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Financial Results

as of June 30th, 2023

2Q23

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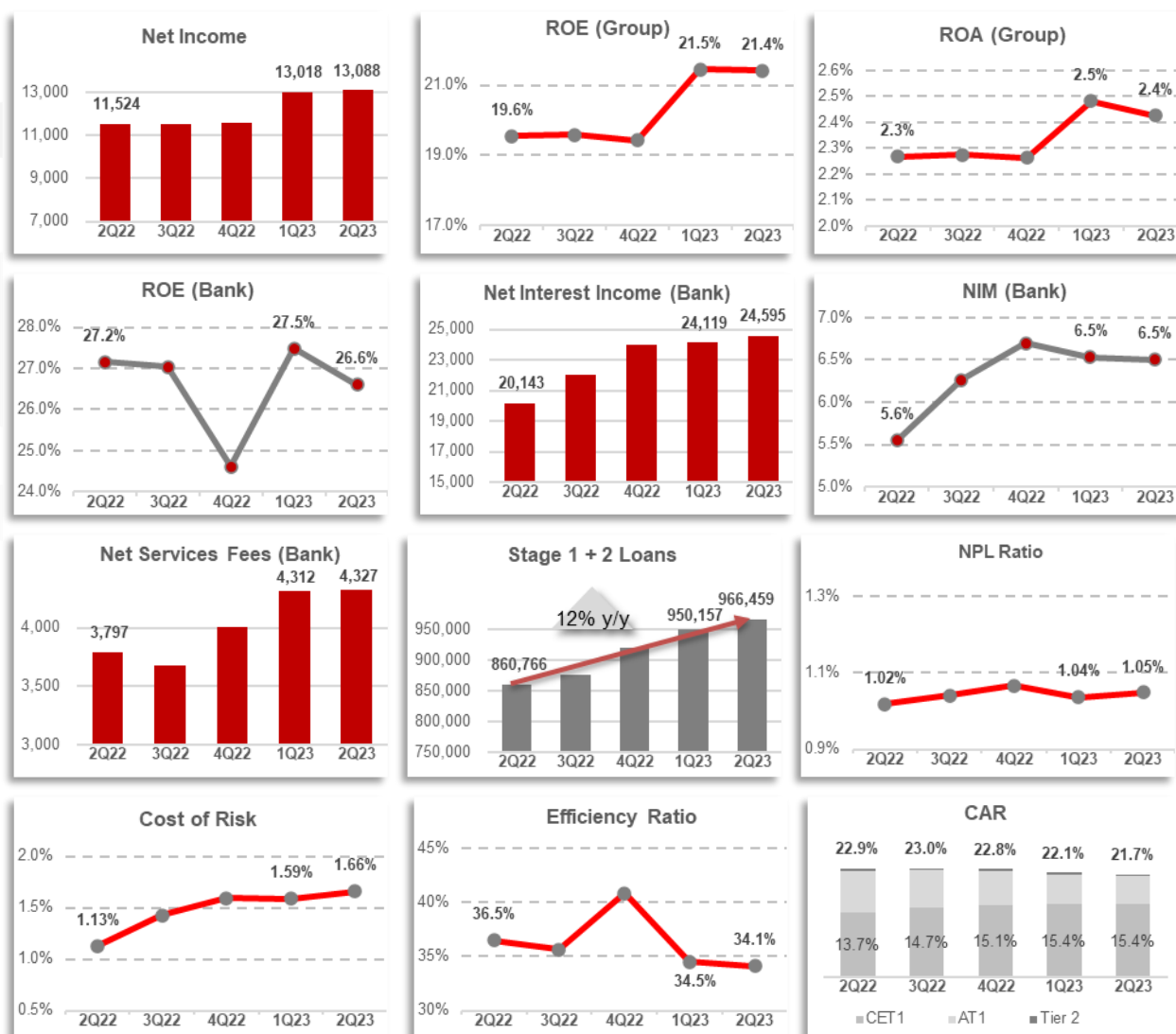


FTSE4Good



I. Executive Summary

- **GFNorte with solid profit generation and sound profitability metrics. Compared to 2Q22: Net Income increased +14%, and ROE of the Group +187bps, to 21.4%.**
- **Annual portfolio expansion of +12%. Consumer went up +19%, auto +33%, payroll & credit card +19%, and mortgage +16%. The commercial portfolio grew +17%.**
- **Cost of Risk at 1.7% and NPL Ratio at 1.0%, remaining stable below historical levels.**
- **Efficiency Ratio reaching a record low of 34.1% as of 2Q23, improving (237bps) YoY, driven by sound revenues and expense efficiency.**
- **Solid capitalization and solvency levels; CAR 21.73%, CET1 15.42%, and average LCR 169.78%.**



GFNorte reports Net Income of Ps 13.09 billion in the second quarter of 2023, 14% higher vs. 2Q22

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

Grupo Financiero Banorte, S.A.B. de C.V. reported results for the period ended on June 30th, 2023.

GFNorte continues to focus on generating sustained levels of profitability and creating value to its shareholders through credit acceleration, with outstanding risk metrics -below historic levels-, an active asset & liability management to continue capitalizing on the high-rate environment, yet protecting it for once the easing cycle begins, as well as optimizing operating expenses.

At the end of 2Q23, GFNorte reported a net income of Ps 13.09 billion, 14% above 2Q22, with the following results and indicators:

- **Net interest income** (NII) decreased (10%) sequentially and **expanded 5% vs. 2Q22**. Both variations were impacted by the negative effect in the valuation of inflation-indexed securities (UDIS) in the annuities business, amounting to (Ps 4.07 billion); yet neutralized in net income, given the lower constitution of technical reserves in that business. Additionally, higher funding costs, partially mitigating the positive effect of the portfolio expansion. The **NIM of the Group stood at 5.8% in 2Q23**, (83bps) lower vs. 1Q23.
- **The NIM of the Bank** with a slight adjustment of (3bps) sequentially, given the acceleration in earning assets, outpacing NII growth. **Compared to 2Q22, the NIM increased 95bps to 6.5%**, reflecting greater loan origination, an optimized loan mix, and the effect of rate hikes. In the last 12 months, Banxico increased the reference rate 350bps, reaching 11.25%.
- **Non-interest income increased 655% vs. 1Q23**, mainly due to the (Ps 4.4 billion) reduction in technical reserves in the Annuities business, which offset the negative effects in the NII and NIM of the Group.
- **Provisions increased 7%** sequentially and 66% YoY, in line with the volume and loan origination mix. **Cost of risk reached 1.7%**, still below average historic levels.
- **Non-interest expenses** rose 1% sequentially and 11% vs. 2Q22, maintaining an efficient expense control at an institutional level. The **efficiency ratio reached 34.1%, reaching a record low once again**.
- **ROE** stood at **21.4%**, decreasing (3bps) sequentially and **increasing 187bps compared to 2Q22**, reflecting the sound and expanding businesses of the Group. Additionally, **ROA reached 2.4%**, (6bps) lower vs. 1Q23 and 16bps higher YoY. **ROE for the Bank stood at 26.6%**, declining (88bps) vs. 1Q23 and (54bps) vs. 2Q22.
- **The first half of the year** reported **net income of Ps 26.11 billion**, 17% above 1H22. **Net interest income in the first half of the year rose 11%** in the annual comparison, and **NIM reached 6.2%**, 18bps above 1H22, reflecting greater volume in credit origination and the reference rate hikes. Non-interest income increased 278% vs. 1H22 and expenses grew 11%, to reach an efficiency ratio of 34.3%, improving (206bps) vs. the first half of 2022.
- **Subsidiaries** positively contributed to the performance of the business and supported the sound revenue diversification of the Group. In the first six months of the year, net income of the bank grew 22%, with the insurance business increasing 25% and operating at normalized levels, while the annuities business grew 4%.
- **Loan book stages 1 and 2, increased 2% QoQ**. In the quarter, **consumer loans rose 5%**, driven by an increase in credit card 6%, payroll 5%, and mortgages 3%; additionally, auto maintained an expansion of 9%, driven by the recovery in the sector and greater loan origination, driven by various commercial partnerships in the industry. Corporate and commercial portfolios reported a good sequential expansion of 4% and 3%, respectively. The government portfolio decreased (9%), impacted by common short-term maturities in the segment. **In the year, the loan book stages 1 and 2 increased 12%**, supported by **a record expansion of 19% in consumer**, 17% in commercial, and 6% in corporate. Within the consumer portfolio, there is double-digit expansion across all products; the mortgage portfolio increasing its balance in Ps 33.92 billion.
- **The quality of the loan portfolio remains stable** across all segments. NPL ratio ended at 1.0%, unchanged, both sequentially and YoY, despite the acceleration in volume origination and the normalization process of the payroll and credit card portfolios. **Cost of risk stable at 1.7%**, increasing 7bps vs. 1Q23 and 53bps vs. 2Q22, aligned with higher provisions given the loan origination mix. **Coverage ratio** stood at 182.2%, from 193.4% a year ago.
- **Core Deposits increased 7% both** sequentially and compared to the same quarter in 2022. In both comparisons, demand deposits increased 6%, while time deposits increased 11%, in line with current market conditions and rate level. Structurally, the Group maintains its strategy to prioritize low funding costs, with a mix of 73% demand deposits and 27% time deposits.

- **Capital strength, as well as liquidity management** are still top priorities for the Financial Group. The **bank's total Capital Adequacy Ratio (CAR)** reached **21.73%**, and **Core Equity Tier 1 (CET1)** reached **15.42%**, 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 **169.78%**, while the **Leverage Ratio** at **12.12%**.

GFNorte-Consolidated Statement of Comprehensive Income Highlights (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Interest Income (1)	60,289	87,223	91,542	5%	52%	115,611	178,765	55%
Interest Expense	33,061	55,492	63,019	14%	91%	61,371	118,511	93%
Net Interest Income	27,229	31,730	28,523	(10%)	5%	54,240	60,254	11%
Net Service Fees (3)	4,035	4,208	4,187	(1%)	4%	7,722	8,395	9%
Premium Income Ins. & Annu. (Net)	8,967	13,994	12,409	(11%)	38%	24,723	26,403	7%
Technical Reserves Ins. & Annu.	5,685	9,601	4,407	(54%)	(22%)	17,384	14,007	(19%)
Cost of Acquisition from Insurance Operations	308	941	180	(81%)	(42%)	775	1,121	45%
Net Cost of Claims and Other Obligations	6,594	6,576	7,649	16%	16%	13,389	14,225	6%
Trading (1)(4)	852	412	1,172	185%	38%	2,225	1,583	(29%)
Other Operating Income (Expenses) (2)(4)	(630)	(895)	(993)	(11%)	(58%)	(1,760)	(1,888)	(7%)
Non Interest Income	637	601	4,540	655%	613%	1,361	5,141	278%
Total Income	27,865	32,331	33,063	2%	19%	55,601	65,395	18%
Non Interest Expense (2)(3)	10,167	11,148	11,281	1%	11%	20,217	22,429	11%
Provisions	2,434	3,771	4,038	7%	66%	5,102	7,810	53%
Operating Income	15,264	17,412	17,744	2%	16%	30,282	35,156	16%
Taxes	3,703	4,542	4,828	6%	30%	8,034	9,369	17%
Subsidiaries' Net Income	128	333	358	7%	180%	325	691	113%
Minority Interest	166	185	187	1%	13%	301	372	23%
Net Income	11,524	13,018	13,088	1%	14%	22,272	26,106	17%
Other Comprehensive Income	(2,311)	1,172	400	(66%)	117%	(4,141)	1,572	138%
Comprehensive Income	9,378	14,375	13,675	(5%)	46%	18,432	28,050	52%

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, 2022 figures shown in this report 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, 2022 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, 2022 figures shown in this report for were reclassified.

GFNorte-Consolidated Statement of Financial Position Highlights (Million Pesos)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Asset Under Management	3,376,860	3,611,021	3,764,002	4%	11%
Stage 1 Loans	853,365	943,047	959,179	2%	12%
Stage 2 Loans	7,401	7,111	7,281	2%	(2%)
Stage 1 & 2 Loans (a)	860,766	950,157	966,459	2%	12%
Stage 3 Loans (b)	8,898	10,013	10,299	3%	16%
Deferred Items (c)	1,590	2,172	2,240	3%	41%
Loan Portfolio from Insur. Subs.(d)	3,025	3,249	3,322	2%	10%
Total Loans (a+b+c+d)	874,278	965,592	982,320	2%	12%
Preventive Loan Loss Reserves	17,208	18,261	18,759	3%	9%
Total Loans Net	857,070	947,330	963,561	2%	12%
Total Assets	2,033,316	2,130,031	2,191,378	3%	8%
Total Deposits	865,191	916,968	976,796	7%	13%
Total Liabilities	1,800,068	1,877,460	1,948,764	4%	8%
Equity	233,248	252,570	242,614	(4%)	4%

I. Executive Summary

Financial Ratios GFNorte	2Q22	1Q23	2Q23	1H22	1H23
Profitability:					
NIM (1)	5.9%	6.6%	5.8%	6.0%	6.2%
ROE (2)	19.6%	21.5%	21.4%	18.9%	21.6%
ROA (3)	2.3%	2.5%	2.4%	2.2%	2.5%
Operation:					
Efficiency Ratio (4)	36.5%	34.5%	34.1%	36.4%	34.3%
Operating Efficiency Ratio (5)	2.0%	2.1%	2.1%	2.0%	2.1%
CCL Banorte and SOFOM - Basel III (6)	176.6%	154.8%	169.8%	176.6%	169.8%
Asset Quality:					
Non-Performing Loan Ratio	1.0%	1.0%	1.0%	1.0%	1.0%
Coverage Ratio	193.4%	182.4%	182.2%	193.4%	182.2%
Cost of Risk (7)	1.1%	1.6%	1.7%	1.2%	1.6%
Market References					
Banxico Reference Rate	7.75%	11.25%	11.25%	7.75%	11.25%
TIE 28 days (Average)	7.04%	11.06%	11.52%	6.53%	11.29%
Exchange Rate Peso/Dollar (8)	20.13	18.79	17.14	20.02	17.96

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. 29 to 31 of the [Risk Management Report](#)

Subsidiaries Net Income	2Q22	1Q23	2Q23	Change		1H22	1H23	Change
(Million Pesos)				1Q23	2Q22			1H22
Banco Mercantil del Norte	9,211	10,130	10,184	1%	11%	16,710	20,314	22%
Casa de Bolsa Banorte	220	7	142	1853%	(36%)	1,031	149	(86%)
Operadora de Fondos Banorte	87	81	97	20%	11%	183	179	(3%)
Afore XXI Banorte	99	293	295	1%	198%	254	588	131%
Seguros Banorte	852	1,389	1,221	(12%)	43%	2,084	2,610	25%
Pensiones Banorte	520	586	489	(17%)	(6%)	1,031	1,075	4%
BAP (Holding)	(1)	27	20	(26%)	1477%	(3)	47	1655%
Other Finance Companies	245	110	156	42%	(36%)	372	266	(28%)
G. F. Banorte (Holding)	289	394	484	23%	67%	608	878	44%
Total Net Income	11,524	13,018	13,088	1%	14%	22,272	26,106	17%

