	4,602	4,567	5,141	4,866
Total Non Interest Expense	10,050	10,167	10,400	12,920	11,148
Operating Income	15,018	15,264	15,657	15,083	17,412
Subsidiaries' Net Income	197	128	233	408	333
Pre-Tax Income	15,215	15,392	15,890	15,492	17,745
Taxes	4,331	3,703	4,187	3,742	4,542
Net Income from Continuous Operations	10,884	11,689	11,703	11,749	13,203
Discontinued Operations	-	-	-	-	-
Net income from continuing operations	10,884	11,689	11,703	11,749	13,203
Minority Interest	136	166	159	157	185
Net Income	10,748	11,524	11,544	11,592	13,018
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,983)	(2,351)	(1,099)	1,057	473
Cash Flow Hedges Valuation	14	(73)	1,101	76	773
Income and Expenses related to Assets Held for Disposal	-	-	-	-	-
Remeasurement on defined employee benefits	23	23	9	36	22
Cumulative foreign currency translation	(47)	14	(5)	(48)	(111)
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	163	76	152	(75)	15
Other Comprehensive Income	(1,830)	(2,311)	158	1,046	1,172
Comprehensive Income	9,054	9,378	11,861	12,795	14,375

GFNorte - Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23
ASSETS					
Cash and Equivalents	124,571	99,209	91,746	108,254	107,251
Margin Accounts	8,221	6,526	5,730	5,478	5,253
Negotiable Instruments	257,355	267,006	270,043	289,855	291,713
Securities Available for Sale	230,875	222,511	215,501	209,351	201,972
Securities Held to Maturity	282,726	298,351	307,127	313,537	320,482
Investment in Securities	770,955	787,868	792,671	812,743	814,167
Estimate of Expected Credit Losses for Investments	291	304	297	293	294
Debtor Balance in Repo Trans, net	88,593	53,054	54,794	22,826	41,473
Securities Lending	-	-	-	-	-
For trading purposes	29,453	33,775	38,896	35,701	32,606
For hedging purposes	1,096	1,256	1,814	1,854	2,958
Operations w/Derivatives & Securities					
Transactions with Derivatives	30,550	35,031	40,709	37,555	35,564
Valuation adjustments for Asset Coverage	36	32	19	-	-
Commercial Loans	328,682	336,398	334,444	357,273	364,531
Loans to financial entities	16,637	17,135	17,967	18,277	19,236
Consumer Loans	122,920	129,446	135,779	142,074	148,232
<i>Payroll Loans</i>	55,340	59,648	62,692	64,612	66,962
<i>Personal Loans</i>	647	632	706	975	883
<i>Credit Card</i>	39,197	40,601	42,663	44,607	45,523
<i>Auto Loans</i>	27,737	28,565	29,718	31,880	34,863
Mortgage Loans	199,148	203,953	214,353	223,705	230,684
<i>Medium and Residential</i>	196,932	201,848	212,310	221,771	228,828
<i>Low- income housing</i>	2	2	2	2	2
<i>Loans acquired from INFONAVIT or FOVISSSTE</i>	2,214	2,102	2,041	1,932	1,855
<i>Restruct. or improv. guaranteed by development banks or public trusts</i>	-	-	-	-	-
<i>Restruct. or improv. guaranteed by housing sub-account</i>	-	-	-	-	-
Government Entities' Loans	160,031	166,433	163,788	171,720	180,364
Performing Loans, Stage 1	827,419	853,365	866,330	913,049	943,047
Commercial Loans	1,819	1,733	3,670	1,328	1,195
Loans to financial entities	1	36	0	-	-
Consumer Loans	2,014	2,061	2,355	2,278	2,706
<i>Payroll Loans</i>	1,261	1,283	1,542	1,438	1,731
<i>Personal Loans</i>	31	28	30	26	70
<i>Credit Card</i>	410	443	483	520	586
<i>Auto Loans</i>	313	307	300	293	319
Mortgage Loans	3,494	3,571	3,685	3,226	3,210
<i>Medium and Residential</i>	3,408	3,482	3,599	3,130	3,112
<i>Low- income housing</i>	0	0	0	0	1
<i>Loans acquired from INFONAVIT or FOVISSSTE</i>	86	89	86	97	98
<i>Restruct. or improv. guaranteed by development banks or public trusts</i>	-	-	-	-	-
<i>Restruct. or improv. guaranteed by housing sub-account</i>	-	-	-	-	-
Government Entities' Loans	0	-	-	-	-
Performing Loans, Stage 2	7,329	7,401	9,710	6,832	7,111
Commercial PDL's	3,886	4,017	4,174	4,572	4,644
Financial Entities PDL's	101	105	106	4	4
Consumer PDL's	2,530	2,820	3,070	3,528	3,367
<i>Payroll PDL's</i>	1,380	1,665	1,832	2,178	1,993
<i>Personal PDL's</i>	45	49	36	45	49
<i>Credit Card PDL's</i>	902	926	986	1,108	1,132
<i>Auto PDL's</i>	203	180	216	198	193
Mortgage PDL's	1,763	1,855	1,904	1,865	1,994
<i>Medium and Residential</i>	1,446	1,521	1,552	1,553	1,650
<i>Low- income housing</i>	0	0	0	-	0
<i>Loans acquired from INFONAVIT or FOVISSSTE</i>	317	334	353	312	343
<i>Restruct. or improv. guaranteed by development banks or public trusts</i>	-	-	-	-	-
<i>Restruct. or improv. guaranteed by housing sub-account</i>	-	-	-	-	-
Government Entities PDL's	159	102	4	4	4
Past Due Loans, Stage 3	8,440	8,898	9,259	9,973	10,013
Loan Portfolio Valued at Fair Value	-	-	-	-	-
Deferred Items	1,580	1,590	1,560	2,042	2,172
Loans from Insur. Subsidiaries	2,927	3,025	3,123	3,188	3,249
Deferred (BAP)	-	-	-	-	-
Gross Loan Portfolio	847,695	874,278	889,982	935,084	965,592
Preventive Loan Loss Reserves	16,905	17,013	17,247	17,686	18,041
Loan Loss-reserve for Insurance and Bail Bond Risks	185	195	205	213	221
Net from Reserves Loan Portfolio	830,605	857,070	872,530	917,185	947,330
Acquired Collection Rights (net)	582	466	322	654	597
Total Credit Portfolio	831,187	857,536	872,852	917,839	947,927
Account Receivables from Insurance and Annuities	10,995	8,677	6,567	3,960	8,050
Amounts recoverable by Reinsurance and Counter-guarantee	8,022	8,033	7,589	5,402	4,898
Account Receivables from Reinsurance	-	-	-	-	-
Benef. receivab. securization transactions	-	-	-	-	-
Sundry Debtors & Other Accts Rec, Net	55,687	69,339	48,377	40,285	56,347
Inventories	1,019	1,398	1,590	975	1,280
Foreclosed Assets, Net	1,759	1,957	1,894	2,961	2,794
Advanced Payments and Other Assets	18,557	16,728	20,138	16,406	10,591
Real Estate, Furniture & Equipment, Net	21,070	22,133	22,086	28,785	28,860
Rights of Use of Intangible Assets	7,638	7,372	7,346	7,113	6,703
Investment in Subsidiaries	13,420	14,216	14,476	14,954	14,485
Assets for Rights of Use of Property, Furn. & Eq.	-	-	-	-	-
Deferred Income Tax Assets	(0)	(0)	(0)	0	(0)
Intangibles	16,718	17,786	17,994	18,089	17,971
Rights of Use of Intangible Assets	-	-	-	-	-
Goodwill	26,720	26,725	26,724	26,741	26,710
TOTAL ASSETS	2,035,427	2,033,316	2,033,008	2,070,072	2,130,031

GFNorte - Consolidated Statement of Financial Position <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23
LIABILITIES					
Demand Deposits	570,690	592,056	591,051	597,782	603,364
Time Deposits-Retail	234,985	248,191	256,447	274,201	269,082
Time Deposits-Money Market	-	200	200	4,954	13,903
Global Account of deposits without	3,060	3,237	3,362	3,253	3,223
Senior Unsecured Debt	27,293	21,507	21,852	17,002	27,397
Deposits	836,028	865,191	872,912	897,192	916,968
<u>Due to Banks & Correspondents:</u>					
Demand Loans	0	0	0	-	-
Short Term Loans	20,059	15,285	17,627	22,407	18,365
Long Term Loans	12,778	13,861	14,831	14,798	15,738
Due to Banks & Correspondents	32,837	29,146	32,459	37,205	34,102
Technical Reserves	243,336	248,838	255,216	259,161	268,980
Non-assigned Securities for Settlement	-	-	-	-	-
Creditor Balance in Repo Trans, Net	169,718	249,066	315,524	369,239	337,016
Secs to be received in Repo Trans, Net	0	0	-	-	-
<u>Collateral sold or pledged as collateral</u>					
Repos (Credit Balance)	295,829	178,235	101,485	72,562	118,297
Securities' Loans	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-
Other sold collateral	-	-	-	-	-
Total Collateral Sold	295,829	178,235	101,485	72,562	118,297
<u>Derivatives</u>					
For trading purposes	22,855	27,172	32,487	29,120	23,836
For hedging purposes	5,549	5,651	3,857	3,956	2,892
Operations w/ Derivatives & Securities	-	-	-	-	-
Total Derivatives	28,404	32,823	36,344	33,076	26,727
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accounts for Reinsurance	3,807	3,514	3,414	1,729	2,326
Lease Liabilities	7,695	7,407	7,099	6,771	6,437
Creditors for settlement of transactions	13,468	23,233	13,887	8,680	26,129
Margin Accounts Payable	-	-	-	-	-
Creditors for collateral received in cash	18,425	22,059	24,113	20,643	23,173
Contributions payable	2,291	2,197	1,967	2,207	2,659
Suppliers	-	-	-	-	-
Related Party	-	-	-	-	-
Other Creditors & Accounts Payable	47,605	49,005	38,937	34,847	33,184
Other Payable Accounts	81,790	96,494	78,904	66,377	85,145
Contributions for future capital increases pending formalization by its governing body	-	-	-	-	-
Subordinated Non Convertible Debt	78,316	75,050	68,008	65,981	61,132
Income Tax Liabilities	5,139	6,086	8,481	10,733	10,666
Employee benefit liability	7,199	7,042	8,014	9,551	8,338
Deferred Credits	1,239	1,176	1,238	1,464	1,326
TOTAL LIABILITIES	1,791,336	1,800,068	1,789,097	1,831,040	1,877,460
EQUITY					
Paid-in Capital	14,969	14,941	14,938	14,955	14,968
Provision for future capital increase not formalized by its governing entity	0	0	0	0	0
Share Subscription Premiums	48,200	48,462	48,657	48,440	48,404
Finan. instr. that qualify as capital	-	-	-	-	-
Subscribed Capital	63,169	63,403	63,595	63,396	63,372
Capital Reserves	9,110	8,209	8,106	33,342	33,615
Retained Earnings	162,794	143,760	142,523	99,810	144,172
Net Income	10,748	22,272	33,816	45,408	13,018
<u>Comprehensive Income</u>					
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(389)	(2,740)	(3,839)	(2,783)	(2,355)
Valuation Adjustment for Cash Flow Hedges	(2,648)	(2,721)	(1,619)	(1,543)	(770)
Income and expenses related to assets held for disposal	-	-	-	-	-
Remeasurements defined benefits for employees	(1,934)	(1,911)	(1,902)	(1,866)	(1,844)
Cumulative foreign currency translation adjustment	122	136	131	83	(28)
Res. for holding non-monetary assets	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	45	120	272	197	211
Participation in other comprehensive income of other entities	-	-	-	-	-
Earned Capital	177,848	167,125	177,487	172,648	186,019
Minority Interest	3,074	2,720	2,829	2,989	3,180
Total Equity	244,091	233,248	243,911	239,033	252,570
TOTAL LIABILITIES & EQUITY	2,035,427	2,033,316	2,033,008	2,070,072	2,130,031