Share Data	2Q22	1Q23	2Q23	Change		1H22	1H23	Change
				1Q23	2Q22			1H22
Earnings per share (Pesos)	3.996	4.515	4.539	1%	14%	7.724	9.054	17%
Earnings per share Basic (Pesos)	4.028	4.551	4.574	1%	14%	7.800	9.124	17%
Dividend per Share for the period (Pesos)	6.08	0.00	7.87	N.A.	30%	6.08	7.87	30%
Payout for the period	50.0%	0.0%	50.0%	N.A.	0%	50.0%	50.0%	0%
Book Value per Share (Pesos)	79.95	86.49	83.03	(4%)	4%	79.95	83.03	4%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	2,883.5	0%	0%	2,883.5	2,883.5	0%
Stock Price (Pesos)	112.17	151.90	141.21	(7%)	26%	112.17	141.21	26%
P/BV (Times)	1.40	1.76	1.70	(3%)	21%	1.40	1.70	21%
Market Capitalization (Million Dollars)	16,065	23,306	23,762	2%	48%	16,065	23,762	48%
Market Capitalization (Million Pesos)	323,437	437,997	407,173	(7%)	26%	323,437	407,173	26%

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)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Interest Income (4)	60,289	87,223	91,542	5%	52%	115,611	178,765	55%
Interest Expense	33,061	55,492	63,019	14%	91%	61,371	118,511	93%
GFNORTE's NII	27,229	31,730	28,523	(10%)	5%	54,240	60,254	11%
Credit Provisions	2,434	3,771	4,038	7%	66%	5,102	7,810	53%
NII Adjusted for Credit Risk	24,795	27,959	24,485	(12%)	(1%)	49,139	52,444	7%
Average Earning Assets	1,842,409	1,924,643	1,980,563	3%	7%	1,813,021	1,954,031	8%
Net Interest Margin (1)	5.9%	6.6%	5.8%			6.0%	6.2%	
NIM after Provisions (2)	5.4%	5.8%	4.9%			5.4%	5.4%	
NIM from loan portfolio (3)	8.1%	8.9%	8.8%			8.0%	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, 2022 figures were reclassified.

NII decreased (10%) sequentially, mainly impacted by a (Ps 4.07 billion) negative effect in the valuation of indexed-inflation securities (UDIS) in the annuities business, despite the quarterly expansion in loan volume origination and greater interest income from repos. Interest expenses grew 14%; in the quarter, the average reference rate TIIE 28d increased 46bps, causing a continued migration towards cost interest-bearing deposits, in line with current market conditions. NIM dropped (83bps) vs. 1Q23 to 5.8% given the 3% increase in average earning assets, the valuation effect in inflation-indexed securities (UDIS) in the Annuities business, and to a lower extent, higher funding costs. **NIM of the loan portfolio stood at 8.8%.**

In the accumulated annual comparison, **net interest income rose 11%**. The result was impacted by a substantial 26% expansion in the NII of the loan book, driven by greater loan origination volume and mix, the 350bps adjustment in the reference rate in the last 12 months, and the (Ps 3.67 billion) negative valuation effect of inflation-indexed securities (UDIS) in the annuities business. Interest expenses went up 93%, mainly due to the adjustment in the reference rate, which, despite its implications in the funding cost, has been partially mitigated by the sound mix of deposits. In 1H23, demand deposits represented 73% of the deposit base. **NIM increased 18bps vs. 1H22, ending at 6.2%**, displaying an improving mix of the loan portfolio and the benefit of the rate hikes, which offset higher average earning assets. **NIM of the loan book increased 83bps, reaching 8.9%.**

For more detail on Margin Sensitivity (Bank):

- 1) Refer to page 35 and 36 of the [Risk Management Report](#)

Loan Loss Provisions

Credit Provisions (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Commercial, Corporate & Government	376	497	247	(50%)	(34%)	624	745	19%
Consumer	2,945	3,665	4,057	11%	38%	5,825	7,723	33%
Charge offs and discounts	(888)	(391)	(267)	32%	70%	(1,347)	(658)	51%
Credit Provisions	2,434	3,771	4,038	7%	66%	5,102	7,810	53%

In the quarter, **credit provisions increased Ps 267 million, or 7%**, given the combined effect of higher requirements in the consumer portfolio, related to loan origination volume, lower usage of COVID-related reserves, and less requirements in the commercial portfolio, due to better asset quality. Out of the Ps 4.04 billion provisions recorded in the quarter, 34% correspond to new loan origination and the remaining to risk and portfolio variations.

Regarding the additional reserves created in 2020 to face the COVID-19 pandemic, in 1H23, Ps 160 million of additional reserves were used vs. Ps 502 million in 1H22.

Despite a solid recovery management during 1H23, provisions amounted to Ps 2.71 billion or 53% higher vs. 1H22, mainly due to greater loan origination in the consumer portfolio and higher requirements in the payroll and commercial books, given greater activity in those portfolios.

Cost of risk stood at 1.7% at the end of 2Q23, 7bps higher vs. 1Q23. In 1H23, the indicator stood at 1.6%, a 43bps yearly increase, aligned with the volume and mix of loan origination, with a strategic focus on consumer.

For more detail on Internal Credit Risk Models:

- 1) Pages 17 to 20 of the [Risk Management Report](#)

Non-Interest Income

Non-Interest Income (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Net Service Fees (1)	4,035	4,208	4,187	(1%)	4%	7,722	8,395	9%
Premium Income Ins. & Annu. (Net)	8,967	13,994	12,409	(11%)	38%	24,723	26,403	7%
Technical Reserves Ins. & Annu.	5,685	9,601	4,407	(54%)	(22%)	17,384	14,007	(19%)
Cost of Acquisition from Insurance Operations	308	941	180	(81%)	(42%)	775	1,121	45%
Net Cost of Claims and Other Obligations	6,594	6,576	7,649	16%	16%	13,389	14,225	6%
Trading (2)(4)	852	412	1,172	185%	38%	2,225	1,583	(29%)
Other Operating Income (Expenses) (3)(4)	(630)	(895)	(993)	(11%)	(58%)	(1,760)	(1,888)	(7%)
Non-Interest Income	637	601	4,540	655%	613%	1,361	5,141	278%

1. 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.
2. 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, 2022 figures were reclassified.
3. 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, 2022 figures shown in this report 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.

Non-interest income increased 655% sequentially, mainly due to a better technical result in insurance and annuities, mostly related to lower technical reserves in the annuities business, as well as a recovery in trading income. In the accumulated comparison, it rose 278%, driven by a 57% improvement in the technical result of insurance and annuities, and higher net service fees, which offset the drop in trading income.

Premium income from insurance and annuities fell (11%) sequentially, driven by the seasonality of the business, given that most premium renewals are concentrated during the first quarter of the year. Technical reserves decreased (54%) or (Ps 5.19 billion), out of which (Ps 4.41 billion) correspond to the annuities business, mainly on lower inflationary reserve update, in addition to lower premiums issued; whereas (Ps 781 million) are related to the insurance business, affected by the seasonality in premiums during the first quarter. Cost of acquisition dropped sequentially, aligned with the same seasonality effect. On the other hand, claims rose 16% versus 1Q23, mainly from medical expenses and casualties.

In the semester, premium income from insurance and annuities increased 7%, driven by new insurance premiums, mainly in the life and auto portfolios, while technical reserves showed a (19%) decline, reflecting the effect of inflation in

annuities. Cost of acquisition increased 45%, in line with business growth and impacted by the upward adjustment in the fee scheme paid to the bank for the placement of insurance products through bancassurance, effective as of 1Q23. Claims increased 6% due to the portfolio mix.

Service Fees

Service Fees (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Fund Transfers	515	487	505	4%	(2%)	986	992	1%
Account Management Fees	489	465	489	5%	0%	972	954	(2%)
Electronic Banking Services	4,197	4,262	4,416	4%	5%	7,987	8,678	9%
Basic Banking Services Fees	5,201	5,214	5,410	4%	4%	9,945	10,624	7%
For Commercial and Government Loans	472	573	456	(20%)	(3%)	838	1,029	23%
Consumer Loan Fees	1,521	1,750	1,838	5%	21%	2,916	3,588	23%
Fiduciary & Mortgage Appraisals	136	132	147	12%	8%	262	279	6%
Mutual Funds	523	578	615	6%	18%	1,023	1,193	17%
Trading & Financial Advisory Fees	163	97	97	1%	(40%)	304	194	(36%)
Other Fees Charged (1)	67	29	62	112%	(8%)	153	91	(41%)
Fees Charged on Services	8,082	8,372	8,625	3%	7%	15,441	16,998	10%
Interchange Fees (2)(3)	2,905	2,844	3,061	8%	5%	5,548	5,905	6%
Other Fees Paid (2)	1,141	1,320	1,378	4%	21%	2,171	2,698	24%
Fees Paid on Services	4,047	4,164	4,439	7%	10%	7,719	8,603	11%
Net Service Fees	4,035	4,208	4,187	(1%)	4%	7,722	8,395	9%

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, 2022 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 grew 3% sequentially, due to higher electronic banking services and basic banking services in general, as well as higher transactions in consumer products and affiliated businesses, driven by the "Hot Sale" online sales campaign during the quarter.

In 1H23, fees rose 10%, driven by a solid growth in electronic banking services, higher advisory and structuring fees in commercial and government portfolios, as well as higher transaction volume in consumer products, reflecting the strength of private consumption.

On the other hand, **fees paid on services grew 7% sequentially**, mainly due to higher interchange fees, given greater transaction volume in the credit card business, mostly associated with the "Hot Sale" event. **Compared to 1H22, they grew 11%**, on higher fees for loan origination through the external sales force and higher interchange fees.

Altogether, **net service fees fell (1%) sequentially and grew 9% in 1H23 at the Group level. At a Bank level, net fees grew 19% vs. 1H22.**

Trading

Trading Income (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Currency and Metals	351	(3,242)	(2,494)	23%	(812%)	(193)	(5,736)	(2876%)
Derivatives	424	2,235	1,345	(40%)	217%	1,778	3,580	101%
Negotiable Instruments (1)	(490)	126	284	126%	158%	(546)	410	175%
Valuation	285	(881)	(865)	2%	(404%)	1,039	(1,746)	(268%)
Currency and Metals	753	1,366	1,216	(11%)	61%	2,072	2,581	25%
Derivatives	(216)	(96)	446	564%	306%	(935)	350	137%
Negotiable Instruments	141	24	255	955%	81%	160	279	74%
Trading	678	1,294	1,917	48%	183%	1,297	3,211	148%
Other financial results(2)	(110)	(1)	120	N.A.	209%	(111)	119	207%
Trading Income (1)	852	412	1,172	185%	38%	2,225	1,583	(29%)

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, 2022 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 increased 185% vs. 1Q23, mainly driven by higher trading of hedging derivative transactions. Valuation went up 2% due to an improvement in securities, currency, and metals as a result of the appreciation of the peso during the quarter. Other financial results increased sequentially.

Compared to 1H22, trading income declined (29%), due to valuation effects in currency and metals, given FX & commodities' volatility, despite the increase in the valuation of derivative instruments. Trading operations grew 148%, driven by derivatives and currency & metals from spot market operations due to FX volatility.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Contributions to IPAB	(954)	(1,001)	(1,042)	4%	9%	(1,889)	(2,044)	8%
Expenses Incurred in the Recovery of Credit Portfolio (1)	(321)	(374)	(363)	(3%)	13%	(661)	(737)	12%
Result for Foreclosed Assets	196	140	155	11%	(21%)	336	295	(12%)
Lease Income	86	59	93	56%	8%	148	152	2%
From Insurance & Annuities	237	117	96	(18%)	(60%)	467	213	(54%)
Others (2)	127	163	68	(58%)	(46%)	(162)	232	244%
Other Operating Income (Expenses)	(630)	(895)	(993)	(11%)	(58%)	(1,760)	(1,888)	(7%)

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, 2022 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) declined (11%) sequentially, driven by accounts receivable write-offs recorded within "other items", higher contributions to the IPAB -due to greater deposits' volume-, and lower income from insurance and annuities.

The (7%) decline in 1H23 was due to lower revenues from insurance and annuities, higher contributions to the IPAB, and higher expenses incurred in the recovery of loan portfolio.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Personnel	4,264	4,949	5,032	2%	18%	8,594	9,981	16%
Professional Fees	915	915	945	3%	3%	1,712	1,859	9%
Administrative and Promotional (1)(2)	1,190	1,383	1,323	(4%)	11%	2,391	2,705	13%
Rents, Depreciation & Amortization	2,434	2,355	2,605	11%	7%	4,835	4,960	3%
Other Taxes	502	699	607	(13%)	21%	1,034	1,305	26%
Employee Profit Sharing (PTU)	387	418	419	0%	8%	772	837	8%
Other expenses	476	429	351	(18%)	(26%)	880	780	(11%)
Non-Interest Expense	10,167	11,148	11,281	1%	11%	20,217	22,429	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, 2022 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 grew 1% sequentially, driven by higher amortization of IT-related projects and assets.

Compared to 1H22, non-interest expenses went up 11%, on higher personnel expenses derived from the strengthening of the commercial structure, the salary increases due to an inflation adjustment over a bigger personnel structure, along with different investments in IT projects.

The **efficiency ratio stood at 34.1% in the quarter**, improving (36bps) vs. 1Q23, and (206bps) vs. 1H22, reaching 34.3%, reflecting a sound revenue generation and expense efficiency.

Net Income

Net Income (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Operating Income	15,264	17,412	17,744	2%	16%	30,282	35,156	16%
Subsidiaries' Net Income	128	333	358	7%	180%	325	691	113%
Pre-Tax Income	15,392	17,745	18,102	2%	18%	30,607	35,847	17%
Taxes	3,703	4,542	4,828	6%	30%	8,034	9,369	17%
Net income from continuing operations	11,689	13,203	13,275	1%	14%	22,573	26,478	17%
Minority Interest	166	185	187	1%	13%	301	372	23%
Net Income	11,524	13,018	13,088	1%	14%	22,272	26,106	17%
Valuation Adjustments for Fair Value through other	(2,351)	473	141	(70%)	106%	(4,334)	614	114%
Cash Flow Hedges Valuation	(73)	773	312	(60%)	528%	(59)	1,086	1929%
Remeasurement on defined employee benefits	23	22	22	0%	(7%)	47	43	(7%)
Cumulative foreign currency translation adjustment	14	(111)	(67)	39%	(578%)	(33)	(178)	(447%)
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	76	15	(7)	(147%)	(109%)	238	8	(97%)
Other Comprehensive Income	(2,311)	1,172	400	(66%)	117%	(4,141)	1,572	138%
Comprehensive Income	9,378	14,375	13,675	(5%)	46%	18,432	28,050	52%

Operating income expanded 2% sequentially. During the quarter, net interest income was affected by the negative effect in the valuation of indexed-inflation securities (UDIS) in the annuities business, which was neutralized in net income, given the lower constitution of technical reserves in the same business. Total income for the quarter increased 2%, while expenses were contained with a slight expansion of 1%.

On a cumulative basis, net operating income grew 16%, as a result of better dynamics in different businesses, mainly in the Bank and the BAP Sector.

The effective tax rate was **27.2%** at the end of 2Q23.

Net income reached Ps 13.09 billion in 2Q23, 1% above 1Q23 and 14% higher on a yearly basis. In 1H23 it grew 17% to Ps 26.11 billion. **Earnings per share** for the quarter were **Ps 4.539**.

Profitability

	2Q22	1Q23	2Q23	1H22	1H23
ROE	19.6%	21.5%	21.4%	18.9%	21.6%
Intangibles	17,786	17,971	17,833	17,786	17,833
Goodwill	26,725	26,710	26,691	26,725	26,691
Average Tangible Equity	180,915	190,129	189,291	180,915	189,291
ROTE	25.6%	27.4%	27.0%	24.6%	27.6%

During the quarter, **ROE** adjusted slightly (3bps) to **21.4%**, whereas in the annual comparison it **increased 187bps**, reflecting the strength of the group's businesses.

ROTE fell (36bps) in the quarter, **to 27.0%**, while in the accumulated comparison, it grew 296bp.

	2Q22	1Q23	2Q23	1H22	1H23
ROA	2.3%	2.5%	2.4%	2.2%	2.5%
Average Risk Weighted Assets (billion pesos)	842	854	874	842	874
RRWA	4.8%	5.6%	5.6%	4.8%	5.6%

ROA stood at 2.4% in 2Q23, a sequential reduction of (6bps) and 16bps higher vs. 2Q22.

Deposits

Deposits (Million Pesos)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Non-Interest Bearing Demand Deposits	387,641	389,525	384,331	(1%)	(1%)
Interest Bearing Demand Deposits	224,849	221,044	264,693	20%	18%
Global Account of deposits without movements	3,237	3,223	3,321	3%	3%
Total Demand Deposits	615,727	613,792	652,344	6%	6%
Time Deposits – Retail	218,250	218,848	242,682	11%	11%
Core Deposits	833,978	832,641	895,026	7%	7%
Money Market and Credit Notes Issued	51,648	106,636	87,399	(18%)	69%
Total Bank Deposits	885,625	939,276	982,425	5%	11%
GFNorte's Total Deposits	865,191	916,968	976,796	7%	13%
Third Party Deposits	239,236	215,706	231,090	7%	(3%)
Total Assets Under Management	1,124,861	1,154,982	1,213,515	5%	8%

Core deposits rose 7% in the quarter, mainly due to higher interest-bearing demand deposits. **Compared to 2Q22, core deposits went up 7%**, with time deposits accelerating growth, in line with current market conditions. At an institutional level, we maintain the 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 448bps in the last twelve months.

Money market operations and credit notes issued dropped (18%) in the quarter although it went up 69% YoY. Overall, **total bank deposits increased 5% QoQ and 11% YoY.**

Stage 1 and 2 loans

Stage 1 and 2 Loans (Million Pesos)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Stage 1 and 2 loans					
Mortgages	207,524	233,894	241,444	3%	16%
Auto Loans	28,872	35,182	38,362	9%	33%
Credit Card	41,044	46,109	48,974	6%	19%
Payroll	61,591	69,647	73,422	5%	19%
Consumer	339,031	384,832	402,201	5%	19%
Commercial	207,275	234,136	242,282	3%	17%
Corporate	148,027	150,826	157,298	4%	6%
Government	166,433	180,364	164,678	(9%)	(1%)
Stage 1 and 2 loans	860,766	950,157	966,459	2%	12%

Further detail on Stage 1 and 2 loans and Stage 3 loans in the [Risk Management Report](#)

- 1) displayed by Sector and Subsidiary, page 11
- 2) displayed by Federal Entities and Subsidiary, page 12
- 3) displayed by Remaining Term, page 12

During the quarter, **stage 1 and 2 loans, grew 2%**. Consumer loans rose 5%, **benefited by the increase in all its portfolios:** mortgages 3%, payroll 5%, and credit cards 6%; auto loans showed strong 9% increase, boosted by the dynamic activity in the sector, as well as by greater loan origination through different commercial partnerships. Commercial and corporate loans increased 3% and 4%, respectively, despite being impacted by FX variations and prepayments in the corporate book during the quarter. Finally, the government portfolio dropped (9%) driven by a reduction in federal government loans, following the settlement of some short-term revolving operations.

In the year, the **consumer portfolio expanded 19%**, driven by a 16% rise in mortgages, with a monthly increase of over Ps 2 billion in high-value customers, payroll and credit cards 19%, and auto loans 33%. The commercial portfolio expanded 17%, reflecting dynamism in economic activity and the strategic focus on growing and monetizing relationships with SMEs, which are also benefiting from the materialization of nearshoring activities, which demand more comprehensive financial services. Throughout this year, there has been a higher amount of industrial real estate loans directly or indirectly related to nearshoring activity. On the other hand, the government book remained relatively flat in the year, decreasing by only (1%).

Within the commercial portfolio, **SMEs stage 1 and 2 loans**, were 8% higher sequentially and 20% yearly. Its NPL ratio slightly deteriorated 1bps in the quarter and improved (54bps) in the year, ending at 1.02%, in line with the appropriate risk profile approach for this segment.

SMEs Loans (Million Pesos)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Stage 1 and 2 loans	38,691	42,690	46,241	8%	20%
% of Commercial Portfolio, stage 1 and 2 loans	18.7%	18.2%	19.1%	85 bp	42 bp
% of Total Portfolio, stage 1 and 2 loans	4.5%	4.5%	4.8%	29 bp	29 bp
NPL Ratio	1.56%	1.01%	1.02%	1 bp	(54 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 11.4% of the group's stages 1 and 2 loans. The group's largest corporate exposure represented 1.1% 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 164.68 billion, lower (9%) QoQ and (1%) YoY**. GFNorte's government portfolio is well diversified by region, showing an adequate risk profile, given that 33.2% of the portfolio is Federal Government exposure and 91.6% of municipal and state government loans are backed by fiduciary guarantees.

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

The system's stages 1 and 2 loans expanding 10.4% vs. 2Q22; **Banorte rose 13.2%, reaching a 14.9%** market share, 38bps higher in the year.

- **Mortgage Loans:** Banorte held a **19.4% market share**, increasing 81bps YoY, holding on to the second place in the system.
- **Credit Card Loans:** Banorte decreased (41bps) **its market share** in the year, ending at **10.0%**.
- **Auto Loans:** In the year, Banorte regained 252bps market share to **22.0%**, still ranking second in the system. New car sales market clearly recovering.
- **Payroll Loans:** Banorte held a **20.8%** market share, increasing 27bps in the year, ranking second in the market.
- **Commercial Loans:** Market share totaled **11.93%**, (including corporate and SMEs according to the CNBV classification). Market share increased 35bps in the last 12 months and rise to the second place in the system.
- **Government Loans:** Banorte's market share increased 109bps to **26.5%**, ranking second in the banking system.

Stage 3 Loans

In the quarter, stage 3 loans increased Ps 285 million, impacting mainly payroll and credit card books, although it is worth mentioning that balance movements are related to the loan book's volume. At an institutional level, Banorte is focused on growing with quality.

Stage 3 Loans (Million Pesos)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Credit Cards	926	1,132	1,344	212	417
Payroll	1,713	2,042	2,400	358	687
Auto Loans	180	193	210	17	30
Mortgages	1,855	1,994	2,054	60	199
Commercial	3,442	4,203	3,839	(365)	397
Corporate	680	445	448	2	(232)
Government	102	4	4	-	(98)
Total	8,898	10,013	10,299	285	1,400

NPL ratio stands at 1.05%, still below historical average, driven by strict loan origination controls and strong prevention, mitigation, and collection management. During the quarter, the NPL ratio remained relatively stable whereas over the year it shows a slight deterioration of 3bps, still one of the healthiest in the system.

NPL Ratio	2Q22	3Q22	4Q22	1Q23	2Q23
Credit Cards	2.2%	2.2%	2.4%	2.4%	2.7%
Payroll	2.7%	2.8%	3.2%	2.8%	3.2%
Auto Loans	0.6%	0.7%	0.6%	0.5%	0.5%
Mortgages	0.9%	0.9%	0.8%	0.8%	0.8%
Commercial	1.6%	1.7%	1.8%	1.8%	1.6%
SMEs	1.6%	1.4%	1.1%	1.0%	1.0%
Rest of commercial	1.6%	1.8%	1.9%	1.9%	1.7%
Corporate	0.5%	0.4%	0.3%	0.3%	0.3%
Government	0.1%	0.0%	0.0%	0.0%	0.0%
Total	1.02%	1.04%	1.07%	1.04%	1.05%

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 2Q23. In 1Q23, these ratios were 1.9% and 3.9%, 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 Loan variations (Million Pesos)	
Balance as of March '23	10,013
Transfer from stage 1 + 2 Loans to stage 3	5,920
Portfolio Purchase	-
Renewals	(6)
Debt reversal	-
Cash Collections	(1,373)
Discounts	235
Charge Offs	(3,452)
Foreclosures	(30)
Transfer from stage 3 to stage 1 + 2 Loans	(1,004)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	(5)
Fair Value lxe	-
Balance as of June '23	10,299

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 2Q23 - GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	876,730	1,197	748	88	858	302	3,194
A2	40,801	261	17	2	385	20	686
B1	38,160	44	4	-	1,168	12	1,229
B2	19,247	70	0	-	793	22	886
B3	12,177	158	1	0	424	12	595
C1	9,793	100	-	0	683	32	815
C2	11,000	83	30	0	1,061	228	1,402
D	8,960	577	1	-	1,898	386	2,863
E	8,949	2,243	-	2	3,987	87	6,318
Total	1,025,817	4,733	802	92	11,259	1,102	17,988
Not Classified	(1,055)						
BAP sector book	3,322						
Deferred Items	2,240						
Exempt	-						
Total	1,030,324	4,733	802	92	11,259	1,102	17,988
Reserves							18,759
BAP Reserves							231
Preventive Reserves							540

Notes:

1. Figures for reserve creation and rating are as of June 30th, 2023.

2. 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.

3. 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 2Q23 **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)	2Q23
Previous Period Ending Balance	18,261
Provisions charged to results	4,686
Provisions charged to retained earnings	0
Created with profitability margin	0
Sold Portfolio's Reserve	0
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	(518)
Consumer Loans	(3,145)
Mortgage Loans	(487)
Foreclosed assets	0
	(4,150)
Cost of debtor support programs	(8)
Valorization and Others	(31)
Adjustments	0
Loan Loss Reserves at Period End	18,759

Loan Loss Reserves as of 2Q23 totaled **Ps 18.76 billion**, increasing 3% vs. 1Q23. **Charge-offs and discounts** increased 4% quarterly.

Loan loss reserve coverage ratio stood at **182.2%**, in the quarter, remaining relatively stable when compared to the 182.4% from the previous quarter.

Equity

Shareholders' equity balance decreased (Ps 9.96 billion) sequentially, reaching **Ps 242.61 billion**; the main changes in the quarterly comparison were: net income of Ps 13.09 billion, an increase of Ps 313 million from valuation of cash flow hedging instruments, an increase of Ps 140 million from valuation of financial instruments to be received or sold, and a reduction of (Ps 22.70 billion) derived from the dividend payment.

Supplementary Notes to the Financial Information

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

[Notes Appendix 1 Grupo Financiero Banorte](#)

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

Current Events

1. SHAREHOLDER MEETING

On April 21, GFNorte held its Annual Ordinary General Shareholders' Meeting, in which the following resolutions were approved:

FIRST.- The Chief Executive Officer's Annual Report was approved with prior opinion of the Board of Directors. The report was prepared pursuant to the provisions of Article 44, Section XI of the Securities Market Law and Article 59, Section X of the Law to Regulate Financial Groups, which includes, among other items: (i) the balance sheet; (ii) the income statement; (iii) the statement of changes in the stockholder's equity; and (iv) the cash flow statement of the Company as of December 31st, 2022.

SECOND.- The Annual Report of the Board of Directors was approved in which the main accounting and information policies and criteria are stated and explained, followed by the preparation of financial information as of December 31st, 2022, pursuant to the provisions of Article 172, paragraph b) of the General Law of Business Corporations.

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

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

FIFTH.- Each and every operations performed by the Company during the fiscal year ended December 31, 2022, as well as ratify the acts carried out by the Board of Directors, the Chief Executive Officer and the Audit and Corporate Practices Committee during the same period were approved.

SIXTH.- It was approved the allocation of the entire net profits corresponding to fiscal year 2022 reflected in the financial statements of the Company in the amount of \$45,408'075,063.05 (forty-five billion four hundred and eight million seventy-five thousand sixty-three pesos 05/100 Mexican currency) to the "Previous Fiscal Year Results" account, given that the legal reserve fund of the Company is completely set up.

With respect to the "External Auditor Report on the Income Tax Law of the Company" item of the Agenda, no resolution is passed, it is only evidenced that, in compliance with the provisions of section XIX of Article 76 of the Income Tax Law, the Report of the External Auditor on the tax position of the Company as of December 31st, 2021 shall be distributed among the participants of the Shareholders Meeting and be read.

SEVENTH.- It was approved that the Board of Directors will be comprised of 14 Regular members and, as the case may be, their respective Alternates, with the independence of the directors being qualified, since they are not within the restrictions provided by the Securities Market Law and the Law to Regulate Financial Groups.

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

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

THIRTY SEVENTH.- In accordance with Article Fortieth Ninth of the Bylaws, it is exempt from the obligation to post a bond or monetary guarantee to support their performance while carrying out their duties to the Board of Directors of the Company.

THIRTY EIGHT.- It was approved to pay the Directors and Alternate Directors, as applicable, a fee for every meeting they attend to, an amount net of taxes equivalent to two gold coins with a nominal value of Fifty Pesos (commonly referred to as "centenarios") including the withholding of the corresponding taxes, at the quotation value on the date of each meeting.

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

FORTY.- The Board of Directors' Report regarding the purchase and sale of the Company's own shares during the fiscal year 2022 was approved.