GFNorte - Memorandum Accounts (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23
On behalf of Third Parties					
Customer's Banks	22	6	18	27	45
Dividends Receivable from Customers	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-
Settlement of Customer Transactions	(409)	397	52	36	(391)
Customer Premiums	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-
Other Current Accounts	-	-	-	-	-
Customers' Current Account	(386)	403	70	63	(346)
Client Securities Received in Custody	758,691	734,542	753,736	772,939	797,425
Securities and Documents Received in	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-
Clients' Securities	758,691	734,542	753,736	772,939	797,425
Clients' Repurchase Operations	575,341	569,214	413,030	416,835	434,000
Clients' Repo Transactions w / Securities	-	-	-	-	-
Collateral received in guarantee for customer accounts	278,975	284,634	206,515	208,581	217,071
Purchase of Futures & Forward Contracts, national	-	-	-	-	-
Sale of Futures and Forward Contracts, Clients' Option Purchase Operations	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-
Clients' Sales Operations of derivatives	-	-	-	-	-
Trusts under Management	195	201	210	220	227
Siefores shares held by employees	-	-	-	-	-
Miscellaneous accounts	-	-	-	-	-
Transactions On Behalf of Clients	854,511	854,049	619,755	625,636	651,299
Investment Bank Trans. on behalf of Third (Net)	268,105	292,819	310,999	268,191	317,546
TOTAL ON BEHALF OF THIRD PARTIES	1,880,922	1,881,813	1,684,560	1,666,829	1,765,925
Endorsement Guarantees Granted	185	221	281	357	250
Loan Obligations	324,304	353,074	363,564	393,372	419,511
Trusts	291,862	294,351	291,433	301,499	333,375
Mandates	8,167	8,489	8,266	7,301	7,396
Properties in Trusts and Warrant	300,029	302,840	299,700	308,800	340,771
Properties in Custody or Management	468,507	483,761	496,832	515,172	534,055
Shares delivered in custody or as collateral	43,458	43,458	43,458	44,942	44,942
Collateral Received	423,172	300,480	242,372	189,333	239,675
Collateral Received or sold or delivered	579,659	462,826	307,954	281,113	335,308
Assets' Deposit	2,888	3,258	3,113	4,152	4,552
Contingent Assets & Liabilities	148	60	80	32	39
Uncollected Accrued Interest from Past Due Loans	424	356	386	425	442
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	545,793	579,155	603,289	581,209	600,202
TOTAL PROPRIETARY	2,688,568	2,529,490	2,361,029	2,318,909	2,519,746

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOWS**JANUARY 1st, 2023 – MARCH 31st, 2023***(Million Pesos)***Operation activities****Net income before taxes** 17,745**Adjustments for items associated with investing activities** 653

Depreciation in property, furniture, and equipment 798

Amortization of intangible assets 188

Participation in the net income of other entities (333)

Adjustments for items associated with financing activities: 1,131

Interest associated with interbank loans and loans from other organizations 794

Interest associated with financial instruments that qualify as a liability 337

Sum 1,784**Changes in operating items** (14,024)

Change in margin accounts (derivative financial instruments) 225

Change in investments in financial instruments (securities) (net) (990)

Change in repo debtors (net) (18,647)

Change in derivative financial instruments (asset) 3,095

Change in loan portfolio (net) (30,144)

Change in acquired collection rights (net) 57

Change in debtors of insurance and bail-bond companies (4,091)

Amounts recoverable by reinsurance and counter-guarantee 503

Change in inventories (305)

Change in other accounts receivable (net) (10,098)

Change in foreclosed assets (net) 167

Change in traditional deposits 19,777

Change in technical reserves 9,819

Changes of interbank loans and other organizations (3,897)

Change in creditors by repo (32,223)

Change in collateral sold or given in guarantee 45,735

Change in derivative financial instruments (liability) (5,284)

Change in accounts payable for reinsurance and reguarantee (liability) 597

Change in hedging derivative financial instruments (1,395)

(of hedged items related to operating activities)

Change in assets/liabilities for employee benefits (1,212)

Change in other accounts payable 18,629

Income tax payments (4,342)

Net cash flows from operating activities 5,505**Investment activities**

Payments for the acquisition of property, furniture and equipment (880)

Charges for disposal of property, furniture and equipment 112

Payments for the acquisition of associates, joint ventures and other permanent investments (94)

Collections of cash dividends from permanent investments 890

Net cash flows from investing activities 28**Financial activities**

Lease liability payments (116)

Payments associated with financial instruments that qualify as capital (1,045)

Payments associated with financial instruments that qualify as a liability (5,186)

Interest payments for lease liability (101)

Net cash flows from financing activities (6,448)**Net increase or decrease in cash and cash equivalents** (915)**Effects of changes in the value of cash and cash equivalents** (88)**Cash and cash equivalents at the beginning of the period** 108,254**Cash and cash equivalents at the end of the period** 107,251

GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
JANUARY 1st, 2023 – MARCH 31st, 2023
(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, 2022	14,957	48,440	33,342	145,218	(2,783)	(1,543)	(1,866)	196	83	236,044	2,989	239,033
CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS												
Repurchase of share-based payment plan liquidable in equity instruments	11	(32)	273							252		252
Total	11	(32)	273	0	0	0	0	0	0	252	0	252
OTHER CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS												
Effect of subsidiaries, associates, and investment companies		(4)		(1)	(46)					(51)		(51)
Interest on subordinated debt				(1,045)						(1,045)		(1,045)
Total	0	(4)	0	(1,046)	(46)	0	0	0	0	(1,096)	0	(1,096)
COMPREHENSIVE INCOME:												
Net Income				13,018						13,018	185	13,203
OTHER COMPREHENSIVE INCOME												
Financial instruments to collect or sell valuation					473					473		473
Result from conversion of foreign operations									(111)	(111)		(111)
Cash flow hedges valuation						773				773		773
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates								15		15		15
Defined remeasurements for employees benefits							22			22		22
Total	0	0	0	13,018	473	773	22	15	(111)	14,190	185	14,375

Bank

Bank-Consolidated Statement of Comprehensive Income (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23
Interest Income	46,022	50,904	60,095	69,620	75,326
Interest Expense	26,959	30,762	38,048	45,630	51,207
Net Interest Income (Nil)	19,063	20,143	22,047	23,990	24,119
Preventive Provisions for Loan Losses	2,634	2,390	3,098	3,599	3,737
Net Interest Income Adjusted for Credit Risk	16,429	17,753	18,949	20,391	20,383
Fund Transfers	471	515	527	527	487
Account Management Fees	483	489	483	455	465
Electronic Banking Services	3,790	4,197	4,280	4,705	4,262
For Commercial and Mortgage Loans	-	-	-	-	-
For Consumer and Credit Card Loans	1,395	1,521	1,617	1,591	1,750
Fiduciary	127	135	123	151	131
Income from Real Estate Portfolios	-	-	-	-	-
Mutual Funds	-	-	-	-	-
Trading & Financial Advising Fees	0	(0)	-	-	-
Other Fees Charged	748	777	854	866	1,233
Fees Charged on Services	7,065	7,778	7,847	8,473	8,379
Interchange Fees	2,643	2,905	2,995	3,116	2,844
Insurance Fees	-	-	-	-	-
Other Fees Paid	949	1,075	1,177	1,347	1,224
Fees Paid on Services	3,592	3,981	4,172	4,463	4,068
Net Service Fees	3,473	3,797	3,675	4,010	4,312
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	(542)	350	(146)	(1,260)	(3,243)
Derivatives	1,361	406	(383)	186	2,236
Negotiable Instruments	(1)	(220)	(131)	167	(31)
Valuation	818	537	(661)	(907)	(1,038)
Currency and Metals	1,319	753	1,218	1,235	1,366
Derivatives	(719)	(209)	115	(96)	(97)
Negotiable Instruments	(25)	(22)	(178)	(287)	(45)
Trading	575	522	1,155	852	1,224
Other financial results	2	(93)	1	131	3
Trading Income	1,395	966	495	76	189
Contributions to the IPAB	(934)	(954)	(985)	(985)	(1,001)
Expenses Incurred in the Recovery of Credit Portfolio	(331)	(310)	(340)	(394)	(359)
Acquired collection rights	51	63	137	67	95
Income from foreclosed assets	118	192	93	167	134
Donations	(136)	(36)	(23)	(26)	(87)
Impairment of Assets	-	-	-	-	-
Result on sale of Property, Furniture and Equipment	(6)	(16)	(28)	(13)	(5)
Lease Income	0	0	0	9	0
From Insurance	-	-	-	-	-
Securitization Operation Valuation Result	-	-	-	-	-
Other Operating Expense	(276)	(18)	(219)	(151)	59
Total Other Operating Income (Expense)	(1,472)	(907)	(1,253)	(1,200)	(1,012)
Total Non Interest Income	3,396	3,856	2,917	2,886	3,489
Total Operating Income	19,825	21,609	21,866	23,277	23,871
Personnel	3,839	3,792	4,030	5,852	4,361
Employee Profit Sharing (PTU)	367	367	367	313	389
Professional Fees	688	799	804	784	791
Administrative and Promotional Expenses	4,112	4,229	4,452	4,911	4,434
Total Non Interest Expense	9,007	9,188	9,654	11,859	9,975
Operating Income	10,818	12,421	12,211	11,417	13,896
Subsidiaries' Net Income	42	31	53	42	33
Pre-Tax Income	10,860	12,452	12,264	11,460	13,929
Taxes	3,228	3,078	3,350	2,829	3,620
Net Income from Continuous Operations	7,632	9,374	8,913	8,630	10,309
Discontinued Operations	-	-	-	-	-
Net income from continuing operations	7,632	9,374	8,913	8,630	10,309
Minority Interest	0	(0)	0	0	0
Net Income	7,632	9,374	8,913	8,630	10,309
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,936)	(2,169)	(975)	1,035	421
Cash Flow Hedges Valuation	14	(74)	1,121	77	787
Income and Expenses related to Assets Held for Disposal	-	-	-	-	-
Remeasurement on defined employee benefits	24	24	24	41	22
Cumulative foreign currency translation adjustment Res. for holding non-monetary assets	(37)	11	(5)	(39)	(89)
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	-	-	-	-	-
Other Comprehensive Income	(1,936)	(2,208)	164	1,114	1,141
Comprehensive Income	5,696	7,166	9,078	9,744	11,451

V. Financial Statements

Bank -Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23
ASSETS					
Cash and Equivalents	124,197	98,778	91,252	107,581	106,864
Margin Accounts	8,221	6,526	5,730	5,478	5,253
Negotiable Instruments	32,064	34,414	117,925	134,685	126,821
Securities Available for Sale	130,391	130,393	120,871	114,771	106,812
Securities Held to Maturity	75,062	85,255	85,108	88,254	86,776
Investment in Securities	237,517	250,063	323,903	337,711	320,408
Estimate of Expected Credit Losses for Investments	209	208	208	205	207
Debtor Balance in Repo Trans, net	293,727	173,934	100,332	74,371	107,771
Securities Lending	-	-	-	-	-
For trading purposes	29,452	33,734	38,873	35,576	32,383
For hedging purposes	1,096	1,256	1,814	1,854	2,958
Operations w /Derivatives & Securities	-	-	-	-	-
Transactions with Derivatives	30,548	34,990	40,687	37,430	35,342
Operations w /Derivatives & Securities	324,275	208,924	141,019	111,801	143,112
Valuation adjustments for Asset Coverage	36	32	19	-	-
Commercial Loans	301,983	307,605	307,352	328,895	335,446
Financial Intermediaries' Loans	29,285	33,282	31,946	29,690	35,037
Consumer Loans	122,916	129,443	135,775	142,071	148,229
Payroll Loans	55,340	59,648	62,692	64,612	66,962
Personal Loans	647	632	706	975	883
Credit Card	39,197	40,601	42,663	44,607	45,523
Auto Loans	27,733	28,562	29,715	31,877	34,860
Mortgage Loans	199,148	203,953	214,353	223,705	230,684
Medium and Residential	196,932	201,848	212,310	221,771	228,828
Low- income housing	2	2	2	2	2
Loans acquired from INFONAVIT or FOVISSSTE	2,214	2,102	2,041	1,932	1,855
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-
Government Entities' Loans	153,946	163,785	157,501	165,940	173,866
Performing Loans, Stage 1	807,278	838,067	846,928	890,301	923,263
Commercial Loans	1,050	1,453	3,366	966	928
Financial Intermediaries' Loans	-	-	-	-	-
Consumer Loans	2,014	2,061	2,355	2,278	2,706
Payroll Loans	1,261	1,283	1,542	1,438	1,731
Personal Loans	31	28	30	26	70
Credit Card	410	443	483	520	586
Auto Loans	313	307	300	293	319
Mortgage Loans	3,494	3,571	3,685	3,226	3,210
Medium and Residential	3,408	3,482	3,599	3,130	3,112
Low- income housing	0	0	0	0	1
Loans acquired from INFONAVIT or FOVISSSTE	86	89	86	97	98
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-
Government Entities' Loans	-	-	-	-	-
Performing Loans, Stage 2	6,558	7,085	9,406	6,470	6,844
Commercial PDL's	3,153	3,252	3,420	3,750	3,811
Financial Intermediaries PDL's	101	105	101	-	-
Consumer PDL's	2,530	2,820	3,070	3,528	3,367
Payroll PDL's	1,380	1,665	1,832	2,178	1,993
Personal PDL's	45	49	36	45	49
Credit Card PDL's	902	926	986	1,108	1,132
Auto PDL's	203	180	215	197	193
Mortgage PDL's	1,763	1,855	1,904	1,865	1,994
Medium and Residential	1,446	1,521	1,552	1,553	1,650
Low- income housing	0	0	0	-	0
Loans acquired from INFONAVIT or FOVISSSTE	317	334	353	312	343
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-
Government Entities PDL's	154	98	-	-	-
Past Due Loans, Stage 3	7,702	8,129	8,496	9,143	9,172
Loan Portfolio Valued at Fair Value	-	-	-	-	-
Deferred Items	1,596	1,606	1,575	2,058	2,195
Gross Loan Portfolio	823,135	854,887	866,405	907,972	941,474
Preventive Loan Loss Reserves	16,278	16,350	16,554	16,961	17,288
Net Loan Portfolio	806,857	838,537	849,851	891,011	924,185
Acquired Collection Rights (net)	582	466	322	654	597
Total Credit Portfolio	807,439	839,003	850,173	891,665	924,783
Benef. receivab. securization transactions	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	50,928	64,829	45,296	36,343	43,938
Inventories	-	-	-	-	-
Foreclosed Assets, Net	1,620	1,848	1,770	2,844	2,667
Advanced Payments and Other Assets	11,080	9,358	12,715	8,614	5,060
Real Estate, Furniture & Equipment, Net	17,235	18,246	18,145	24,538	24,494
Rights of Use of Intangible Assets	7,424	7,178	7,173	6,951	6,545
Investment in Subsidiaries	559	1,261	1,339	1,461	1,503
Assets for Rights of Use of Property, Furn. & Eq.	-	-	-	-	-
Deferred Income Tax Assets	-	817	544	565	-
Intangibles	14,424	15,410	15,468	15,494	15,257
Rights of Use of Intangible Assets	-	-	-	-	-
Goodwill	1,391	1,396	1,396	1,413	1,381
TOTAL ASSETS	1,606,136	1,523,461	1,515,735	1,552,253	1,601,058

V. Financial Statements

Bank -Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23
LIABILITIES					
Demand Deposits	580,928	612,491	597,069	619,559	610,570
Time Deposits-Retail	235,005	248,191	256,447	274,201	269,082
Time Deposits-Money Market	-	200	200	4,954	13,903
Global Account of deposits without movements	3,060	3,237	3,362	3,253	3,223
Senior Unsecured Debt	27,293	21,507	21,852	17,002	42,499
Deposits	846,286	885,625	878,930	918,968	939,276
Due to Banks & Correspondents:					
Demand Loans	0	0	0	-	-
Short Term Loans	6,481	6,255	5,459	7,181	7,525
Long Term Loans	5,944	7,572	7,744	7,641	7,029
Due to Banks & Correspondents	12,425	13,827	13,203	14,822	14,554
Technical Reserves	-	-	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-
Creditor Balance in Repo Trans, Net	110,034	108,400	190,801	218,928	205,729
Secs to be received in Repo Trans, Net	-	-	-	-	-
Collateral sold or pledged as collateral:					
Repos (Credit Balance)	291,402	172,035	98,485	72,429	105,882
Securities' Loans	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-
Other sold collateral	-	-	-	-	-
Total Collateral sold	291,402	172,035	98,485	72,429	105,882
Derivatives					
For trading purposes	22,950	27,238	32,555	29,116	23,735
For hedging purposes	5,549	5,651	3,857	3,956	2,892
Total Derivatives	28,499	32,889	36,412	33,072	26,626
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accountsfor Reinsurance	-	-	-	-	-
Lease Liabilities	7,478	7,211	6,923	6,606	6,275
Creditors for settlement of transactions	9,553	21,269	12,881	7,116	16,043
Margin Accounts Payable	-	-	-	-	-
Creditors for collateral received in cash	18,425	22,059	24,113	20,643	23,173
Contributions payable	1,280	1,335	1,189	1,025	1,557
Suppliers	-	-	-	-	-
Related Party	-	-	-	-	-
Other Creditors & Accounts Payable	43,742	44,363	34,559	30,685	28,228
Other Payable Accounts	73,000	89,025	72,742	59,469	69,001
Contributions for future capital increases pending formalization by its governing body	-	-	-	-	-
Subordinated Non Convertible Debt	78,316	75,050	68,008	65,981	61,132
Income Tax Liabilities	2,598	4,008	5,909	7,380	8,461
Employee benefit liability	6,655	6,462	7,393	8,798	7,697
Deferred Credits	1,087	1,076	1,066	1,123	1,107
TOTAL LIABILITIES	1,457,778	1,395,609	1,379,873	1,407,576	1,445,741
EQUITY					
Paid-in Capital	18,795	18,795	18,795	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Share Subscription Premiums	4,051	4,249	4,455	4,651	4,904
Finan. instr. that qualify as capital	-	-	-	-	-
Subscribed Capital	22,845	23,044	23,249	23,445	23,699
Capital Reserves	18,959	18,959	18,959	18,959	18,959
Retained Earnings	103,845	75,975	74,701	73,577	107,062
Net Income	7,632	17,006	25,919	34,549	10,309
Comprehensive Income					
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(216)	(2,385)	(3,360)	(2,326)	(1,904)
Valuation Adjustment for Cash Flow Hedges	(2,696)	(2,770)	(1,649)	(1,572)	(785)
Income and expenses related to assets held for disposal	-	-	-	-	-
Remeasurements defined benefits for employees	(2,013)	(1,989)	(1,965)	(1,924)	(1,902)
Cumulative foreign currency translation adjustment	(3)	8	3	(37)	(126)
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	125,508	104,804	112,608	121,227	131,613
Minority Interest	4	4	5	5	5
Total Equity	148,358	127,852	135,862	144,677	155,317
TOTAL LIABILITIES & EQUITY	1,606,136	1,523,461	1,515,735	1,552,253	1,601,058

Bank - Memorandum Accounts <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23
Investment Banking transactions for third parties, net	-	-	-	-	-
TOTAL ON BEHALF OF THIRD PARTIES	-	-	-	-	-
Endorsement Guarantees Granted	185	221	281	357	250
Loan Obligations	281,480	307,653	320,206	347,355	371,313
Trusts	291,862	294,351	291,433	301,499	333,375
Mandates	8,167	8,489	8,266	7,301	7,396
Properties in Trusts and Warrant	300,029	302,840	299,700	308,800	340,771
Properties in Custody or Management	509,168	544,522	570,922	546,061	590,620
Shares delivered in custody or as collateral	-	-	-	-	-
Collateral Received	395,593	277,352	206,071	182,756	220,146
Collateral Received or sold or delivered	291,829	171,992	98,441	72,400	105,820
Deposits of assets	-	-	-	-	-
Contingent assets & liabilities	148	60	80	32	39
Uncollected Accrued Interest from Past Due Loans	418	349	378	412	427
Liabilities for active bonds (net)	-	-	-	-	-
Recovery guarantees for issued bonds	-	-	-	-	-
Complaints received pending verification	-	-	-	-	-
Contingent claims	-	-	-	-	-
Claims paid	-	-	-	-	-
Claims cancelled	-	-	-	-	-
Recovered claims	-	-	-	-	-
Miscellaneous accounts	511,708	542,442	565,765	542,918	560,240
TOTAL PROPRIETARY	2,290,559	2,147,431	2,061,843	2,001,092	2,189,625

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOWS

JANUARY 1st, 2021 – MARCH 31st, 2023

(Million Pesos)