FORTY FIRST.- It was approved to an amount up to \$32,344'000,000.00 (thirty-two billion three hundred forty-four million pesos 00/100 Mexican currency), equivalent to 8.02% of the capitalization value of Financial Group as of the end of 2022 (Ps 403.42 billion), charged to stockholder's equity, for the purchase of the Company's own shares, during fiscal year 2023 and including any operations made from 2023 to April 2024, subject to the Acquisition and Placement of Own Shares Policy.

FORTY SECOND.- It was approved to certify and notarize the Bylaws of the Company, in the terms of the document that is added to the file of these meeting minutes.

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

2. BANORTE LAUNCHES THREE NEW MORTGAGE LOANS AND BETS FOR A YOUNGER SEGMENT

On May 18, Banorte launched three new mortgage loan products tailored to the needs of each customer, with benefits for the young population, loyalty awards, as well as the elimination of commissions and origination fees. The new products are:

- Hipoteca Fuerte a tu medida
- Hipoteca Fuerte cero
- Hipoteca Fuerte con bonificación

3. FINTECH AMERICAS RECOGNIZES BANORTE IN THE CATEGORY OF STRATEGIC INNOVATION

On May 22, Grupo Financiero Banorte won the "Premio Oro" in the STRATEGIC INNOVATION category for positively impacting the community at the 8th edition of the FINTECH AMERICAS Financial Innovators, in the Americas Awards.

4. BANORTE CONSOLIDATES ITS POSITION AS THE MOST IMPORTANT MEXICAN FINANCIAL GROUP IN THE COUNTRY, RANKING IN THE TOP 10 OF THE EXPANSIÓN LIST

On June 2, Grupo Financiero Banorte was recognized by Expansion magazine as one of the 10 most important companies in the country, being the best ranked Mexican financial group. This place represents an advance of 7 positions compared to the 2021 ranking.

5. BANORTE, THE BEST MACROECONOMIC FORECASTS IN MEXICO: FOCUSECONOMICS

On June 7, Grupo Financiero Banorte was recognized as the Best Economic Forecaster in Mexico in 2023 by FocusEconomics, a global leader in macroeconomic intelligence.

FocusEconomics' annual award recognizes teams from financial institutions with the most accurate economic forecasts on the main macroeconomic indicators: GDP, fiscal balance, inflation, interest rate, exchange rate and current account, in 100 different countries. Alejandro Padilla Santana, Chief Economist and Head of Financial Analysis, said: "We in the Economic and Financial Analysis area are very pleased and honored by this nomination".

6. PNUD AND BANORTE PRESENT BEST BUDGETING PRACTICES FOR STATE AND MUNICIPAL GOVERNMENTS

On June 27, the United Nations Development Program (PNUD) in Mexico and Grupo Financiero Banorte published the Practical Guide for Results-Based Budgeting with a focus on the 2030 Agenda, with which state and municipal governments can implement best practices in resources' allocation to guide their exercises towards achieving the Sustainable Development Goals. The Results-Based Budget is a tool that allows the allocation of public resources in such a way that they are distributed and exercised through actions that generate well-being for citizens and public value.

The 2030 Agenda is a global action plan presented in 2015 to eradicate poverty, protect the planet, and ensure prosperity for all without compromising resources for future generations.

7. BANORTE IS RECOGNIZED BY WORLD FINANCE AS THE BEST CONSUMER BANK 2023, BEST CORPORATE GOVERNANCE, AND BEST PENSION FUND IN MEXICO 2023.

On June 29, Banorte was recognized for the third consecutive year as the Best Consumer Bank and Best Corporate Governance in Mexico in 2023 by the international magazine World Finance. This recognition was awarded to Banorte for its commitment to transparency and accountability. Carlos Hank González, Chairman of the Board of Grupo Financiero Banorte, said that the economic context has presented challenges, but thanks to correct decision making and Mexican leadership, the bank has remained strong.

Meanwhile, AFORE XXI Banorte won the "World Finance Pension Fund 2023" award, which recognizes funds that have demonstrated an innovative and dynamic approach in a challenging environment, and that must balance the search for yield with the need to decarbonize portfolios.

8. BANORTE WINS FIRST PLACE IN THE LATAM AWARDS FOR THE BEST ORGANIZATIONS FOR CUSTOMER INTERACTION.

On June 29, at the twelfth edition of the Latam Award, organized by the Latin American Alliance of Organizations for Customer Interaction (ALOIC), Banorte was recognized in the category "Best customer experience strategy" with the case "*7 pilares para una empresa sorprendente*" based on "*Tu Guía Banorte*", a unique service methodology in the industry that is based on customer service with the concept of storytelling.

This annual recognition promotes best practices in customer relations in Latin America.

9. THE MEXICAN STOCK EXCHANGE CONGRATULATES BANORTE FOR BEING THE THIRD MOST TRADED COMPANY IN MEXICO DURING 2022.

The Mexican Stock Exchange congratulated GFNorte for its position as the third most operated company in Mexico in 2022. This recognition highlights Banorte's strength and commitment to the financial sector, as well as its ability to adapt to an ever-changing business environment.

Bank

Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position Highlights - Bank (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change
				1Q23	2Q22			1H22
Net Interest Income	20,143	24,119	24,595	2%	22%	39,206	48,714	24%
Non-Interest Income	3,856	3,489	3,892	12%	1%	7,252	7,381	2%
Total Income	23,999	27,608	28,487	3%	19%	46,458	56,095	21%
Non-Interest Expense	9,188	9,975	10,254	3%	12%	18,195	20,229	11%
Provisions	2,390	3,737	4,025	8%	68%	5,024	7,762	54%
Operating Income	12,421	13,896	14,208	2%	14%	23,239	28,104	21%
Taxes	3,078	3,620	3,899	8%	27%	6,306	7,519	19%
Subsidiaries & Minority Interest	31	34	56	66%	78%	73	89	22%
Net Income	9,374	10,309	10,364	1%	11%	17,006	20,673	22%
Balance Sheet								
Stage 1 Loans	838,067	923,263	939,685	2%	12%	838,067	939,685	12%
Stage 2 Loans	7,085	6,844	6,979	2%	(2%)	7,085	6,979	(2%)
Stage 1 & 2 Loans (a)	845,152	930,107	946,663	2%	12%	845,152	946,663	12%
Stage 3 Loans (b)	8,129	9,172	9,461	3%	16%	8,129	9,461	16%
Deferred Items (c)	1,606	2,195	2,264	3%	41%	1,606	2,264	41%
Total Loans (a+b+c)	854,887	941,474	958,388	2%	12%	854,887	958,388	12%
Preventive Loan Loss Reserves including Insurance	16,350	17,288	17,775	3%	9%	16,350	17,775	9%
Total Loans Net (d)	838,537	924,185	940,613	2%	12%	838,537	940,613	12%
Total Assets	1,523,461	1,601,058	1,623,047	1%	7%	1,523,461	1,623,047	7%
Total Deposits	885,625	939,276	982,425	5%	11%	885,625	982,425	11%
Total Liabilities	1,395,609	1,445,741	1,466,745	1%	5%	1,395,609	1,466,745	5%
Equity	127,852	155,317	156,301	1%	22%	127,852	156,301	22%

- 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, 2022 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.
- 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	2Q22	1Q23	2Q23	1H22	1H23
Profitability:					
NIM	5.6%	6.5%	6.5%	5.4%	6.5%
NIM after Provisions	4.9%	5.5%	5.4%	4.7%	5.5%
ROE	27.2%	27.5%	26.6%	24.2%	27.2%
ROA	2.4%	2.6%	2.6%	2.2%	2.6%
Operation:					
Efficiency Ratio	38.3%	36.1%	36.0%	39.2%	36.1%
Operating Efficiency Ratio	2.3%	2.5%	2.5%	2.4%	2.5%
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III	176.6%	155%	170%	176.6%	169.8%
Asset Quality:					
NPL Ratio	1.0%	1.0%	1.0%	1.0%	1.0%
Coverage Ratio	201.1%	188.5%	187.9%	201.1%	187.9%
Capitalization:					
Net Capital/ Credit Risk Assets	31.7%	31.2%	30.6%	31.7%	30.6%
Total Capitalization Ratio	22.9%	22.1%	21.7%	22.9%	21.7%
Leverage					
Basic Capital/ Adjusted Assets	11.7%	12.7%	12.1%	11.7%	12.1%

- NIM = Annualized Net Interest Income for the quarter / Average of Performing Assets.
- NIM = Annualized Net Interest Income for the quarter adjusted for Credit Risks / Average of Performing Assets.
- Net Income of the period annualized as a percentage of the quarterly average of Equity (excluding minority interest) for the same period.
- Net Income of the period annualized as a percentage of the quarterly average of Total Assets (excluding minority interest) for the same period.
- Non-Interest Expenses / Total Income.
- Annualized Non-Interest Expenses of the quarter / Average of Total Assets.
- 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 2% sequentially, with 1% higher NII from the loan portfolio, driven by loan origination volume. On the other hand, NII performance was impacted by the valuation effect of inflation-indexed securities (udibonos). Interest expenses were up 14%, reflecting the reference rate hikes, which rose deposit and funding interest by 19% in the quarter. Therefore, **NIM fell (3bps) sequentially, reaching 6.5%**.

Non-interest income increased 12% QoQ, driven by trading income.

Fees charged increased 4% sequentially, given higher transactions in electronic banking, as well as in consumer products and affiliated businesses, boosted in the quarter by the "Hot Sale" digital sale. Likewise, **fees paid grew 7%**, mainly due to an increase in interchange fees, linked to the credit card & acquiring businesses, largely related to the "Hot Sale" event in May. **In sum, net fees remained stable.**

Trading income increased 276% quarter-over-quarter, due to better trading dynamics in derivatives and securities, as well as a positive effect on the valuation of currency and metals.

Other operating income (expense) decreased (Ps 134 million) sequentially, mainly due to a decrease in other items, as a result of the write-off of accounts receivables.

Non-interest expenses increased 3% primarily due to higher amortization of IT-related projects and assets. The **efficiency ratio of the quarter** went to **36.0%**, remaining relatively stable vs. 1Q23.

In the quarter, **provisions increased 8%**, in line with higher consumer loan origination. **NIM adjusted for credit risks dropped (8bps) sequentially**, reaching **5.4%**, from 5.5% in the previous quarter.

In sum, **net income for the quarter was Ps 10.36 billion**, 1% higher vs. 1Q23. **ROE decreased (88bps)** during the quarter to **26.6%**. **ROA** remained stable at **2.6%** at the end of 2Q23.

Cumulative Changes vs. the previous year

Net interest income (NII) increased 24% vs. 1H22, driven by 25% higher revenues in the loan portfolio, in line with a greater pace in loan origination and portfolio mix, as well as the 350bps adjustment in the reference rate in the last 12 months. Interest expenses grew 90%, mainly on the 448bps adjustment in the average reference rate TIE28d, reaching 11.52%, which has caused the funding mix to gradually increase in time deposits. **NIM was up 109bps in the period, to 6.5%** from 5.4%.

Non-interest income grew 2% compared to 1H22, mainly due to higher net fees and an improvement in other operating income (expenses).

Fee charged increased 15% year-over-year, driven by solid growth in electronic banking services, higher transaction volumes in consumer products, and an increase in the fee scheme paid by Seguros Banorte to the bank for the placement of products through bancassurance. **Fees paid rose 11%**, mainly due to higher interchange fees, derived from the increase in transactional volumes and higher fees for loan origination through the external sales force. As a result, net fees increased 19% compared to 1H22.

Trading income fell (62%) in the annual comparison, primarily to the negative effect on currency and metal valuation, due to the volatility of the exchange rate and commodities.

Other operating income (expense) improved Ps 220 million compared to 1H22, mostly explained by the impact of extraordinary expenses recorded in the first quarter of 2022, within "other items".

Non-interest expenses grew 11% vs. 1H22, given greater personnel expenses derived from the strengthening of the commercial teams, the salary increases due to inflation, as well as higher investments in IT projects, to increase redundancy in the systems. All in, the **efficiency ratio ended at 36.1% in 1H23, a (310bps) YoY improvement** vs. the 39.2% in 1H22.

Provisions went up 54% or Ps 2.74 billion vs. 1H22, 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 74bps** in the year, reaching **5.5% at the end of 1H23**.

Net income grew 22% compared to 1H22 or Ps 3,668 million, reflecting a sound revenue generation. **ROE expanded 294bps**, to **27.2% in 1H23**, from 24.2% in 1H22. **ROA increased 39bps** on a cumulative basis to **2.6%**.

Equity

Shareholders' equity balance amounted to Ps 156.30 billion, a 1% increase compared to the previous quarter. The main changes during the quarter were: net income of Ps 10.37 billion, an increase of Ps 318 million from the valuation of cash flow hedging instruments, an increase of Ps 104 million from valuation of financial instruments to be received or sold, and a reduction of (Ps 9.00 billion) derived from the dividend payment.

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 amounted to 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)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Core Tier 1	114,240	139,804	140,835	0.7%	23.3%
Tier 1 Capital	185,720	197,469	195,605	(0.9%)	5.3%
Tier 2 Capital	4,393	3,059	2,889	(5.6%)	(34.2%)
Net Capital	190,114	200,528	198,494	(1.0%)	4.4%
Credit Risk Assets	599,930	642,325	649,134	1.1%	8.2%
Net Capital / Credit Risk Assets	31.7%	31.2%	30.6%	(0.6 pp)	(1.1 pp)
Total Risk Assets	831,279	908,685	913,329	0.5%	9.9%
Core Tier 1	13.74%	15.39%	15.42%	0.0 pp	1.7 pp
Tier 1	22.34%	21.73%	21.42%	(0.3 pp)	(0.9 pp)
Tier 2	0.53%	0.34%	0.32%	(0.0 pp)	(0.2 pp)
Capitalization Ratio	22.87%	22.07%	21.73%	(0.34 pp)	(1.14 pp)

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

At the end of 2Q23 the estimated Capital Adequacy Ratio (CAR) for Banorte was 21.73% considering credit, market, and operational risks, and 30.58% considering only credit risk. Moreover, the Core Equity Tier 1 reached 15.42%, a level corresponding to a Systemically Important Institution Level I under the CNBV's classification.