Operation activities**Net income before taxes 13,929****Adjustments for items associated with investing activities 870**

Depreciation in property, furniture, and equipment 759

Amortization of intangible assets 144

Participation in the net income of other entities (33)

Adjustments for items associated with financing activities: 1,005

Interest associated with interbank loans and loans from other organizations 312

Interest associated with financial instruments that qualify as a liability 693

Sum 1,875**Changes in operating items (9,029)**

Change in margin accounts (derivative financial instruments) 225

Change in investments in financial instruments (securities) (net) 17,732

Change in repo debtors (net) (33,400)

Change in derivative financial instruments (asset) 3,193

Change in loan portfolio (net) (33,174)

Change in acquired collection rights (net) 57

Change in other accounts receivable (net) (7,595)

Change in foreclosed assets (net) 177

Change in other operating assets (net) 3,822

Change in traditional deposits 20,308

Changes of interbank loans and other organizations (579)

Change in creditors by repo (13,198)

Change in collateral sold or given in guarantee 33,452

Change in derivative financial instruments (liability) (5,381)

Change in other operating liabilities (16)

Change in hedging derivative financial instruments (1,382)

Change in assets/liabilities for employee benefits (1,102)

Change in other accounts payable 9,274

Income tax payments (1,442)

Net cash flows from operating activities 6,775**Investment activities**

Payments for the acquisition of property, furniture and equipment (598)

Charges for the acquisition of property, furniture, and equipment 32

Payments for the acquisition of associates, joint businesses, and other permanent investments (94)

Charges of cash dividends coming from permanent investments 79

Net cash flows from investing activities (581)**Financial activities**

Lease liability payments (119)

Payments associated with financial instruments that qualify as capital (1,063)

Payments associated with financial instruments that qualify as a liability (5,543)

Interest payments for lease liability (98)

Net cash flows from financing activities (6,823)**Net increase or decrease in cash and cash equivalents (629)****Effects of changes in the value of cash and cash equivalents (88)****Cash and cash equivalents at the beginning of the period 107,581****Cash and cash equivalents at the end of the period 106,864**

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
JANUARY 1st, 2022 – MARCH 31st, 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 Benefit	Cumulative Foreign Currency Translation Adjustment	Total Majority Interest	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2022	18,795	4,651	18,959	108,126	(2,326)	(1,572)	(1,924)	(37)	144,672	5	144,677
CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS											
Plan based on shares payable in equity instruments		253							253		253
Total	0	253	0	0	0	0	0	0	253	0	253
OTHER CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS											
Interest on subordinated debt				(1,063)					(1,063)		(1,063)
Effect of subsidiaries, associates, and investment companies				(1)					(1)		(1)
Total	0	0	0	(1,064)	0	0	0	0	(1,064)	0	(1,064)
COMPREHENSIVE INCOME											
Net Income				10,309					10,309		10,309
OTHER COMPREHENSIVE INCOME											
Financial instruments to collect or sell valuation					427				427		427
Effect of subsidiaries, associates and mutual funds					(5)				(5)		(5)
Result from conversion of foreign operations								(89)	(89)		(89)
Cash flow hedges valuation						787			787		787
Defined remeasurements for employees' benefits							22		22		22
Total	0	0	0	10,309	422	787	22	(89)	11,451	0	11,451
Minority Interest											
Balance as of March 31st, 2022	18,795	4,904	18,959	117,371	(1,904)	(785)	(1,902)	(126)	155,312	5	155,317

Seguros Banorte

Income Statement - Insurance - Seguros Banorte <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23
Interest Income	396	471	545	578	769
Interest Expense	3	3	2	2	2
Monetary Positions Net Interest Income	-	-	-	-	-
Net Interest Income (NII)	393	468	543	576	767
Preventive Provisions for Loan Losses	0	3	(0)	(0)	0
Net Interest Income	393	465	543	576	767
Fees Charged on Services	-	-	-	-	-
Fees Paid on Services	-	-	-	-	-
Premium Revenue (Net)	10,941	4,361	4,051	5,300	9,887
Net increase in technical reserves	4,522	(868)	(833)	103	3,324
Net Cost for Insurance and Bond Operations	731	587	597	612	1,568
Net Cost of Claims and Other Obligations	4,018	3,646	3,469	3,642	3,427
Trading Income	(80)	(91)	114	280	126
Total Other Operating Income (Expenses)	227	228	(20)	20	115
Total Non-Interest Income	1,817	1,132	913	1,243	1,808
Total Operating Income	2,210	1,597	1,455	1,819	2,575
Personnel	129	104	116	128	127
Professional Fees	63	62	63	60	71
Administrative and Promotional	30	36	29	41	55
Rents, Depreciation & Amortization	54	50	43	55	47
Other Taxes	23	25	29	18	33
Employee Profit Sharing (PTU)	4	6	13	16	13
Other expenses	181	155	(55)	44	215
Total Non-Interest Expense	484	439	239	362	561
Operating Income	1,726	1,158	1,216	1,457	2,014
Subsidiaries' Net Income	158	101	181	362	298
Pre-Tax Income	1,884	1,259	1,398	1,819	2,312
Taxes	493	302	325	437	621
Net Income from Continuous Operations	1,391	957	1,073	1,382	1,691
Discontinued Operations	-	-	-	-	-
Net income from continuing operations	1,391	957	1,073	1,382	1,691
Minority Interest	4	6	6	7	9
Net Income	1,387	951	1,067	1,375	1,682

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23
ASSETS					
Cash and Equivalents	3,441	3,517	1,589	3,106	2,416
Margin Accounts	-	-	-	-	-
Negotiable Instruments	25,011	25,874	25,961	25,247	29,440
Securities Available for Sale	5,443	4,827	5,685	6,466	6,192
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)
Investment in Securities	30,454	30,701	31,646	31,713	35,632
Estimate of Expected Credit Losses for Investments	-	-	-	-	-
Debtor Balance in Repo Trans, net	2,049	3,381	3,554	4,857	5,797
Securities Lending	-	-	-	-	-
For trading purposes	-	-	-	-	-
For hedging purposes	-	-	-	-	-
Operations w/Derivatives & Securities	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-
Operations w/Derivatives & Securities	2,049	3,381	3,554	4,857	5,797
Valuation adjustments for Asset Coverage	-	-	-	-	-
Insurance and Bail Bond portfolio	25	24	25	25	24
Deferred Items (BAP)	-	-	-	-	-
Loan Loss-reserve for Insurance and Bail Bond Risks	25	24	25	25	24
Net Insurance and Bail Bond Loan Portfolio	0	0	0	0	0
Loan Portfolio, net	25	24	25	25	24
Net from Reserves Loan Portfolio	25	24	25	25	24
Acquired Collection Rights (net)	-	-	-	-	-
Total Credit Portfolio	25	24	25	25	24
Account Receivables from Insurance and Annuities	10,664	8,410	6,196	3,693	7,939
Amounts recoverable by Reinsurance and Counter-guarantee	8,022	8,033	7,589	5,402	4,898
Account Receivables from Reinsurance	-	-	-	-	-
Benef. receivab. securization transactions	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	236	583	370	446	170
Inventories	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-
Advance Payments and Other Assets	1,679	1,673	1,689	1,691	350
Real Estate, Furniture & Equipment, Net	251	243	235	247	244
Assets for Rights of Use of Property, furniture and equipment	193	173	154	143	141
Investment in Subsidiaries	12,712	12,812	12,993	13,344	12,830
Assets for Rights of Use of Property, Furn.& Eq.	-	-	-	-	-
Deferred Income Tax Assets	338	338	338	450	450
Intangibles	1,385	1,403	1,429	1,422	1,452
Rights of Use of Intangible Assets	-	-	-	-	-
Goodwill	-	-	-	-	-
TOTAL ASSETS	71,447	71,291	67,807	66,537	72,343

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23
LIABILITIES					
Technical Reserves	39,729	38,493	36,965	36,319	39,824
Non-assigned Securities for Settlement	-	-	-	-	-
Total Derivatives	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accountsfor Reinsurance	3,807	3,514	3,414	1,729	2,326
Lease Liabilities	195	175	157	146	144
Creditors for settlement of transactions	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-
Creditors for collateral received in cash	-	-	-	-	-
Contributions payable	893	731	677	848	949
Suppliers	-	-	-	-	-
Related Party	-	-	-	-	-
Other Creditors & Accounts Payable	2,006	2,313	2,123	2,037	3,021
Other Payable Accounts	2,900	3,044	2,800	2,884	3,970
Contributions for future capital increases pending formalization by its governing body	-	-	-	-	-
Subordinated Non Convertible Debt	-	-	-	-	-
Income Tax Liabilities	811	1,116	1,440	1,987	931
Employee benefit liability	132	133	133	149	151
Deferred Credits	50	50	42	43	46
TOTAL LIABILITIES	47,623	46,525	44,951	43,257	47,393
EQUITY					
Paid-in Capital	13,928	13,928	13,928	13,928	13,928
Provision for future capital increase not formalized by its governing entity	7	7	7	7	7
Share Subscription Premiums	-	-	-	-	-
Finan. instr. that qualify as capital	-	-	-	-	-
Subscribed Capital	13,934	13,934	13,934	13,934	13,934
Capital Reserves	3,834	4,236	4,236	4,236	4,236
Retained Earnings	4,333	3,930	1,007	3	4,783
Net Income	1,387	2,339	3,406	4,781	1,682
<u>Resultados Integrales:</u>					
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(102)	(192)	(356)	(229)	(265)
Valuation Adjustment for Cash Flow Hedges	-	-	-	-	-
Income and expenses related to assets held for disposal	-	-	-	-	-
Remeasurements defined benefits for employees	20	20	6	3	3
Cumulative foreign currency translation adjustment	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	46	122	274	199	213
Participation in other comprehensive income of other entities	-	-	-	-	-
Earned Capital	9,519	10,455	8,574	8,992	10,653
Minority Interest	371	377	348	354	363
Total Equity	23,825	24,767	22,856	23,280	24,950
TOTAL LIABILITIES & EQUITY	71,447	71,291	67,807	66,537	72,343

Information by Segments

GFNorte - Income Statement as of March 31st, 2022

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest on Loan Portfolio	429	75,326	6,949	840	25	6,381
Interest on cash and cash equivalents	45	1,415	68	1	0	198
Interest and yields in favor from margin accounts	-	(228)	-	-	-	0
Interest and yields in favor from OTC collateral operations	-	106	-	-	-	-
Interest and yields in favor from investments in financial instruments	356	6,963	2,605	-	-	5,733
Interest and yields on repurchase agreements	29	3,009	-	-	-	153
Operations' coverage income from hedging operations	-	2,207	-	-	-	-
Income from trading financial instruments	-	31,528	-	-	-	297
Interest on loan portfolio with credit risk stage 1	-	-	-	-	-	-
Commercial loans	-	9,828	-	768	25	-
Financial entities	-	687	-	0	-	-
Government entities	-	4,756	-	52	-	-
Consumer loans	-	9,145	-	-	-	-
Mortgage loans	-	5,133	-	-	-	-
Interest on loan portfolio with credit risk stage 2	-	-	-	-	-	-
Commercial Loans	-	37	-	11	-	-
Financial entities	-	-	-	1	-	-
Government entities	-	-	-	4	-	-
Consumer loans	-	122	-	-	-	-
Mortgage loans	-	80	-	-	-	-
Interest on loan portfolio with credit risk stage 3	-	-	-	-	-	-
Commercial loans	-	13	-	2	-	-
Financial entities	-	-	-	-	-	-
Government entities	-	-	-	-	-	-
Consumer loans	-	20	-	-	-	-
Mortgage loans	-	22	-	-	-	-
Insurance and bond loan portfolio interest	-	-	223	-	-	-
Interest on acquired collection rights	-	-	-	-	-	-
Loan commissions	-	410	-	2	-	-
Effect of loan portfolio renegotiation	-	74	-	-	-	-
Securities' loans premiums	-	-	169	-	-	-
Debt issuance premiums	-	-	-	-	-	-
Net dividends from equity instruments	-	1	1	-	-	-
Income from valuation	-	-	3,883	-	-	-
Increase due interest income update	-	-	-	-	-	-

V. Financial Statements

GFNorte - Income Statement as of March 31st, 2022

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest expense	-	51,207	3	775	0	6,244
Interest on demand deposits	-	2,812	-	-	-	-
Interest on time deposits	-	5,409	-	-	-	-
Interest due to banks and correspondents	-	312	-	727	-	-
Interest, transaction costs, and discounts of financial instruments that qualify as liabilities	-	693	-	-	-	-
Interest and yields charged from OTC collateral operations	-	213	-	-	-	-
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	8,182	-	-	-	5,841
Expenses from hedging operations	-	1,977	-	-	-	-
Expenses from trading financial instruments	-	30,594	-	-	-	292
Proceeds from lent securities	-	-	-	-	-	111
Effect of loan portfolio renegotiation	-	109	-	-	-	-
Costs expenses of granting loans	-	583	-	5	-	-
Insurance and bail bond loan origination costs and expenses	-	-	-	-	-	-
Foreign exchange valorization income	-	174	0	43	0	0
Chargeable interest associated with the global deposit account without movements	-	51	-	-	-	-
Interest on lease liabilities	-	98	3	-	-	-
Increase due to update of interest expense	-	-	-	-	-	-
Financial Margin	429	24,119	6,947	65	25	137
Allowance for loan losses	0	3,737	8	27	-	-
Risk adjusted net interest income	429	20,383	6,939	39	25	137
Commissions and fees charged on services	-	8,379	-	147	-	288
Commissions and fees paid on services	-	4,068	-	23	0	54
Premium revenue (net)	-	-	14,123	-	-	-
Increase in technical reserves (net)	-	-	9,601	-	-	-
Cost of acquisition for insurance and bail bonds operations (net)	-	-	1,571	-	-	-
Cost of damages, claims, and other obligations	-	-	6,588	-	-	-
Trading income	-	189	125	(2)	2	100
Total other operating income (expense)	0	(1,012)	116	163	12	(7)
Administrative and promotional Expenses	30	9,975	669	222	20	454
Operating income	399	13,896	2,874	102	18	10
Subsidiaries' net income	12,624	33	298	(1)	-	0
Pre-tax income	13,023	13,929	3,172	101	18	10
Taxes	(7)	3,620	871	21	6	3
Net income from continuous operations	13,030	10,309	2,301	81	12	7
Discontinued Operations	-	-	-	-	-	-
NET INCOME	13,030	10,309	2,295	81	12	7
Minority interest	-	0	6	0	-	-
Other comprehensive income	-	-	-	-	-	-
Financial instruments to collect or sell valuation	427	421	(43)	-	-	58
Cash flow hedges valuation	773	787	-	-	-	-
Remeasurement on defined employee benefits	22	22	-	(0)	(0)	0
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	15	-	15	-	-	-
Cumulative foreign currency translation adjustment	(111)	(89)	-	-	-	(23)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Other comprehensive income	1,126	1,141	(29)	(0)	(0)	35
COMPREHENSIVE INCOME	14,156	11,451	2,272	81	12	42

GFNorte - Income Statement as of March 31st, 2022

(Million Pesos)

	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest on Loan Portfolio	3	19	89,973	2,749	-	87,223
Interest on cash and cash equivalents	3	-	1,729	193	-	1,536
Interest and yields in favor from margin accounts	-	-	(227)	-	-	(227)
Interest and yields in favor from OTC collateral operations	-	-	106	-	-	106
Interest and yields in favor from investments in financial instruments	-	7	15,664	356	-	15,308
Interest and yields on repurchase agreements	-	12	3,203	1,889	-	1,314
Operations' coverage income from hedging operations	-	-	2,207	-	-	2,207
Income from trading financial instruments	-	-	31,824	-	-	31,824
Interest on loan portfolio with credit risk stage 1	-	-	-	-	-	-
Commercial loans	-	-	10,620	-	-	10,620
Financial entities	-	-	687	259	-	428
Government entities	-	-	4,808	-	-	4,808
Consumer loans	-	-	9,145	-	-	9,145
Mortgage loans	-	-	5,133	-	-	5,133
Interest on loan portfolio with credit risk stage 2	-	-	-	-	-	-
Commercial Loans	-	-	48	-	-	48
Financial entities	-	-	1	-	-	1
Government entities	-	-	4	-	-	4
Consumer loans	-	-	122	-	-	122
Mortgage loans	-	-	80	-	-	80
Interest on loan portfolio with credit risk stage 3	-	-	-	-	-	-
Commercial loans	-	-	15	-	-	15
Financial entities	-	-	-	-	-	-
Government entities	-	-	-	-	-	-
Consumer loans	-	-	20	-	-	20
Mortgage loans	-	-	22	-	-	22
Insurance and bond loan portfolio interest	-	-	223	-	-	223
Interest on acquired collection rights	-	-	-	-	-	-
Loan commissions	-	-	411	-	-	411
Effect of loan portfolio renegotiation	-	-	74	-	-	74
Securities' loans premiums	-	-	169	53	-	117
Debt issuance premiums	-	-	-	-	-	-
Net dividends from equity instruments	-	-	2	-	-	2
Income from valuation	-	-	3,883	-	-	3,883
Increase due interest income update	-	-	-	-	-	-

V. Financial Statements

GFNorte - Income Statement as of March 31st, 2022

(Million Pesos)

	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest expense	-	-	58,229	-	2,736	55,493
Interest on demand deposits	-	-	2,812	-	193	2,620
Interest on time deposits	-	-	5,409	-	-	5,409
Interest due to banks and correspondents	-	-	1,039	-	245	794
Interest, transaction costs, and discounts of financial instruments that qualify as liabilities	-	-	693	-	356	337
Interest and yields charged from OTC collateral operations	-	-	213	-	-	213
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	-	14,023	-	1,942	12,082
Expenses from hedging operations	-	-	1,977	-	-	1,977
Expenses from trading financial instruments	-	-	30,886	-	-	30,886
Proceeds from lend securities	-	-	111	-	-	111
Effect of loan portfolio renegotiation	-	-	109	-	-	109
Costs expenses of granting loans	-	-	588	-	-	588
Insurance and bail bond loan origination costs and expenses	-	-	-	-	-	-
Foreign exchange valorization income	-	-	217	-	-	217
Chargeable interest associated with the global deposit account without movements	-	-	51	-	-	51
Interest on lease liabilities	-	-	101	-	-	101
Increase due to update of interest expense	-	-	-	-	-	-
Financial Margin	3	19	31,744	2,749	2,736	31,730
Allowance for loan losses	-	-	3,771	-	-	3,771
Risk adjusted net interest income	3	19	27,973	2,749	2,736	27,959
Commissions and fees charged on services	555	-	9,369	997	-	8,372
Commissions and fees paid on services	405	1	4,551	-	387	4,164
Premium revenue (net)	-	-	14,123	129	-	13,994
Increase in technical reserves (net)	-	-	9,601	-	-	9,601
Cost of acquisition for insurance and bail bonds operations (net)	-	-	1,571	-	630	941
Cost of damages, claims, and other obligations	-	-	6,588	-	12	6,576
Trading income	10	(0)	423	12	-	412
Total other operating income (expense)	(0)	0	(729)	177	11	(895)
Administrative and promotional Expenses	55	2	11,426	21	298	11,148
Operating income	107	17	17,424	4,085	4,073	17,412
Subsidiaries' net income	2	-	12,957	12,624	-	333
Pre-tax income	109	17	30,381	16,709	4,073	17,745
Taxes	28	(0)	4,542	-	-	4,542
Net income from continuous operations	81	17	25,839	16,709	4,073	13,203
Discontinued Operations	-	-	-	-	-	-
NET INCOME	81	17	25,845	16,709	4,253	13,018
Minority interest	-	-	6	-	179	185
Other comprehensive income	-	-	-	-	-	-
Financial instruments to collect or sell valuation	-	(0)	863	(194)	(583)	473
Cash flow hedges valuation	-	-	1,561	1,125	337	773
Remeasurement on defined employee benefits	(0)	0	44	22	-	22
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	-	-	29	15	-	15
Cumulative foreign currency translation adjustment	-	-	(224)	-	113	(111)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Other comprehensive income	(0)	(0)	2,273	968	(133)	1,172
COMPREHENSIVE INCOME	81	17	28,124	17,677	4,299	14,375

GFNorte - Balance Sheet as of March 31st, 2023

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and cash equivalents	3	106,864	3,997	156	11	3,275
Margin accounts (derivate financial instruments)	-	5,253	-	-	-	-
Investment in securities						
Trading financial instruments	-	126,821	34,867	-	-	129,795
Financial instruments to collect or sell	15,102	106,812	6,212	-	-	88,343
Financial instruments to collect principal and interest (securities)	-	86,776	233,450	-	-	603
Estimate of expected credit losses for investments (securities)	-	(207)	(82)	-	-	(5)
Debtor balance in repo trans (net)	1,263	107,771	5,797	-	-	12,416
Securities lending	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Transactions with derivatives for trading purposes	-	32,383	-	-	-	567
Transactions with derivatives for hedging purposes	-	2,958	-	-	-	-
Asset hedges valuation adjustments	-	-	-	-	-	-
Loan portfolio with credit risk stage 1						
Commercial loans						
Commercial	-	335,446	-	29,085	-	-
Financial entities	-	35,037	-	920	-	-
Government	-	173,866	-	6,497	-	-
Consumer loans	-	148,229	-	3	-	-
Mortgage						
Medium and residential	-	228,828	-	-	-	-
Low-income housing	-	2	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	1,855	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 1	-	923,263	-	36,505	-	-
Loan portfolio with credit risk stage 2						
Commercial loans						
Commercial	-	928	-	267	-	-
Financial entities	-	-	-	-	-	-
Government	-	-	-	-	-	-
Consumer loans	-	2,706	-	-	-	-
Mortgage						
Medium and residential	-	3,112	-	-	-	-
Low-income housing	-	1	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	98	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 2	-	6,844	-	267	-	-