CAR decreased (0.34 pp) vs. 1Q23 due to the following effects:

	2Q23 vs. 1Q23
	(0.34 pp)
1. Net Income in 2Q23	+1.13 pp
2. Effects in Risk Assets – Market	+0.08 pp
3. Other Capital Effects ⁽¹⁾	+0.05 pp
4. Securities' mark-to-market valuation and Hedging Derivatives ⁽²⁾	+0.03 pp
5. Effects in Risk Assets – Operation	(0.03 pp)
6. Effects in Risk Assets – Credit	(0.05 pp)
7. Effects in Risk Assets – Credit (Others) ⁽³⁾	(0.12 pp)
8. Capital Notes	(0.44 pp)
9. Dividend to the Financial Group	(0.99 pp)

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

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

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

CAR decreased (1.14 pp) vs. 2Q22 due to the following effects:

	2Q23 vs. 2Q22
	(1.14 pp)
1. Net Income in the period	+4.18 pp
2. Effects in Risk Assets – Credit	+0.21 pp
3. Securities' mark-to-market valuation and Hedging Derivatives ⁽¹⁾	+0.17 pp
4. Other Capital Effects ⁽²⁾	+0.13 pp
5. Effects in Risk Assets – Market ⁽³⁾	(0.57 pp)
6. Effects in Risk Assets – Credit (Others) ⁽⁴⁾	(0.73 pp)
7. Effects in Risk Assets – Operation ⁽⁵⁾	(0.96 pp)
8. Dividend to the Financial Group	(0.99 pp)
9. Capital Notes ⁽⁶⁾	

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

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

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

(6) Includes 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 June 2023 amounted to Ps 913.33 billion, increasing Ps 4.64 billion compared to March 2023, and an increase of Ps 82.05 billion vs. June 2022.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Total Credit	599,930	642,325	649,134	1%	8%
Credit (Loan Portfolio)	510,717	535,907	537,756	0%	5%
Credit (Others)	89,213	106,418	111,378	5%	25%
Total Market	153,110	149,073	145,616	(2%)	(5%)
Total Operational	78,239	117,287	118,579	1%	52%
Total	831,279	908,685	913,329	1%	10%

The main quarterly changes in RWAs vs. 1Q23 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.
- Decrease in Assets Subject to Market Risk due to the evolution of stable funding.
- 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 a new regulatory methodology.

The main annual changes in RWAs vs. 2Q22 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, and acquisition of bank securities.
- Decrease in Assets Subject to Market Risk due to foreign currency balance sheet optimization strategies, temporary evolution of the balance sheet, and decrease in foreign exchange exposure.
- 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)	2Q22	1Q23	2Q23	Change	
				1Q23	2Q22
Tier 1 Capital	185,720	197,469	195,605	(0.9%)	5.3%
Adjusted Assets	1,584,777	1,554,023	1,613,813	3.8%	1.8%
Leverage Ratio	11.72%	12.71%	12.12%	(59 bp)	40 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- Seguros Banorte (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Interest Income (Net) (1)	468	767	800	4%	71%	861	1,567	82%
Credit Provisions	3	0	0	502%	(98%)	3	0	(98%)
Premium Revenue (Net)	4,361	9,887	8,708	(12%)	100%	15,302	18,595	22%
Net increase in technical reserves	(868)	3,324	2,543	(23%)	393%	3,654	5,867	61%
Net Cost for Insurance Operations	587	1,568	848	(46%)	44%	1,319	2,417	83%
Net Cost of Claims and Other Obligations	3,646	3,427	4,316	26%	18%	7,664	7,743	1%
Trading Income (1)	(91)	126	277	120%	403%	(171)	402	335%
Other Operating Income (Expenses)	228	115	99	(13%)	(56%)	455	214	(53%)
Total Operating Income	1,597	2,575	2,176	(15%)	36%	3,807	4,752	25%
Non Interest Expense	439	561	420	(25%)	(4%)	923	981	6%
Operating Income	1,158	2,014	1,757	(13%)	52%	2,884	3,771	31%
Taxes	302	621	532	(14%)	76%	795	1,153	45%
Subsidiaries' Net Income	101	298	301	1%	198%	259	599	131%
Net income from continuing operations	957	1,691	1,526	(10%)	59%	2,348	3,217	37%
Minority Interest	6	9	10	8%	71%	9	19	100%
Net Income	951	1,682	1,516	(10%)	59%	2,339	3,198	37%
Other Comprehensive Income	(15)	(21)	12	159%	184%	(22)	(9)	62%
Comprehensive Income	942	1,670	1,538	(8%)	63%	2,325	3,208	38%
Shareholder's Equity	24,767	24,950	25,705	3%	4%	24,767	25,705	4%
Total Assets	71,291	72,343	77,673	7%	9%	71,291	77,673	9%
Technical Reserves	38,493	39,824	43,239	9%	12%	38,493	43,239	12%
Premiums sold	4,977	11,640	10,416	(11%)	109%	18,510	22,056	19%
Coverage ratio of technical reserves	1.1	1.2	1.2	0.0 pp	0.1 pp	1.1	1.2	0.1 pp
Solvency capital requirement coverage ratio	7.3	13.7	14.4	0.8 pp	7.1 pp	7.3	14.4	7.1 pp
Coverage ratio of minimum capital	200.9	188.1	193.9	5.8 pp	(7.0 pp)	200.9	193.9	(7.0 pp)
Claims ratio	70.0%	52.6%	70.3%	17.7 pp	0.3 pp	66.0%	61.2%	(4.9 pp)
Combined ratio	86.6%	70.1%	81.7%	11.6 pp	(4.8 pp)	76.0%	75.8%	(0.2 pp)
ROE	15.9%	28.3%	24.3%	(4.0 pp)	8.4 pp	20.1%	26.3%	6.3 pp
ROE ex-Afore	43.6%	64.8%	48.9%	(16.0 pp)	5.3 pp	58.8%	56.4%	(2.4 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 2022 figures were reclassified.

Net Interest income increased 4% in the quarter, whereas **annual figures** increased **82%**, mainly due to higher yields and instruments' valuation, offsetting the negative valuation effect of inflation-indexed securities (UDIS).

Premium income was (12%) lower sequentially driven by seasonal renewals during the first quarter of the year; as a result, technical reserves decreased (Ps 781 million) sequentially, in line with lower premium issuance in the period. **Compared to 1H22, premium income increased 22%**, related to new client acquisition, especially in the life and auto segments. As a result, technical reserves went up 61%, due to higher flexible product sales. A good performance in the bancassurance business is maintained, expanding 17% YoY.

Damages and claims increased 26% in the quarter and only 1% vs 1H22, primarily due to the claims' mix in the portfolio, with lower claims in life and higher in auto and damages, displaying a normalized performance in all segments.

Acquisition costs fell (46%) quarterly because of seasonality effects and increased **83% in 1H23**, driven by the adjustment in the fee scheme for the placement of insurance products through bancassurance, during 1Q23, as well as business growth.

Net operating income totaled Ps 1.76 billion in 2Q23, a sequential reduction of (13%), related to seasonality effects. In the **annual comparison**, it grew **31%**, driven by higher yields and instruments' valuation, which offset higher costs given the changes in the intercompany fee scheme.

Net Income for the quarter totaled **Ps 1.52 billion**, a **(10%)** decline vs. 1Q23 and **37%** higher vs. 1H22. **Quarterly Net Income** for Seguros Banorte, excluding its subsidiary Afore XXI Banorte, reached Ps 1.22 billion, representing 9.3% of the Group's net income in 2Q23.

ROE for the Insurance business, excluding its subsidiary Afore XXI Banorte, decreased (16 pp) in the quarter, reaching **48.9% in 2Q23**.

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 2Q23 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations.
 - *In 2Q23, 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 2Q23.*
- 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: 1 related to government, 2 related to industrial transformation, and 2 related to tourism services.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies.
 - *There were no relevant issues related to non-compliance during 2Q23.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change
				1Q23	2Q22			1H22
Net Income	201	596	601	1%	198%	518	1,197	131%
Shareholder's Equity	22,966	23,002	23,602	3%	3%	22,966	23,602	3%
Total Assets	24,926	24,967	25,528	2%	2%	24,926	25,528	2%
AUM (SIEFORE)	1,016,665	1,107,384	1,121,027	1%	10%	1,016,665	1,121,027	10%
ROE	3.5%	10.1%	10.3%	0.2 pp	6.8 pp	4.3%	10.2%	5.8 pp

In 2Q23, Afore XXI Banorte reported net income of Ps 601 million, 1% higher sequentially, driven by the positive effect in fee income and lower expenses. In the cumulative comparison, net income increased 131%, given higher yields from financial products and the effect of the extraordinary expenses' recognition in 2022.

ROE reached 10.3% in 2Q23, a quarterly increase of 0.2 pp. Compared to 1H22, it grew 5.8 pp, reaching 10.2%. Excluding goodwill, **Return on Tangible Equity (ROTE)** reached **36.8%** in 2Q23.

Net Income of Afore XXI Banorte represented 2.3% of the Financial Group's net income in 2Q23.

Afore XXI Banorte's **assets under management (AUM)**, totaled **Ps 1,121 billion**, increasing 1% compared to 1Q23 and 10% vs. 2Q22.

Pensiones Banorte

Income Statement and Balance Sheet Highlights- Pensiones Banorte <i>(Million Pesos)</i>	2Q22	1Q23	2Q23	Change		1H22	1H23	Change
				1Q23	2Q22			
Interest Income (Net) (1)	5,602	6,150	2,153	(65%)	(62%)	11,470	8,304	(28%)
Credit Provisions	11	8	10	28%	(3%)	22	18	(19%)
Premium Income (Net)	4,740	4,254	3,838	(10%)	(19%)	9,686	8,092	(16%)
Technical Reserves	6,554	6,277	1,863	(70%)	(72%)	13,730	8,140	(41%)
Damages, Claims (Net)	2,948	3,161	3,333	5%	13%	5,736	6,494	13%
Trading Income (1)	32	(1)	24	1970%	(23%)	39	23	(41%)
Other Operating Income (Expenses)	7	1	(5)	(450%)	(165%)	10	(3)	(134%)
Total Operating Income	869	958	805	(16%)	(7%)	1,716	1,763	3%
Non Interest Expense	129	124	117	(6%)	(9%)	247	242	(2%)
Operating Income	740	834	688	(18%)	(7%)	1,470	1,522	4%
Taxes	223	251	203	(19%)	(9%)	442	454	3%
Subsidiaries' Net Income	3	3	4	13%	18%	4	7	82%
Net Income	520	586	489	(17%)	(6%)	1,031	1,075	4%
Other Comprehensive Income	(9)	(8)	(0)	96%	96%	(22)	(8)	63%
Comprehensive Income	512	578	488	(16%)	(5%)	1,009	1,066	6%
Shareholder's Equity	9,405	10,179	10,668	5%	13%	9,405	10,668	13%
Total Assets	223,413	242,270	245,270	1%	10%	223,413	245,270	10%
Technical Reserves	210,258	229,112	231,170	1%	10%	210,258	231,170	10%
Premiums sold	4,740	4,254	3,838	(10%)	(19%)	9,686	8,092	(16%)
Coverage ratio of technical reserves	1.0	1.0	1.0	0.0 pp	0.0 pp	1.0	1.0	0.0 pp
Solvency capital requirement coverage ratio	9.3	9.7	10.1	0.4 pp	0.8 pp	9.3	10.1	0.8 pp
Coverage ratio of minimum capital	47.3	47.5	49.8	2.3 pp	2.6 pp	47.3	49.8	2.6 pp
ROE	22.8%	22.0%	18.8%	(3.3 pp)	(4.0 pp)	23.1%	20.2%	(3.0 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, 2022 figures in this report were reclassified.

In 2Q23, **net interest income** amounted to **Ps 2.15 billion, decreasing (65%) sequentially**, driven primarily by the negative valuation effect on inflation-indexed securities (UDIS) amounting to (Ps 4.07 billion). Compared to 1H22, **it declined (28%)** or (Ps 3.17 billion), out of which (Ps 3.67 billion) were driven by the negative valuation effect of inflation-indexed securities (UDIS), despite Ps 503 million higher interest income. It is worth mentioning that the impact of the valuation effect on inflation-indexed securities (UDIS) has a neutral effect in net income, as it is offset by lower technical reserves.

In the quarter, technical results rose Ps 3.83 billion given (70%) or (Ps 4.41 billion) lower technical reserves, related to an update in inflation reserves. **In the first half of the year, technical results rose Ps 3.24 billion** given (41%) lower reserves due to the inflation update.

In the combined result of interest income and technical results, **net income of Pensiones Banorte** dropped (17%) sequentially and **rose 4%** compared to 1H22. Net income of the business represented 3.7% of the Financial Group's net income in 2Q23.

ROE of Pensiones Banorte stood at **18.8%** in 2Q23, (3.3 pp) lower quarterly and (3.0 pp) at the end of 1H23, reaching 20.2%.

Brokerage

Brokerage Sector (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Net Income	308	89	239	170%	(22%)	1,215	328	(73%)
Shareholder's Equity	6,870	5,903	5,823	(1%)	(15%)	6,870	5,823	(15%)
Assets Under Management	964,814	1,058,034	1,118,230	6%	16%	964,814	1,118,230	16%
Total Assets	301,485	247,139	242,630	(2%)	(20%)	301,485	242,630	(20%)
ROE	15.9%	6.1%	16.3%	10.2 pp	0.4 pp	31.6%	11.2%	(20.3 pp)
Net Capital (1)	5,801	4,978	5,136	3%	(11%)	5,801	5,136	(11%)

1. Net capital structure: Core Equity = Ps 5.14 billion, Additional Capital= Ps 0 million.

Casa de Bolsa Banorte and Operadora de Fondos reported a **net income of Ps 239 million in 2Q23**, a 170% sequential increase mainly due to higher net interest income and non-interest income. **Compared to 1H22, net income decreased (73%)**, due to less interest income and net fees, as well as higher expenses.

Net income from the brokerage business in 2Q23 accounted for 1.8% of the group's net income.

Assets Under Management

At the end of 2Q23, AUMs totaled **Ps 1,118 billion**, 6% higher quarterly and 16% YoY.

Assets under management by mutual funds totaled **Ps 268 billion**, representing a **15.9% annual increase**. Assets held in **fixed income funds** totaled **Ps 250 billion**, 3.5% higher in the quarter, and 19.4% in the year. Assets held in **equity funds** amounted to **Ps 18 billion, down (4.6%)** in the quarter and (17.5%) in the year.

As of 2Q23, Banorte held an 8.5% share of the mutual fund market, comprised of 10.4% share in fixed income funds and 2.5% in equity funds.