GFNorte - Balance Sheet as of March 31st, 2023

(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	-	3,811	-	833	-	-
Financial entities	-	-	-	4	-	-
Government	-	-	-	4	-	-
Consumer loans	-	3,367	-	0	-	-
Mortgage	-	-	-	-	-	-
Medium and residential	-	1,650	-	-	-	-
Low-income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	343	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 3	-	9,172	-	841	-	-
Loan portfolio	-	939,279	-	37,613	-	-
(+/-) Deferred items	-	2,195	-	(23)	-	-
(-) Minus						
Allowance for loan losses	-	(17,288)	-	(752)	-	-
Loan portfolio (net)	-	924,185	-	36,838	-	-
Loan portfolio from insurance and bail bonds	-	-	3,249	-	-	-
(+/-) Deferred items	-	-	-	-	-	-
(-) Minus						
Loan loss-reserve for insurance and bail bond risks	-	-	(221)	-	-	-
Total insurance and bail bond loan portfolio (net)	-	-	3,028	-	-	-
Acquired collection rights (net)	-	597	-	-	-	-
Loan portfolio (net)	-	924,783	3,028	36,838	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Debtors of insurance and surety companies	-	-	8,050	-	-	-
Amounts recoverable by reinsurance and counter-guarantee (net)	-	-	4,898	-	-	-
Other accounts receivable (net)	1	43,938	251	1,065	618	10,925
Inventories	-	-	-	-	1,280	-
Foreclosed assets (net)	-	2,667	-	127	-	-
Advanced payments and other assets (net)	92	5,060	758	4,220	30	294
Property, furniture, and equipment (net)	-	24,494	252	3,828	53	69
Assets for rights of use of property, furniture and equipment (net)	-	6,545	158	-	-	-
Investment in subsidiaries	207,353	1,503	12,830	32	-	3
Deferred income tax assets	-	-	-	914	8	-
Intangible assets (net)	311	15,257	1,452	-	-	24
Goodwill	25,329	1,381	-	-	-	-
TOTAL ASSETS	249,455	1,601,058	315,918	47,180	2,000	246,309

GFNorte - Balance Sheet as of March 31st, 2023

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and cash equivalents	82	0	114,389	67	7,206	107,251
Margin accounts (derivate financial instruments)	-	-	5,253	-	-	5,253
Investment in securities						
Trading financial instruments	378	-	291,861	-	148	291,713
Financial instruments to collect or sell	-	605	217,074	-	15,102	201,972
Financial instruments to collect principal and interest (securities)	-	-	320,829	-	347	320,482
Estimate of expected credit losses for investments (securities)	-	-	(294)	-	-	(294)
Debtor balance in repo trans (net)	-	57	127,304	-	85,831	41,473
Securities lending	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Transactions with derivatives for trading purposes	-	-	32,950	-	345	32,606
Transactions with derivatives for hedging purposes	-	-	2,958	-	-	2,958
Asset hedges valuation adjustments	-	-	-	-	-	-
Loan portfolio with credit risk stage 1						
Commercial loans						
Commercial	-	-	364,531	-	-	364,531
Financial entities	-	-	35,957	-	16,721	19,236
Government	-	-	180,364	-	-	180,364
Consumer loans	-	-	148,232	-	-	148,232
Mortgage						
Medium and residential	-	-	228,828	-	-	228,828
Low-income housing	-	-	2	-	-	2
Loans acquired from INFONAVIT or FOVISSTE	-	-	1,855	-	-	1,855
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 1	-	-	959,768	-	16,721	943,047
Loan portfolio with credit risk stage 2						
Commercial loans						
Commercial	-	-	1,195	-	-	1,195
Financial entities	-	-	-	-	-	-
Government	-	-	-	-	-	-
Consumer loans	-	-	2,706	-	-	2,706
Mortgage						
Medium and residential	-	-	3,112	-	-	3,112
Low-income housing	-	-	1	-	-	1
Loans acquired from INFONAVIT or FOVISSTE	-	-	98	-	-	98
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 2	-	-	7,111	-	-	7,111

V. Financial Statements

GFNorte - Balance Sheet as of March 31st, 2023

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Loan portfolio with credit risk stage 3						
Commercial loans						
Commercial	-	-	4,644	-	-	4,644
Financial entities	-	-	4	-	-	4
Government	-	-	4	-	-	4
Consumer loans	-	-	3,367	-	-	3,367
Mortgage	-	-	-	-	-	-
Medium and residential	-	-	1,650	-	-	1,650
Low-income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	343	-	-	343
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 3	-	-	10,013	-	-	10,013
Loan portfolio	-	-	976,892	-	16,721	960,171
(+/-) Deferred items	-	-	2,172	-	-	2,172
(-) Minus						
Allowance for loan losses	-	-	(18,041)	-	-	(18,041)
Loan portfolio (net)	-	-	961,023	-	16,721	944,302
Loan portfolio from insurance and bail bonds	-	-	3,249	-	-	3,249
(+/-) Deferred items	-	-	-	-	-	-
(-) Minus						
Loan loss-reserve for insurance and bail bond risks	-	-	(221)	-	-	(221)
Total insurance and bail bond loan portfolio (net)	-	-	3,028	-	-	3,028
Acquired collection rights (net)	-	-	597	-	-	597
Loan portfolio (net)	-	-	964,648	-	16,721	947,927
Benef. receivab. securization transactions	-	-	-	-	-	-
Debtors of insurance and surety companies	-	-	8,050	-	-	8,050
Amounts recoverable by reinsurance and counter-guarantee (net)	-	-	4,898	-	-	4,898
Other accounts receivable (net)	278	106	57,182	-	835	56,347
Inventories	-	-	1,280	-	-	1,280
Foreclosed assets (net)	-	-	2,794	-	-	2,794
Advanced payments and other assets (net)	7	130	10,591	-	-	10,591
Property, furniture, and equipment (net)	0	4	28,701	203	44	28,860
Assets for rights of use of property, furniture and equipment (net)	-	-	6,703	-	-	6,703
Investment in subsidiaries	118	-	221,839	390	207,743	14,485
Deferred income tax assets	3	-	925	-	925	-
Intangible assets (net)	19	909	17,971	-	-	17,971
Goodwill	-	-	26,710	-	-	26,710
TOTAL ASSETS	886	1,812	2,464,617	660	335,246	2,130,031

V. Financial Statements

GFNorte - Balance Sheet as of March 31st, 2023

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Deposits						
Demand deposits	-	610,570	-	-	-	-
Time deposits						
Time deposits-retail	-	269,082	-	-	-	-
Time deposits-money market	-	13,903	-	-	-	-
Senior unsecured debt	-	42,499	-	-	-	-
Global account of deposits without movements	-	3,223	-	-	-	-
Due to banks & correspondents						
Demand loans	-	-	-	-	-	-
Short-term loans	-	7,525	-	25,935	1,626	-
Long-term loans	-	7,029	-	8,708	-	-
Non-assigned securities for settlement	-	-	-	-	-	-
Technical reserves	-	-	268,937	-	-	-
Creditor balance in repo transactions (net)	-	205,729	-	-	-	217,118
Securities to be received in repo transactions (net)	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	105,882	-	-	-	12,416
Securities' loans	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivative financial instruments						
For trading purposes	-	23,735	-	-	-	446
For hedging purposes	-	2,892	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable accounts for reinsurance and counter-guarantee entities (net)	-	-	2,326	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Lease liabilities	-	6,275	162	-	-	-
Other payable accounts						
Creditors of liquidation operations	-	16,043	-	-	-	10,338
Margin accounts payable	-	-	-	-	-	-
Creditors from collaterals received in cash	-	23,173	-	-	-	-
Contributions payable	-	1,557	965	21	3	90
Other creditors and accounts payable	1	28,228	3,547	1,619	20	226
Financial instruments that qualify as a liability						
Subordinated non-convertible debt	-	61,132	-	-	-	-
Income tax liabilities	26	8,461	2,966	-	6	111
Employee benefit liability	-	7,697	163	104	6	300
Deferred credits and advanced charges	-	1,107	46	172	-	1
TOTAL LIABILITIES	27	1,445,741	279,111	36,559	1,660	241,045
Equity						
Paid-in capital						
Common stock	14,971	18,795	15,776	12,294	87	1,985
Additional paid-in capital	48,333	4,904	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	33,615	18,959	1,580	770	62	397
Cumulative results						
Retained earnings	144,265	107,062	11,461	(2,729)	178	2,694
Net income	13,030	10,309	2,295	81	12	7
Other comprehensive income						
Valuation of financial instruments to collect or sell	(2,355)	(1,904)	(391)	-	-	12
Cash flow hedges valuation	(770)	(785)	-	-	-	-
Defined remeasurements for employees benefits	(1,844)	(1,902)	(2)	5	0	(4)
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	211	-	212	-	-	-
Cumulative foreign currency translation adjustment	(28)	(126)	-	-	-	97
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
Majority interest	249,428	155,312	36,526	10,437	339	5,265
Minority Interest	-	5	281	184	0	-
TOTAL EQUITY	249,428	155,317	36,807	10,620	339	5,265
TOTAL LIABILITIES AND EQUITY	249,455	1,601,058	315,918	47,180	2,000	246,309

V. Financial Statements

GFNorte - Balance Sheet as of March 31st, 2023

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits						
Demand deposits	-	-	610,570	7,206	-	603,364
Time deposits						
Time deposits-retail	-	-	269,082	-	-	269,082
Time deposits-money market	-	-	13,903	-	-	13,903
Senior unsecured debt	-	-	42,499	15,102	-	27,397
Global account of deposits without movements	-	-	3,223	-	-	3,223
Due to banks & correspondents						
Demand loans	-	-	-	-	-	-
Short-term loans	-	-	35,085	16,721	-	18,365
Long-term loans	-	-	15,738	-	-	15,738
Non-assigned securities for settlement	-	-	-	-	-	-
Technical reserves	-	-	268,937	-	43	268,980
Creditor balance in repo transactions (net)	-	-	422,847	85,831	-	337,016
Securities to be received in repo transactions (net)	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	-	118,297	-	-	118,297
Securities' loans	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivative financial instruments						
For trading purposes	-	-	24,180	345	-	23,836
For hedging purposes	-	-	2,892	-	-	2,892
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable accounts for reinsurance and counter-guarantee entities (net)	-	-	2,326	-	-	2,326
Obligations in securitization transactions	-	-	-	-	-	-
Lease liabilities	-	-	6,437	-	-	6,437
Other payable accounts						
Creditors of liquidation operations	-	-	26,381	251	-	26,129
Margin accounts payable	-	-	-	-	-	-
Creditors from collaterals received in cash	-	-	23,173	-	-	23,173
Contributions payable	19	3	2,659	-	-	2,659
Other creditors and accounts payable	191	63	33,895	735	24	33,184
Financial instruments that qualify as a liability						
Subordinated non-convertible debt	-	-	61,132	-	-	61,132
Income tax liabilities	-	21	11,591	925	-	10,666
Employee benefit liability	38	30	8,338	-	-	8,338
Deferred credits and advanced charges	-	-	1,326	-	-	1,326
TOTAL LIABILITIES	248	118	2,004,509	127,116	67	1,877,460
Equity						
Paid-in capital						
Common stock	170	1,679	65,756	50,832	44	14,968
Additional paid-in capital	-	-	58,924	10,841	322	48,404
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Financial instruments that qualify as equity	-	-	-	-	-	-
Earned capital						
Capital reserves	34	2	55,419	21,805	-	33,615
Cumulative results						
Retained earnings	351	(3)	263,278	127,357	8,251	144,172
Net income	81	17	25,833	12,815	-	13,018
Other comprehensive income						
Valuation of financial instruments to collect or sell	-	(0)	(4,638)	811	3,093	(2,355)
Cash flow hedges valuation	-	-	(1,555)	336	1,121	(770)
Defined remeasurements for employees benefits	2	(0)	(3,745)	-	1,901	(1,844)
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	423	212	-	211
Cumulative foreign currency translation adjustment	-	-	(57)	(29)	-	(28)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
Majority interest	638	1,694	459,638	224,980	14,732	249,391
Minority Interest	-	-	470	-	2,710	3,180
TOTAL EQUITY	638	1,694	460,108	224,980	17,442	252,570
TOTAL LIABILITIES AND EQUITY	886	1,812	2,464,617	352,096	17,510	2,130,031

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 March 31st, 2022, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government, totaled Ps 453 million, with maturities in 2027.

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

INVESTMENTS IN FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q23

(Million Pesos)

Trading Financial Instruments	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	256,500	3,438	117	260,056
Unrestricted	12,530	434	25	12,989
BONDES D	(1,003)	-	1	(1,002)
BONDES F	5	0	0	5
BONDES M	(4,170)	0	2	(4,168)
BPA	612	11	(1)	622
BREMS	-	-	-	-
Government Securities	7	0	2	9
Municipalities Securities	-	-	-	-
UDI Securities	-	-	-	-
CETES	12,066	350	(68)	12,347
CETES (Special)	-	-	-	-
Government Eurobonds	59	0	(12)	47
Udibonds	4,773	72	101	4,946
Treasury Bills	181	1	-	182
Restricted	243,970	3,004	92	247,067
BONDES D	30,970	87	10	31,066
BONDES F	38,195	61	(0)	38,255
BONDES M	5,662	31	9	5,701
BPA	159,158	2,763	157	162,078
Government Securities	1,019	4	1	1,025
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	6,399	30	(7)	6,421
Government Eurobonds	4	-	(0)	3
Udibonds	2,564	30	(77)	2,517
Banking Securities	17,452	57	(1)	17,508
Unrestricted	3,850	0	(0)	3,850
Bank Acceptances	5	-	-	5
Development Bank Securities	6	0	(0)	6
Bank Securities	5	0	0	5
Deposit Certificates	95	-	-	95
Structured Notes	-	-	-	-
Other Banking Securities	142	0	(0)	142
Promissory Notes	3,598	0	(0)	3,598
Restricted	13,602	57	(1)	13,659
Development Bank Securities	3,504	11	0	3,515
Bank Securities	867	2	(0)	868
Deposit Certificates	8,742	43	(1)	8,784
Other Banking Securities	490	2	(0)	491
Private Securities	12,672	12	1,465	14,149
Unrestricted	12,277	12	1,464	13,753
Shares	651	-	772	1,424
Investment Company Shares	10,560	-	722	11,283
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	337	1	(10)	328
Private Eurobonds	729	11	(21)	719
Other Banking Securities	-	-	-	-
Restricted	394	-	2	396
Shares	389	-	2	390
Corporate Stock Certificates	-	-	-	-
Private Eurobonds	6	-	0	6
Reasonable Value Adjustment lxe Bank Acq	-	-	-	-
Total	286,624	3,507	1,582	291,713

INVESTMENTS IN FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q23

(Million Pesos)

Instruments to Collect or Sell	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	163,830	2,548	(1,563)	164,816
Unrestricted	27,816	240	(460)	27,596
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	720	19	(17)	723
BPA	-	-	-	-
BREMS	7,778	36	-	7,814
Government Securities	796	7	(66)	737
Municipalities Securities	894	9	69	972
UDI Securities	102	4	182	288
CETES	4,835	-	(12)	4,823
CETES (Special)	-	-	-	-
Government Eurobonds	9,983	128	(652)	9,460
Udibonds	2,707	38	35	2,779
Treasury Bills	-	-	-	-
Restricted	136,015	2,308	(1,103)	137,220
BONDES D	3,037	7	2	3,047
BONDES F	-	-	-	-
BONDES M	2,510	40	(84)	2,466
BPA	94,121	1,990	113	96,225
Government Securities	1,341	8	(8)	1,342
Municipalities Securities	2,526	5	(13)	2,519
UDI Securities	-	-	-	-
CETES	-	-	-	-
Government Eurobonds	24,354	151	(882)	23,622
Udibonds	8,125	106	(232)	7,999
Banking Securities	20,497	119	(244)	20,372
Unrestricted	8,456	65	(251)	8,269
Bank Acceptances	-	-	-	-
Development Bank Securities	2,826	29	(198)	2,657
Bank Securities	3,412	31	(38)	3,404
Deposit Certificates	380	5	(12)	373
Structured Notes	115	-	(4)	112
Other Banking Securities	-	-	-	-
Promissory Notes	1,723	-	0	1,723
Restricted	12,042	54	7	12,103
Development Bank Securities	3,133	6	(1)	3,138
Bank Securities	7,911	41	8	7,960
Deposit Certificates	998	8	(0)	1,005
Other Banking Securities	-	-	-	-
Private Securities	17,890	246	(1,352)	16,783
Unrestricted	15,547	191	(1,199)	14,539
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	7,036	85	(742)	6,380
Private Eurobonds	8,434	105	(381)	8,159
Other Banking Securities	-	-	-	-
Restricted	2,342	55	(153)	2,244
Shares	-	-	-	-
Corporate Stock Certificates	949	5	5	959
Private Eurobonds	1,393	49	(158)	1,285
Reasonable Value Adjustment lxe Bank Acq	-	-	-	-
Total	202,217	2,913	(3,159)	201,972

INVESTMENTS IN FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q23

(Million Pesos)

Financial instruments to Collect Principal and Interest (securities) (net)	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	304,012	3,480	-	307,492
Unrestricted	275,429	3,016	-	278,445
BONDES D	-	-	-	-
BONDES F	1,998	1	-	1,998
BONDES M	928	21	-	948
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,913	5	-	1,917
Municipalities Securities	2,287	18	-	2,305
UDI Securities	172	3	-	176
CETES	5,829	-	-	5,829
CETES (Special)	452	-	-	452
Government Eurobonds	38,298	349	-	38,647
Udibonds	223,551	2,620	-	226,171
Treasury Bills	-	-	-	-
Restricted	28,583	464	-	29,047
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	15,510	316	-	15,826
BPA	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,907	8	-	2,915
UDI Securities	-	-	-	-
CETES	171	-	-	171
Government Eurobonds	9,636	136	-	9,772
Udibonds	360	5	-	364
Banking Securities	1,053	61	-	1,113
Unrestricted	1,053	61	-	1,113
Bank Acceptances	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	973	9	-	982
Deposit Certificates	-	-	-	-
Structured Notes	80	51	-	131
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Private Securities	11,027	1,197	-	12,224
Unrestricted	11,027	1,197	-	12,224
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	1,064	1,147	-	2,211
Private Eurobonds	8,700	50	-	8,750
Other Banking Securities	1,261	-	-	1,261
Restricted	-	-	-	-
Shares	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Reasonable Value Adjustment lxe Bank Acq	(347)	-	-	(347)
Reasonable value adjustment lxe Bank Acq	(294)	-	-	(294)
Reasonable Value Adjustment lxe Bank Acq	(294)	-	-	(294)
Total	315,451	4,738	-	320,188

REPURCHASE AGREEMENT OPERATIONS 1Q23

(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	39,973	105,245	-	-	323,097
Banking Securities	0	11,061	-	-	8,049
Private Securities	1,500	1,992	-	-	5,870
Total	41,473	118,297	-	-	337,016

DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 1Q23

(Million Pesos)

Creditor Balance	
Instrument	Fair Value
Futures	
TIE 28 Futures	-
Forward	
Fx Forward	318
Options	
Rate Options	1,063
Fx Options	130
Warrants	42
Swaps	
Rate Swap	23,631
Fx Swap	7,323
Credit Swap	99
Negotiable Total	32,606
Options	
Rate Options	-
Fx Options	-
Swaps	
Rate Swap	-
Fx Swap	2,958
Credit Swap	-
Hedging Total	2,958
Position Total	35,564

DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 1Q23
(Million Pesos)

Debtor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	245
Options	
Rate Options	1,220
Fx Options	160
Warrants	27
Swaps	
Rate Swap	16,451
Fx Swap	5,729
Credit Swap	3
Negotiable Total	23,836
Options	
Rate Options	-
Fx Options	-
Swaps	
Rate Swap	1,332
Fx Swap	1,560
Credit Swap	-
Hedging Total	2,892
Position Total	26,727

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 1Q23 - Banorte
(Million Pesos)

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN).	4,167	214
FX Forwards	Sales	Exchange Rate (USD/MXN).	7,044	243
FX Forwards	Sales	Exchange Rate (EUR/USD).	1,648	4
FX Forwards	Purchases	Exchange Rate (EUR/MXN).	235	12
FX Forwards	Sales	Exchange Rate (EUR/MXN).	235	12
FX Options	Purchases	Exchange Rate (Dollar)	2,699	3
FX Options	Sales	Exchange Rate (Dollar)	4,223	3
Interest Rate Options	Purchases	TIIE	24,493	92
Interest Rate Options	Sales	TIIE	37,302	300
Interest Rate Options	Purchases	LIBOR	6,162	14
Interest Rate Options	Sales	LIBOR	7,992	19
Interest Rate Options	Purchases	SOFR	8,793	10
Interest Rate Options	Sales	SOFR	10,880	16
Interest Rate Options	Swaption - Purchases	LIBOR	902	2
Interest Rate Swaps	USD LIBOR	LIBOR	120,952	1,239
Interest Rate Swaps	MXN TIIE	TIIE	1,293,061	3,896
Interest Rate Swaps	USD SOFR	TIIE	110,937	1,299
Interest Rate Swaps in Brokerage House	MXN TIIE M M	TIIE	14,647	12
Interest Rate Swaps in Brokerage House	USD SOFR	TIIE	5,180	4
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	112	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	124,966	132
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	33,338	52
Interest Rate and FX Swaps	CS CHF MXN	FIX/FIX	4,490	1
Interest Rate and FX Swaps	CS CHF MXN	FIX/VARIABLE	3,113	1
Interest Rate and FX Swaps	CS EUR MXN	FIX/FIX	19,201	81
Interest Rate and FX Swaps	CS UDIMXN	FIX/FIX	700	1
Interest Rate and FX Swaps	CS GBPMXN	FIX/FIX	2,575	11
Credit Derivatives	CDS USD	D2_PEMEX_150927	794	4
Credit Derivatives	CDS USD	D1_MEXC46_270328	2,255	6
Equity Options	Purchases	*I_MEXBOL_IND	892	2
Equity Options	Sales	*I_MEXBOL_IND	850	2
Equity Options	Purchases	1I_TLT_*	485	1
Equity Options	Sales	1I_TLT_*	514	1