Other Subsidiaries

Other subsidiaries (Million Pesos)	2Q22	1Q23	2Q23	Change		1H22	1H23	Change 1H22
				1Q23	2Q22			
Almacenadora Banorte								
Net Income	4	12	14	12%	233%	13	26	104%
Shareholder's Equity	304	339	353	4%	16%	304	353	16%
Inventories	1,398	1,280	1,306	2%	(7%)	1,398	1,306	(7%)
Total Assets	1,688	2,000	1,916	(4%)	14%	1,688	1,916	14%
ROE	5.4%	14.8%	16.0%	1.2 pp	10.6 pp	8.4%	15.4%	7.0 pp
Arrendadora y Factor Banorte								
Net Income	226	81	132	63%	(42%)	332	212	(36%)
Shareholder's Equity	10,271	10,620	10,752	1%	5%	10,271	10,752	5%
Loan Portfolio (1)	33,181	37,590	38,568	3%	16%	33,181	38,568	16%
Non-Performing Loans	769	841	837	(0%)	9%	769	837	9%
Non-Performing Loan Ratio	2.3%	2.2%	2.2%	(0.1 pp)	(0.1 pp)	2.3%	2.2%	(0.1 pp)
Loan Loss Reserves	662	752	753	0%	14%	662	753	14%
Total Assets	42,558	47,180	48,362	3%	14%	42,558	48,362	14%
ROE	9.1%	3.1%	5.0%	1.9 pp	(4.1 pp)	6.7%	4.1%	(2.6 pp)
Banco Bineo* (former IXE Servicios**)								
Net Income	15.4	17.2	10.7	(38%)	(31%)	27.6	27.9	1%
Shareholder's Equity	1,673	1,694	1,705	1%	2%	1,673	1,705	2%
Total Assets	1,721	1,812	1,824	1%	6%	1,721	1,824	6%
ROE	3.7%	4.1%	2.5%	(1.6 pp)	(1.2 pp)	3.4%	3.3%	(0.1 pp)

1) Includes pure operating lease portfolio of Ps 2.82 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.

Arrendadora y Factor Banorte

Net income in 2Q23 totaled **Ps 132 million**, a **quarterly increase of 63%**, mainly due to an improvement in the financial margin, due to an increase in the portfolio. **Compared to 1H22, it dropped (36%)**, driven by a lower financial margin, greater operation expenses, an increase in deferred taxes, yet partially offset by an increase in charged fees.

The **non-performing loan ratio** reached **2.2%**, (0.1 pp) lower vs. the previous quarter. The Coverage ratio totaled 89.9%, 0.5 pp above 1Q23. **Capital ratio for 2Q23 stood at 28.53%**, considering total risk weighted assets of Ps 32.33 billion. Leverage ratio as of March 2023 and June 2023, reached 18.08% and 17.85%, respectively, considering adjusted assets of Ps 50.51 billion and Ps 51.64 billion, respectively.

In 2Q23, Net Income from Leasing and Factoring represented 1.0% of the group's total results.

As of March 2023, Arrendadora y Factor Banorte ranks first place in terms of portfolio size among the 59 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

Almacenadora Banorte

In 2Q23, the Almacenadora Banorte reported a **net income of Ps 14 million**, **increasing Ps 2 million** compared to the net income of 1Q23, mainly due to the combined effect of Ps 5 million higher income, offset by an increase in taxes of (Ps 3 million).

ROE reached **16.0%** and the **capital ratio** totaled **146.7%** considering a Ps 353 million equity, and negotiable certificates of deposit issued in active warehouses for Ps 3.32 billion.

Almacenadora Banorte ranks fourth place among the warehousing businesses in the sector in terms of net income as of March 2023.

III. Sustainability Strategy

Environmental



Climate Change

Banorte joins Climate Data Working Group of PCAF

Banorte was selected as one of 15 global signatories to the PCAF Climate Data Working Group (CDWG), which is focused on maintaining, updating and expanding the PCAF emissions factors database. Thus, we will be actively collaborating with the initiative to improve the quality of emission factors and increase their coverage to more sectors and regions, seeking to address the needs we have identified for Mexico.

Participation in Mexico's GHG Program, GHG1 level

In compliance with the Regulations of the General Law on Climate Change regarding the National Emissions Registry, during 2Q23 Banorte reported GHG emissions (GHG) of scope 1 and 2 in the Annual Operating Form (COA). We also participated in the GHG Mexico Program in the GHG1 category on a voluntary basis by reporting our GHG emissions inventory.

Social



Global Compact 2023 COP (Communication on Progress) Response

For the 12th consecutive year, Banorte reiterates its commitment to transparency by completing the Global Compact 2023 COP questionnaire.

Governance



Ethics and accountability

FTSE rating of 3.7/5. Adherence to: FTSE4Good Emerging Index, FTSE4Good Emerging Latin American Index and FTSE4Good BIVA.

Banorte continues to be part of the FTSE4Good Emerging Indexes, FTSE4Good Emerging Latin America Index and FTSE4Good BIVA Index series, considering the bank's strengths in the implementation of environmental, social and governance practices against international standards. The 3.7 pts rating obtained in 2022 was maintained for 2023.

AA" rating by MSCI for 3rd consecutive year

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

Sustainability strategy update 2023 - 2025

Banorte updated its 2023-2025 sustainability strategy, which approved by the group's Sustainability Committee. This new strategy considers for the first time, a double materiality focus, prioritizing the most relevant or "material" issues from both an impact and financial perspective. The various projects included in this new strategy will be implemented and monitored through different governance bodies within Banorte.

Awards

World Finance recognizes Banorte for the fourth consecutive year, as the Best in Consumer Banking and with the best Corporate Governance, likewise, Afore XXI Banorte was recognized as the best Pension Fund for the seventh consecutive year.

Sustainable Finance



Sustainable Finance Products

During 2Q23, the Equator Principles 2022 annual report was published.

During the period from January 1 to December 31, 2022, the application of Equator Principles shows that 90% of the total financings evaluated under these Principles are categorized with a B* risk level.

In addition, 15 projects were financed during 2022, which belong to the "Americas" region and are located in Mexico (non-designated country), in addition, these projects have a socio-environmental review by an independent consultant. Most of the projects are in category B*, within the construction, infrastructure and tourism sectors with environmental and social risks and impacts that can be offset. In addition, we financed one project in category A* in the construction sector.

In 2022, 4 corporate loans belonged to the Americas region, located in Mexico (non-designated country) and have been reviewed by an independent socio-environmental consultant. Three projects are in category B*, within the infrastructure, agriculture and construction sectors. One project is in category C*, belonging to the infrastructure sector with minimal or no adverse environmental and social risks and/or impacts.

For further details, please refer to [the EP report](#).

Autoestrene verde

During 2Q23, 236 credits were issued (Ps 159 million) for the purchase of hybrid and electric cars. During the first half of the year, 450 credits have been issued for a total of Ps 305.4 million.

Awards

"Premio Oro" in the STRATEGIC INNOVATION category for positively impacting the community at the 8th edition of the FINTECH AMERICAS Financial Innovators, in the Americas Awards.

* A - High Risk - Projects with significant, diverse, irreversible or unprecedented adverse environmental and social risks and/or potential impacts. - B - Medium Risk - Projects with potential adverse environmental and social risks and/or impacts that are limited, few in number, generally site-specific, mostly reversible and easily addressed through mitigation measures. - C - Low risk - Projects with minimal or no adverse environmental and social risks and/or impacts.

● **ESG updates**



- Adherence to the **CLIMATE DATA WORKING GROUP (CDWG)** by **PCAF**
- Participation in the **GEI MEXICO PROGRAM**, level **GEI1**



- UN GLOBAL COMPACT**
Communication on Progress (COP) **2023 REPORT**



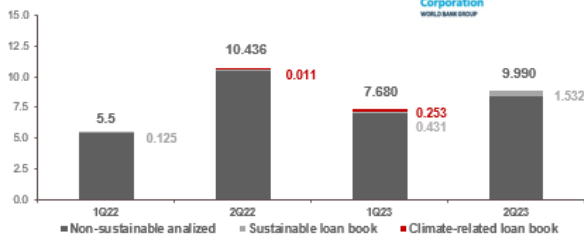
- FTSE** rating of **3.7/5**. Adherence to: FTSE4Good Emerging Index, FTSE4Good Emerging Latin American Index and FTSE4Good BIVA
- "AA"** Rating by **MSCI** for the 3rd consecutive year
- Updated **SUSTAINABILITY STRATEGY** for **2023 - 2025**
- BEST RETAIL BANK** (Banorte) for the 4th year, **BEST CORPORATE GOVERNANCE** (Banorte) for the 4th year and **BEST PENSION FUND** (Afore XXI Banorte) for the 7th year, in Mexico, by **WORLD FINANCE**



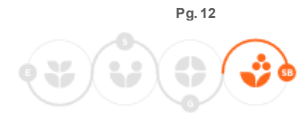
- GOLD AWARD** in the **STRATEGIC INNOVATION** category for positively impacting the community at the 8th edition of the Financial Innovators in the Americas Award of **FINTECH AMERICAS**
- Publication of **EQUATOR PRINCIPLES ANNUAL REPORT 2022**
- Submission of the **2023 AMAFORE ESG** questionnaire

Sustainable Business (2Q23)

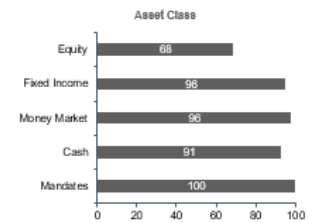
Loan book evaluation
% of wholesale banking loan book



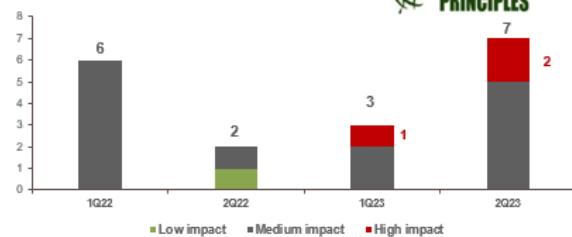
Responsible Investments – Mutual Funds
% of total analyzed AUM by instrument



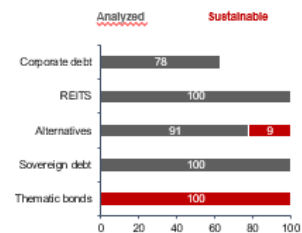
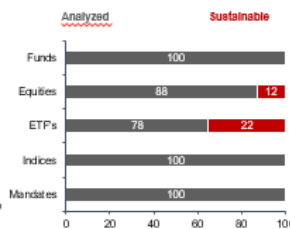
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Loan book evaluation under Equator Principles
Number of analyzed projects



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



IV. General Information

GFNORTE's Analyst Coverage

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

COMPANY	ANALYST	RECOMMENDATION	DATE
Actinver	Valentín Mendoza	Buy	21-Apr-22
Autonomous	Geoffrey Elliott	Buy	19-May-23
Barclays	Gilberto García	Buy	17-Jul-23
BBVA	Rodrigo Ortega	Buy	3-Jul-23
BofA	M. Pierry/ E. Gabilondo	Buy	23-Mar-23
Bradesco	Gustavo Schroden	Buy	11-May-23
BTG Pactual	Eduardo Rosman	Buy	19-Jul-23
CITI	José Luis Cuenca	Buy	2-Jun-23
GBM	Carlos de Legarreta	Buy	17-Jan-21
Goldman Sachs	Tito Labarta	Buy	23-Apr-23
HSBC	Carlos Gómez	Buy	24-Apr-23
Itau	Jorge Pérez	Buy	21-Aug-22
JP Morgan	Yuri Fernandes	Buy	20-Apr-23
Monex	J. Roberto Solano	Buy	20-Apr-23
Morgan Stanley	Jorge Kuri	Buy	5-Jul-23
Santander	Andrés Soto	Buy	5-Jul-23
UBS	Thiago Batista	Buy	19-Jul-23
Vector	Marco Montañez	Buy	2-Jun-23
Credit Suisse	Marcelo Telles	Hold	21-Apr-23
Interam	Carlos Gómez	Hold	20-Apr-23
Scotia	Jason Mollin	Hold	27-Jun-23

Capital Structure

Holding Company Capital Structure

Number of Shares	SERIES O As of June 30, 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 <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Interest Income	55,322	60,289	72,244	80,773	87,223	91,542
Interest Expense	28,310	33,061	41,550	49,548	55,492	63,019
Net Interest Income (Nil)	27,012	27,229	30,694	31,225	31,730	28,523
Preventive Provisions for Loan Losses	2,668	2,434	3,148	3,632	3,771	4,038
Net Interest Income Adjusted for Credit Risk	24,344	24,795	27,546	27,593	27,959	24,485
Fund Transfers	471	515	527	527	487	505
Account Management Fees	483	489	483	455	465	489
Electronic Banking Services	3,790	4,197	4,280	4,705	4,262	4,416
For Commercial and Mortgage Loans	-	-	-	-	-	-
For Consumer and Credit Card Loans	1,395	1,521	1,617	1,591	1,750	1,838
Fiduciary	127	136	123	151	132	147
Income from Real Estate Portfolios	-	-	-	-	-	-
Mutual Funds	500	523	535	551	578	615
Trading & Financial Advising Fees	141	163	135	133	97	97
Other Fees Charged	331	331	381	375	405	406
Fees Charged on Services	7,359	8,082	8,132	8,775	8,372	8,625
Interchange Fees	2,643	2,905	2,995	3,116	2,844	3,061
Insurance Fees	-	-	-	-	-	-
Other Fees Paid	1,029	1,141	1,272	1,435	1,320	1,378
Fees Paid on Services	3,673	4,047	4,268	4,552	4,164	4,439
Net Service Fees	3,687	4,035	3,864	4,223	4,208	4,187
Premium Income Ins. & Annu. (Net)	15,756	8,967	9,361	8,771	13,994	12,409
Technical Reserves Ins. & Annu.	11,699	5,685	6,983	5,174	9,601	4,407
Cost of Acquisition from Insurance Operations	468	308	300	312	941	180
Net Cost of Claims and Other Obligations	6,796	6,594	6,516	6,661	6,576	7,649
Currency and Metals	(543)	351	(146)	(1,262)	(3,242)	(2,494)
Derivatives	1,354	424	(399)	226	2,235	1,345
Negotiable Instruments	(56)	(490)	(66)	508	126	284
Valuation	755	285	(611)	(529)	(881)	(865)
Currency and Metals	1,319	753	1,218	1,235	1,366	1,216
Derivatives	(719)	(216)	115	(89)	(96)	446
Negotiable Instruments	19	141	48	(98)	24	255
Trading	619	678	1,380	1,048	1,294	1,917
Other financial results	(1)	(110)	4	138	(1)	120
Trading Income	1,373	852	774	657	412	1,172
Contributions to IPAB	(934)	(954)	(985)	(985)	(1,001)	(1,042)
Expenses Incurred in the Recovery of Credit Portfolio	(339)	(321)	(350)	(410)	(374)	(363)
Acquired collection rights	54	68	141	70	101	97
Result for Foreclosed Assets	140	196	107	187	140	155
Donations	(143)	(36)	(23)	(26)	(90)	(79)
Impairment of Assets	-	-	(204)	(100)	-	-
Result on sale of Property, Furniture and Equipment	(5)	(15)	(28)	(13)	(5)	(18)
Lease Income	62	86	88	86	59	93
From Insurance	230	237	(360)	156	117	96
Securitization Operation Valuation Result	-	-	-	-	-	-
Other Operating Expense	(195)	105	(85)	(69)	149	51
Total Other Operating Income (Expense)	(1,130)	(630)	(1,690)	(1,094)	(895)	(993)
Total Non Interest Income	724	637	(1,490)	410	601	4,540
Total Operating Income	25,068	25,432	26,057	28,004	28,560	29,025
Personnel	4,330	4,264	4,510	6,476	4,949	5,032
Employee Profit Sharing (PTU)	385	387	394	342	418	419
Professional Fees	797	915	929	961	915	945
Administrative and Promotional Expenses	4,538	4,602	4,567	5,141	4,866	4,885
Total Non Interest Expense	10,050	10,167	10,400	12,920	11,148	11,281
Operating Income	15,018	15,264	15,657	15,083	17,412	17,744
Subsidiaries' Net Income	197	128	233	408	333	358
Pre-Tax Income	15,215	15,392	15,890	15,492	17,745	18,102
Taxes	4,331	3,703	4,187	3,742	4,542	4,828
Net Income from Continuous Operations	10,884	11,689	11,703	11,749	13,203	13,275
Discontinued Operations	-	-	-	-	-	-
Net income from continuing operations	10,884	11,689	11,703	11,749	13,203	13,275
Minority Interest	136	166	159	157	185	187
Net Income	10,748	11,524	11,544	11,592	13,018	13,088
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,983)	(2,351)	(1,099)	1,057	473	141
Cash Flow Hedges Valuation	14	(73)	1,101	76	773	312
Income and Expenses related to Assets Held for Disposal	-	-	-	-	-	-
Remeasurement on defined employee benefits	23	23	9	36	22	22
Cumulative foreign currency translation adjustment	(47)	14	(5)	(48)	(111)	(67)
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	(7)
Other Comprehensive Income	(1,830)	(2,311)	158	1,046	1,172	400
Comprehensive Income	9,054	9,378	11,861	12,795	14,375	13,675

V. Financial Statements

GFNorte -Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
ASSETS						
Cash and Equivalents	124,571	99,209	91,746	108,254	107,251	130,568
Margin Accounts	8,221	6,526	5,730	5,478	5,253	5,213
Negotiable Instruments	257,355	267,006	270,043	289,855	291,713	310,181
Securities Available for Sale	230,875	222,511	215,501	209,351	201,972	188,577
Securities Held to Maturity	282,726	298,351	307,127	313,537	320,482	313,037
Investment in Securities	770,955	787,868	792,671	812,743	814,167	811,796
Estimate of Expected Credit Losses for Investments	291	304	297	293	294	173
Debtor Balance in Repo Trans, net	88,593	53,054	54,794	22,826	41,473	65,672
Securities Lending	-	-	-	-	-	-
For trading purposes	29,453	33,775	38,896	35,701	32,606	34,723
For hedging purposes	1,096	1,256	1,814	1,854	2,958	3,762
Operations w/Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	30,550	35,031	40,709	37,555	35,564	38,486
Valuation adjustments for Asset Coverage	36	32	19	-	-	-
Commercial Loans	328,682	336,398	334,444	357,273	364,531	376,601
Loans to financial entities	16,637	17,135	17,967	18,277	19,236	22,028
Consumer Loans	122,920	129,446	135,779	142,074	148,232	158,015
Payroll Loans	55,340	59,648	62,692	64,612	66,962	70,747
Personal Loans	647	632	706	975	883	939
Credit Card	39,197	40,601	42,663	44,607	45,523	48,331
Auto Loans	27,737	28,565	29,718	31,880	34,863	37,997
Mortgage Loans	199,148	203,953	214,353	223,705	230,684	238,050
Medium and Residential	196,932	201,848	212,310	221,771	228,828	236,285
Low- income housing	2	2	2	2	2	2
Loans acquired from INFONAVIT or FOVISSSTE	2,214	2,102	2,041	1,932	1,855	1,763
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	160,031	166,433	163,788	171,720	180,364	164,484
Performing Loans, Stage 1	827,419	853,365	866,330	913,049	943,047	959,179
Commercial Loans	1,819	1,733	3,670	1,328	1,195	951
Loans to financial entities	1	36	0	-	-	-
Consumer Loans	2,014	2,061	2,355	2,278	2,706	2,742
Payroll Loans	1,261	1,283	1,542	1,438	1,731	1,703
Personal Loans	31	28	30	26	70	31
Credit Card	410	443	483	520	586	643
Auto Loans	313	307	300	293	319	365
Mortgage Loans	3,494	3,571	3,685	3,226	3,210	3,393
Medium and Residential	3,408	3,482	3,599	3,130	3,112	3,315
Low- income housing	0	0	0	0	1	-
Loans acquired from INFONAVIT or FOVISSSTE	86	89	86	97	98	79
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	0	-	-	-	-	194
Performing Loans, Stage 2	7,329	7,401	9,710	6,832	7,111	7,281
Commercial NPL's	3,886	4,017	4,174	4,572	4,644	4,262
Financial Entities NPL's	101	105	106	4	4	24
Consumer NPL's	2,530	2,820	3,070	3,528	3,367	3,954
Payroll NPL's	1,380	1,665	1,832	2,178	1,993	2,337
Personal NPL's	45	49	36	45	49	63
Credit Card NPL's	902	926	986	1,108	1,132	1,344
Auto NPL's	203	180	216	198	193	210
Mortgage NPL's	1,763	1,855	1,904	1,865	1,994	2,054
Medium and Residential	1,446	1,521	1,552	1,553	1,650	1,701
Low- income housing	0	0	0	-	0	0
Loans acquired from INFONAVIT or FOVISSSTE	317	334	353	312	343	352
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities PDL's	159	102	4	4	4	4
Non-Performing Loans, Stage 3	8,440	8,898	9,259	9,973	10,013	10,299
Loan Portfolio Valued at Fair Value	-	-	-	-	-	-
Deferred Items	1,580	1,590	1,560	2,042	2,172	2,240
Loans from Insur. Subsidiaries	2,927	3,025	3,123	3,188	3,249	3,322
Deffered (BAP)	-	-	-	-	-	-
Gross Loan Portfolio	847,695	874,278	889,982	935,084	965,592	982,320
Preventive Loan Loss Reserves	16,905	17,013	17,247	17,686	18,041	18,528
Loan Loss-reserve for Insurance and Bail Bond Risks	185	195	205	213	221	231
Net from Reserves Loan Portfolio	830,605	857,070	872,530	917,185	947,330	963,561
Acquired Collection Rights (net)	582	466	322	654	597	551
Total Credit Portfolio	831,187	857,536	872,852	917,839	947,927	964,112
Account Receivables from Insurance and Annuities	10,995	8,677	6,567	3,960	8,050	10,052
Amounts recoverable by Reinsurance and Counter-guarantee	8,022	8,033	7,589	5,402	4,898	5,284
Account Receivables from Reinsurance	-	-	-	-	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	55,687	69,339	48,377	40,285	56,347	50,195
Inventories	1,019	1,398	1,590	975	1,280	1,306
Foreclosed Assets, Net	1,759	1,957	1,894	2,961	2,794	2,818
Advanced Payments and Other Assets	18,557	16,728	20,138	16,406	10,591	12,937
Real Estate, Furniture & Equipment, Net	21,070	22,133	22,086	28,785	28,860	29,799
Rights of Use of Intangible Assets	7,638	7,372	7,346	7,113	6,703	4,025
Investment in Subsidiaries	13,420	14,216	14,476	14,954	14,485	14,765
Assets for Rights of Use of Property, Furn. & Eq.	-	-	-	-	-	-
Deferred Income Tax Assets	(0)	(0)	(0)	0	(0)	(0)
Intangibles	16,718	17,786	17,994	18,089	17,971	17,833
Rights of Use of Intangible Assets	-	-	-	-	-	-
Goodwill	26,720	26,725	26,724	26,741	26,710	26,691
TOTAL ASSETS	2,035,427	2,033,316	2,033,008	2,070,072	2,130,031	2,191,378

V. Financial Statements

GFNorte -Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
LIABILITIES						
Demand Deposits	570,690	592,056	591,051	597,782	603,364	643,394
Time Deposits-Retail	234,985	248,191	256,447	274,201	269,082	281,256
Time Deposits-Money Market	-	200	200	4,954	13,903	11,898
Global Account of deposits without movements	3,060	3,237	3,362	3,253	3,223	3,321
Senior Unsecured Debt	27,293	21,507	21,852	17,002	27,397	36,927
Deposits	836,028	865,191	872,912	897,192	916,968	976,796
Due to Banks & Correspondents:						
Demand Loans	0	0	0	-	-	-
Short Term Loans	20,059	15,285	17,627	22,407	18,365	18,004
Long Term Loans	12,778	13,861	14,831	14,798	15,738	13,174
Due to Banks & Correspondents	32,837	29,146	32,459	37,205	34,102	31,178
Technical Reserves	243,336	248,838	255,216	259,161	268,980	274,462
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	169,718	249,066	315,524	369,239	337,016	371,092
Secs to be received in Repo Trans, Net	0	0	-	-	-	-
Collateral sold or pledged as collateral						
Repos (Credit Balance)	295,829	178,235	101,485	72,562	118,297	107,536
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral Sold	295,829	178,235	101,485	72,562	118,297	107,536
Derivatives						
For trading purposes	22,855	27,172	32,487	29,120	23,836	24,428
For hedging purposes	5,549	5,651	3,857	3,956	2,892	2,370
Operations w/ Derivatives & Securities	-	-	-	-	-	-
Total Derivatives	28,404	32,823	36,344	33,076	26,727	26,798
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accountsfor Reinsurance	3,807	3,514	3,414	1,729	2,326	2,789
Lease Liabilities	7,695	7,407	7,099	6,771	6,437	4,104
Creditors for settlement of transactions	13,468	23,233	13,887	8,680	26,129	18,019
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	18,425	22,059	24,113	20,643	23,173	22,488
Contributions payable	2,291	2,197	1,967	2,207	2,659	2,875
Suppliers	-	-	-	-	-	-
Related Party	-	-	-	-	-	-
Other Creditors & Accounts Payable	47,605	49,005	38,937	34,847	33,184	35,499
Other Payable Accounts	81,790	96,494	78,904	66,377	85,145	78,880
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	58,175
Income Tax Liabilities	5,139	6,086	8,481	10,733	10,666	6,367
Employee benefit liability	7,199	7,042	8,014	9,551	8,338	9,305
Deferred Credits	1,239	1,176	1,238	1,464	1,326	1,282
TOTAL LIABILITIES	1,791,336	1,800,068	1,789,097	1,831,040	1,877,460	1,948,764
EQUITY						
Paid-in Capital	14,969	14,941	14,938	14,955	14,968	14,968
Provision for future capital increase not formalized by its governing entity	0	0	0	0	0	0
Share Subscription Premiums	48,200	48,462	48,657	48,440	48,404	48,709
Finan. instr. that qualify as capital	-	-	-	-	-	-
Subscribed Capital	63,169	63,403	63,595	63,396	63,372	63,677
Capital Reserves	9,110	8,209	8,106	33,342	33,615	33,618
Retained Earnings	162,794	143,760	142,523	99,810	144,172	120,409
Net Income	10,748	22,272	33,816	45,408	13,018	26,106
Comprehensive Income						
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(389)	(2,740)	(3,839)	(2,783)	(2,355)	(2,215)
Valuation Adjustment for Cash Flow Hedges	(2,648)	(2,721)	(1,619)	(1,543)	(770)	(458)
Income and expenses related to assets held for disposal	-	-	-	-	-	-
Remeasurements defined benefits for employees	(1,934)	(1,911)	(1,902)	(1,866)	(1,844)	(1,822)
Cumulative foreign currency translation adjustment	122	136	131	83	(28)	(95)
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	204
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Earned Capital	177,848	167,125	177,487	172,648	186,019	175,748
Minority Interest	3,074	2,720	2,829	2,989	3,180	3,189
Total Equity	244,091	233,248	243,911	239,033	252,570	242,614
TOTAL LIABILITIES & EQUITY	2,035,427	2,033,316	2,033,008	2,070,072	2,130,031	2,191,378

V. Financial Statements

GFNorte - Memorandum Accounts	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
<i>(Million Pesos)</i>						
On behalf of Third Parties						
Customer's Banks	22	6	18	27	45	71
Dividends Receivable from Customers	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-
Settlement of Customer Transactions	(409)	397	52	36	(391)	(23)
Customer Premiums	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-
Customers' Current Account	(386)	403	70	63	(346)	48
Client Securities Received in Custody	758,691	734,542	753,736	772,939	797,425	850,200
Securities and Documents Received in Guarantee	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-
Clients' Securities	758,691	734,542	753,736	772,939	797,425	850,200
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	0
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-
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	238
Siefores shares held by employees	-	-	-	-	-	-
Miscellaneous accounts	-	-	-	-	-	-
Transactions On Behalf of Clients	854,511	854,049	619,755	625,636	651,299	238
Investment Bank Trans. on behalf of Third (Net)	268,105	292,819	310,999	268,191	317,546	340,435
TOTAL ON BEHALF OF THIRD PARTIES	1,880,922	1,881,813	1,684,560	1,666,829	1,765,925	1,190,922
Endorsement Guarantees Granted	185	221	281	357	250	153
Loan Obligations	324,304	353,074	363,564	393,372	419,511	445,072
Trusts	291,862	294,351	291,433	301,499	333,375	337,595
Mandates	8,167	8,489	8,266	7,301	7,396	7,840
Properties in Trusts and Warrant	300,029	302,840	299,700	308,800	340,771	345,434
Properties in Custody or Management	468,507	483,761	496,832	515,172	534,055	553,613
Shares delivered in custody or as collateral	43,458	43,458	43,458	44,942	44,942	44,942
Collateral Received	423,172	300,480	242,372	189,333	239,675	241,213
Collateral Received or sold or delivered	579,659	462,826	307,954	281,113	335,308	107,552
Assets' Deposit	2,888	3,258	3,113	4,152	4,552	3,943
Contingent assets & Liabilities	148	60	80	32	39	57
Uncollected Accrued Interest from Non-Performing Loans	424	356	386	425	442	417
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	630,490
TOTAL PROPRIETARY	2,688,568	2,529,490	2,361,029	2,318,909	2,519,746	2,372,887

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOWS**JANUARY 1st, 2023 – JUNE 30th, 2023***(Million Pesos)***Operation activities****Net income before taxes 35,847****Adjustments for items associated with investing activities 1,361**

Depreciation in property, furniture, and equipment 1,668

Amortization of intangible assets 384

Participation in the net income of other entities (691)

Adjustments for items associated with financing activities: 2,572

Interest associated with interbank loans and loans from other organizations 1,600

Interest associated with financial instruments that qualify as a liability 972

Sum 3,933**Changes in operating items 17,979**

Change in margin accounts (derivative financial instruments) 264

Change in investments in financial instruments (securities) (net) 1,407

Change in repo debtors (net) (42,846)

Change in derivative financial instruments (asset) 978

Change in loan portfolio (net) (46,375)

Change in acquired collection rights (net) 103

Change in debtors of insurance and bail-bond companies (6,092)