LOAN PORTFOLIO								
(Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23	1Q22	1Q23
Performing Loans Stage 1 & 2								
Commercial Loans	259,769	283,148	-	-	70,732	82,577	330,501	365,725
Loans to Financial Entities	10,810	13,311	-	-	5,828	5,925	16,638	19,236
Consumer Loans	124,935	150,938	-	-	-	-	124,935	150,938
Mortgage Loans	202,576	233,838	66	56	-	-	202,642	233,894
Government Loans	144,347	157,472	-	-	15,684	22,892	160,031	180,364
Total	742,437	838,707	66	56	92,244	111,394	834,748	950,157
Past Due Loans Stage 3								
Commercial Loans	3,029	3,496	-	-	858	1,149	3,886	4,644
Financial to Financial Entities	101	4	-	-	-	-	101	4
Consumer Loans	2,530	3,367	-	-	-	-	2,530	3,367
Mortgage Loans	1,758	1,992	5	2	-	-	1,763	1,994
Government Loans	159	4	-	-	-	-	159	4
Deferred Items	1,593	2,173	-	-	(12)	(1)	1,580	2,172
Total Credit Portfolio	751,607	849,743	71	58	93,090	112,542	844,768	962,343
Insurance and Bail Bond Portfolio	2,927	3,249	-	-	-	-	2,927	3,249
Total Proprietary Loans with Insur. and Subs.	754,534	852,991	71	58	93,090	112,542	847,695	965,592

COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 1Q23- GFNorte

(Million Pesos)

	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	6.8	0.0
Mortgage FOVI	-	-
	6.8	0.0

DEFERRED TAXES 1Q23

(Million Pesos)

ASSETS	INCOME TAX	NET
Global loss reserves loan portfolio	5,186	5,186
Non deductible provisions	1,509	1,509
Excess of accounting value over fiscal value on repossessed long-term assets	625	625
Diminishable Employee Profit Sharing (PTU)	555	555
Advanced charged fees	1,152	1,152
Effects from valuation of instruments	-	-
Tax losses pending amortization	452	452
Provisions for possible loss in loans	511	511
Pension funds contribution	40	40
Loss on sale of foreclosed assets and credits	-	-
Value decrease in property	-	-
Loan interest	-	-
Other accounts	52	52
Total Assets	10,084	10,084
LIABILITIES		
Pension funds contribution	-	-
Loan portfolio acquisitions	(175)	(175)
Projects to be capitalized, payments, and advanced income	(7,370)	(7,370)
Intangibles' amortizations different from commercial funds	-	-
Effects from valuation of instruments	(3,783)	(3,783)
Intangibles' amortizations related with clients	(313)	(313)
Unrealized loss on securities held for sale	(82)	(82)
Total Liabilities	(11,723)	(11,723)
Assets (Liabilities) accumulated net	(1,638)	(1,638)

LONG TERM DEBT AS OF MARCH 31st, 2023 - BANCO MERCANTIL DEL NORTE
(Million Pesos)

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	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	2,153	20 years	4.950%	22-aug-23	15-feb-28	182 days
Non Convertible Subordinated Bonds 2016 (D2_BANOC36_311004)	USD	04-oct-16	500	9,607	1,581	15 years	5.750%	04-oct-26	04-oct-31	180 days
Non Convertible Subordinated Bonds 2017 (D2_BANOE91_999999)	USD	06-jul-17	550	10,077	9,911	Perpetual	7.625%	10-jan-28	Perpetual	Quarterly
Stock certificates 2016 (94_BINTER_16U)	UDIS	13-oct-16	365	2,000	2,840	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
Non Convertible Subordinated Bonds 2019 (D2_BANO64_999999)	USD	27-jun-19	600	11,501	10,812	Perpetual	6.750%	27-sep-24	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2019 (D2_BANOB48_999999)	USD	27-jun-19	500	9,584	9,010	Perpetual	7.500%	27-jun-29	Perpetual	Quarterly
Eurbond (Swiss francs) 2019 (D2_BANO343_231218)	CHF	18-sep-19	160	3,112	3,159	4.3 years	0.450%	-	18-dec-23	Annual
Eurbond (Swiss francs) 2020 (D2_BANO664_241206)	CHF	06-mar-20	225	4,826	4,443	4.8 years	0.500%	-	06-dec-24	Annual
Non Convertible Subordinated Bonds 2020 (D2_BANOC21_999999)	USD	14-jul-20	500	11,309	9,010	Perpetual	8.375%	14-oct-30	Perpetual	Quarterly
Stock certificates 2020 (94_BANORTE_20U)	UDIS	30-sep-20	107	700	831	10 years	2.760%	-	18-sep-30	182 days
Non Convertible Subordinated Bonds 2021 (D2_BANO99_999999)	USD	24-nov-21	500	10,718	9,010	Perpetual	5.875%	24-jan-27	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2021 (D2_BANOB72_999999)	USD	24-nov-21	550	11,790	9,911	Perpetual	6.625%	24-jan-32	Perpetual	Quarterly
Stock certificates 2023 (94_BANORTE_23)	MXN	12-jan-23	15,000	15,000	15,000	1 year	TIIE	-	15-jan-24	28 days
Stock certificates 2023 (94_BANORTE_23-2)	MXN	24-feb-23	6,581	6,581	6,581	2 years	TIIE + 0.04%	-	21-feb-25	28 days
Stock certificates 2023 (94_BANORTE_23-3)	MXN	24-feb-23	4,179	4,179	4,179	2 years	TIIE + 0.08%	-	19-feb-27	28 days

BANK AND OTHER ENTITIES LOANS' AS OF 1Q23*(Million Pesos)*

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Local Banks	21,893	3,168	25,061
Loans from Development Banks	16,378	591	16,969
Loans from Public Funds	7,467	1,039	8,506
Loans from Fiduciary Funds	38	-	38
Provisions for Interest	250	-	250
	46,025	4,798	50,823
Eliminations			(16,721)
Total			34,102

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -
INTEREST RATES 1Q23****CORE DEPOSITS (BANORTE)****Demand Deposits**

Local Currency and UDIs	2.07%
Foreign Currency	0.74%

Time Deposits - Retail

Local Currency and UDIs	7.65%
Foreign Currency	0.51%

Time Deposits - Money Market

Local Currency and UDIs	10.12%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)**Immediate Redemption Loans**

Local Currency and UDIs	-
Foreign Currency	-

Public Funds and Development Banks

Local Currency and UDIs	10.85%
Foreign Currency	4.76%

MAIN CREDIT LINES RECEIVED 1Q23 (BANORTE)*Million pesos*

	1Q22			4Q22			1Q32		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	268,417	2,290	0.9%	268,076	2,203	0.8%	266,746	2,014	0.8%
Banxico (Repos for liquidity with the System of Payments) RSP*	86,216	7,796	9.0%	87,287	20,095	23.0%	89,629	13,692	15.3%
Banxico MXN & USD Credit Auction*	62,611	-	0.0%	55,706	-	0.0%	53,594	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	62,611	-	0.0%	55,706	-	0.0%	53,594	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	90,334	-	0.0%	90,121	-	0.0%	89,951	-	0.0%
TOTAL	570,188	10,086	1.8%	556,895	22,298	4.0%	553,513	15,706	2.8%

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

TRADING INCOME 1Q23

Million Pesos

Trading income	Consolidated
Securities - Unrealized gains	2,361
Trading financial instruments	126
Derivate trading financial instruments	2,235
Impairment loss or revaluation increase	(1)
Result from foreign exchange valuation	(3,242)
Result from valuation of precious metals	0
Result from purchase/sale of securities and derivatives	(72)
Trading financial instruments	19
Financial instruments to collect or sell	4
Financial instruments to collect principal and interest (securities)	1
Negotiable derivate instruments	(145)
Cash flow hedges	48
Result from purchase/sale of foreign exchange	1,364
Result from purchase/sale of precious metals	1
Total	412

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 first quarter of 2023, 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 remained 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 started and were concluded with the work plan established at the beginning of the year.
- F. Effectiveness tests related to the Business Continuity Plan were started 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) carried out its functions according to the Master Plan, reporting the findings and the details of the activities 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 from the Authorities were attended 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 1Q23.

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 January 2023, a Bank Stock Certificate was issued with ticker symbol BANORTE 23, for a total of Ps 15 billion. In February 2023, Bank Stock Certificates were issued with ticker symbols BANORTE 23-2 and BANORTE 23-3, for a total amount of Ps 6.58 billion and Ps 4.18 billion, respectively.

In addition, it should be noted that Banorte has not used the Central Bank of México's Ordinary Facilities or Extraordinary Facilities during 1Q23.

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 March 31st, 2023, and December 31st, 2022, the amount of loans granted to third parties is as follows (billion pesos):

Lender	Mar-2023	% Basic Equity	Dec-22	% Basic Equity
Banorte	19.89	10.4%	17.25	9.3%
	19.89		17.25	

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

Banorte

As of **March 31st, 2023**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 19.89 billion (including Ps 2.14 billion in Letters of Credit "CC", which are registered in memorandum accounts), representing 2.1% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 18.84 billion were loans granted to clients linked to members of the Board of Directors, and Ps 1.05 million were linked to companies related to GFNORTE. At the end of March 2023, there were no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE's related party loan portfolio for individuals and corporations at the end of March 2023 was 10.4% of Core Equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNORTE's loan portfolio based on the general dispositions applicable to credit institutions regarding rating of loan portfolios issued by CNBV. Additionally, 100% of the related party loans are rated in Category "A", and most of these loans were classified as commercial loans.

As of **December 31st, 2022**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 17.25 billion (including Ps 1.82 billion in Letters of Credit "CC", which are registered in memorandum accounts),

representing 1.9% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 16.42 billion were loans granted to clients linked to members of the Board of Directors, and Ps 834 million were linked to companies related to GFNORTE. At the end of December 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 December 2022 was 9.3% 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 March 31st, 2023
AFORE BANORTE	2
Loan #4429309391 Payroll Tax of the state of Coahuila	2
PENSIONES BANORTE	364
Financial year 2014	364
SEGUROS BANORTE	1,160
Financial year 2014	1,160
SEGUROS BANORTE	1,347
Financial year 2015	1,347
SEGUROS BANORTE	2,063
Financial year 2017	2,063

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, June 22, September 2, October 19, 2022, and January 13, 2023, 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.