Amounts recoverable by reinsurance and counter-guarantee 118

Change in inventories (331)

Change in other accounts receivable (net) (6,134)

Change in foreclosed assets (net) 142

Change in traditional deposits 79,604

Change in technical reserves 15,301

Changes of interbank loans and other organizations (7,628)

Change in creditors by repo 1,853

Change in collateral sold or given in guarantee 34,974

Change in derivative financial instruments (liability) (4,691)

Change in accounts payable for reinsurance and reguarantee (liability) 1,060

Change in hedging derivative financial instruments (2,409)

(of hedged items related to operating activities)

Change in assets/liabilities for employee benefits (245)

Change in other accounts payable 12,365

Income tax payments (13,439)

Net cash flows from operating activities 57,759**Investment activities**

Payments for the acquisition of property, furniture and equipment (3,751)

Charges for disposal of property, furniture and equipment 1,302

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

Collections of cash dividends from permanent investments 954

Net cash flows from investing activities (1,589)**Financial activities**

Lease liability payments (4)

Payments associated with financial instruments that qualify as capital (2,037)

Cash Dividend Payments (22,704)

Payments associated with financial instruments that qualify as a liability (8,778)

Interest payments for lease liability (192)

Net cash flows from financing activities (33,715)**Net increase or decrease in cash and cash equivalents 22,455****Effects of changes in the value of cash and cash equivalents (141)****Cash and cash equivalents at the beginning of the period 108,254****Cash and cash equivalents at the end of the period 130,568**

GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
JANUARY 1st, 2023 – JUNE 30th, 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	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)	(1,544)	(1,865)	196	83	236,044	2,989	239,033
CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS												
Repurchase of share-based payment plan liquidable in equity instruments	11	218	276							505		505
Dividends Decreed by the Ordinary General Meeting of Shareholders on June 2nd, 2023				(22,704)						(22,704)		(22,704)
Total	11	218	276	(22,704)	0	0	0	0	0	(22,199)	0	(22,199)
OTHER CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS												
Effect of subsidiaries, associates, and investment companies		51		(68)	(45)					(62)		(62)
Interest on subordinated debt				(2,037)						(2,037)		(2,037)
Total	0	51	0	(2,105)	(45)	0	0	0	0	(2,099)	0	(2,099)
COMPREHENSIVE INCOME:												
Net Income				26,106						26,106	372	26,478
OTHER COMPREHENSIVE INCOME												
Financial instruments to collect or sell valuation					613					613		613
Result from conversion of foreign operations									(178)	(178)		(178)
Cash flow hedges valuation						1,086				1,086		1,086
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates								8		8		8
Defined remeasurements for employees benefits							43			43		43
Total	0	0	0	26,106	613	1,086	43	8	(178)	27,678	372	28,050
Minority Interest											(172)	(172)
Balance as of June 30th, 2023	14,968	48,709	33,618	146,515	(2,215)	(458)	(1,822)	204	(95)	239,424	3,189	242,613

Bank

Bank-Consolidated Statement of Comprehensive Income (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Interest Income	46,022	50,904	60,095	69,620	75,326	82,864
Interest Expense	26,959	30,762	38,048	45,630	51,207	58,269
Net Interest Income (NII)	19,063	20,143	22,047	23,990	24,119	24,595
Preventive Provisions for Loan Losses	2,634	2,390	3,098	3,599	3,737	4,025
Net Interest Income Adjusted for Credit Risk	16,429	17,753	18,949	20,391	20,383	20,570
Fund Transfers	471	515	527	527	487	505
Account Management Fees	483	489	483	455	465	489
Electronic Banking Services	3,790	4,197	4,280	4,705	4,262	4,416
For Commercial and Mortgage Loans	-	-	-	-	-	-
For Consumer and Credit Card Loans	1,395	1,521	1,617	1,591	1,750	1,838
Fiduciary	127	135	123	151	131	147
Income from Real Estate Portfolios	-	-	-	-	-	-
Mutual Funds	-	-	-	-	-	-
Trading & Financial Advising Fees	0	(0)	-	-	-	-
Other Fees Charged	748	777	854	866	1,233	1,300
Fees Charged on Services	7,065	7,778	7,847	8,473	8,379	8,681
Interchange Fees	2,643	2,905	2,995	3,116	2,844	3,061
Insurance Fees	-	-	-	-	-	-
Other Fees Paid	949	1,075	1,177	1,347	1,224	1,293
Fees Paid on Services	3,592	3,981	4,172	4,463	4,068	4,354
Net Service Fees	3,473	3,797	3,675	4,010	4,312	4,327
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)	(2,494)
Derivatives	1,361	406	(383)	186	2,236	1,343
Negotiable Instruments	(1)	(220)	(131)	167	(31)	(7)
Valuation	818	537	(661)	(907)	(1,038)	(1,159)
Currency and Metals	1,319	753	1,218	1,235	1,366	1,216
Derivatives	(719)	(209)	115	(96)	(97)	446
Negotiable Instruments	(25)	(22)	(178)	(287)	(45)	87
Trading	575	522	1,155	852	1,224	1,748
Other financial results	2	(93)	1	131	3	123
Trading Income	1,395	966	495	76	189	712
Contributions to the IPAB	(934)	(954)	(985)	(985)	(1,001)	(1,042)
Expenses Incurred in the Recovery of Credit Portfolio	(331)	(310)	(340)	(394)	(359)	(349)
Acquired collection rights	51	63	137	67	95	99
Income from foreclosed assets	118	192	93	167	134	142
Donations	(136)	(36)	(23)	(26)	(87)	(78)
Impairment of Assets	-	-	-	-	-	-
Result on sale of Property, Furniture and Equipment	(6)	(16)	(28)	(13)	(5)	(18)
Lease Income	0	0	0	9	0	1
From Insurance	-	-	-	-	-	-
Securitization Operation Valuation Result	-	-	-	-	-	-
Other Operating Expense	(276)	(18)	(219)	(151)	59	(65)
Total Other Operating Income (Expense)	(1,472)	(907)	(1,253)	(1,200)	(1,012)	(1,147)
Total Non Interest Income	3,396	3,856	2,917	2,886	3,489	3,892
Total Operating Income	19,825	21,609	21,866	23,277	23,871	24,462
Personnel	3,839	3,792	4,030	5,852	4,361	4,476
Employee Profit Sharing (PTU)	367	367	367	313	389	389
Professional Fees	688	799	804	784	791	797
Administrative and Promotional Expenses	4,112	4,229	4,452	4,911	4,434	4,591
Total Non Interest Expense	9,007	9,188	9,654	11,859	9,975	10,254
Operating Income	10,818	12,421	12,211	11,417	13,896	14,208
Subsidiaries' Net Income	42	31	53	42	33	56
Pre-Tax Income	10,860	12,452	12,264	11,460	13,929	14,264
Taxes	3,228	3,078	3,350	2,829	3,620	3,899
Net Income from Continuous Operations	7,632	9,374	8,913	8,630	10,309	10,364
Discontinued Operations	-	-	-	-	-	-
Net income from continuing operations	7,632	9,374	8,913	8,630	10,309	10,364
Minority Interest	0	(0)	0	0	0	0
Net Income	7,632	9,374	8,913	8,630	10,309	10,364
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,936)	(2,169)	(975)	1,035	421	97
Cash Flow Hedges Valuation	14	(74)	1,121	77	787	318
Income and Expenses related to Assets Held for Disposal	-	-	-	-	-	-
Remeasurement on defined employee benefits	24	24	24	41	22	22
Cumulative foreign currency translation adjustment Res. for holding non-monetary assets	(37)	11	(5)	(39)	(89)	(54)
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	383
Comprehensive Income	5,696	7,166	9,078	9,744	11,451	10,747

V. Financial Statements

Bank -Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
ASSETS						
Cash and Equivalents	124,197	98,778	91,252	107,581	106,864	130,256
Margin Accounts	8,221	6,526	5,730	5,478	5,253	5,213
Negotiable Instruments	32,064	34,414	117,925	134,685	126,821	109,204
Securities Available for Sale	130,391	130,393	120,871	114,771	106,812	115,537
Securities Held to Maturity	75,062	85,255	85,108	88,254	86,776	79,771
Investment in Securities	237,517	250,063	323,903	337,711	320,408	304,512
Estimate of Expected Credit Losses for Investments	209	208	208	205	207	86
Debtor Balance in Repo Trans., net	293,727	173,934	100,332	74,371	107,771	104,215
Securities Lending	-	-	-	-	-	-
For trading purposes	29,452	33,734	38,873	35,576	32,383	34,456
For hedging purposes	1,096	1,256	1,814	1,854	2,958	3,762
Operations w/Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	30,548	34,990	40,687	37,430	35,342	38,218
Operations w/Derivatives & Securities	324,275	208,924	141,019	111,801	143,112	142,433
Valuation adjustments for Asset Coverage	36	32	19	-	-	-
Commercial Loans	301,983	307,605	307,352	328,895	335,446	346,618
Financial Intermediaries' Loans	29,285	33,282	31,946	29,690	35,037	39,089
Consumer Loans	122,916	129,443	135,775	142,071	148,229	158,013
Payroll Loans	55,340	59,648	62,692	64,612	66,962	70,747
Personal Loans	647	632	706	975	883	939
Credit Card	39,197	40,601	42,663	44,607	45,523	48,331
Auto Loans	27,733	28,562	29,715	31,877	34,860	37,995
Mortgage Loans	199,148	203,953	214,353	223,705	230,684	238,050
Medium and Residential	196,932	201,848	212,310	221,771	228,828	236,285
Low- income housing	2	2	2	2	2	2
Loans acquired from INFONAVIT or FOVISSSTE	2,214	2,102	2,041	1,932	1,855	1,763
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	157,916
Performing Loans, Stage 1	807,278	838,067	846,928	890,301	923,263	939,685
Commercial Loans	1,050	1,453	3,366	966	928	836
Financial Intermediaries' Loans	-	-	-	-	-	-
Consumer Loans	2,014	2,061	2,355	2,278	2,706	2,742
Payroll Loans	1,261	1,283	1,542	1,438	1,731	1,703
Personal Loans	31	28	30	26	70	31
Credit Card	410	443	483	520	586	643
Auto Loans	313	307	300	293	319	365
Mortgage Loans	3,494	3,571	3,685	3,226	3,210	3,393
Medium and Residential	3,408	3,482	3,599	3,130	3,112	3,315
Low- income housing	0	0	0	0	1	-
Loans acquired from INFONAVIT or FOVISSSTE	86	89	86	97	98	79
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities' Loans	-	-	-	-	-	7
Performing Loans, Stage 2	6,558	7,085	9,406	6,470	6,844	6,979
Commercial NPL's	3,153	3,252	3,420	3,750	3,811	3,433
Financial Intermediaries NPL's	101	105	101	-	-	20
Consumer NPL's	2,530	2,820	3,070	3,528	3,367	3,954
Payroll NPL's	1,380	1,665	1,832	2,178	1,993	2,337
Personal NPL's	45	49	36	45	49	63
Credit Card NPL's	902	926	986	1,108	1,132	1,344
Auto NPL's	203	180	215	197	193	210
Mortgage NPL's	1,763	1,855	1,904	1,865	1,994	2,054
Medium and Residential	1,446	1,521	1,552	1,553	1,650	1,701
Low- income housing	0	0	0	-	0	0
Loans acquired from INFONAVIT or FOVISSSTE	317	334	353	312	343	352
Restruct. or improv. guaranteed by development banks or public trusts	-	-	-	-	-	-
Restruct. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Government Entities PDL's	154	98	-	-	-	-
Non-Performing Loans, Stage 3	7,702	8,129	8,496	9,143	9,172	9,461
Loan Portfolio Valued at Fair Value	-	-	-	-	-	-
Deferred Items	1,596	1,606	1,575	2,058	2,195	2,264
Gross Loan Portfolio	823,135	854,887	866,405	907,972	941,474	958,388
Preventive Loan Loss Reserves	16,278	16,350	16,554	16,961	17,288	17,775
Net Loan Portfolio	806,857	838,537	849,851	891,011	924,185	940,613
Acquired Collection Rights (net)	582	466	322	654	597	551
Total Credit Portfolio	807,439	839,003	850,173	891,665	924,783	941,164
Benef. receivab. securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	50,928	64,829	45,296	36,343	43,938	43,678
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	1,620	1,848	1,770	2,844	2,667	2,670
Advanced Payments and Other Assets	11,080	9,358	12,715	8,614	5,060	6,370
Real Estate, Furniture & Equipment, Net	17,235	18,246	18,145	24,538	24,494	25,183
Rights of Use of Intangible Assets	7,424	7,178	7,173	6,951	6,545	3,884
Investment in Subsidiaries	559	1,261	1,339	1,461	1,503	1,481
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	14,927
Rights of Use of Intangible Assets	-	-	-	-	-	-
Goodwill	1,391	1,396	1,396	1,413	1,381	1,362
TOTAL ASSETS	1,606,136	1,523,461	1,515,735	1,552,253	1,601,058	1,623,047

V. Financial Statements

Bank -Consolidated Statement of Financial Position (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
LIABILITIES						
Demand Deposits	580,928	612,491	597,069	619,559	610,570	649,023
Time Deposits-Retail	235,005	248,191	256,447	274,201	269,082	281,256
Time Deposits-Money Market	-	200	200	4,954	13,903	11,898
Global Account of deposits without movements	3,060	3,237	3,362	3,253	3,223	3,321
Senior Unsecured Debt	27,293	21,507	21,852	17,002	42,499	36,927
Deposits	846,286	885,625	878,930	918,968	939,276	982,425
Due to Banks & Correspondents:						
Demand Loans	0	0	0	-	-	-
Short Term Loans	6,481	6,255	5,459	7,181	7,525	6,686
Long Term Loans	5,944	7,572	7,744	7,641	7,029	5,007
Due to Banks & Correspondents	12,425	13,827	13,203	14,822	14,554	11,693
Technical Reserves	-	-	-	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	110,034	108,400	190,801	218,928	205,729	198,243
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	104,204
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	291,402	172,035	98,485	72,429	105,882	104,204
Derivatives						
For trading purposes	22,950	27,238	32,555	29,116	23,735	24,286
For hedging purposes	5,549	5,651	3,857	3,956	2,892	2,370
Total Derivatives	28,499	32,889	36,412	33,072	26,626	26,656
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	3,958
Creditors for settlement of transactions	9,553	21,269	12,881	7,116	16,043	13,985
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	18,425	22,059	24,113	20,643	23,173	22,488
Contributions payable	1,280	1,335	1,189	1,025	1,557	1,558
Suppliers	-	-	-	-	-	-
Related Party	-	-	-	-	-	-
Other Creditors & Accounts Payable	43,742	44,363	34,559	30,685	28,228	30,320
Other Payable Accounts	73,000	89,025	72,742	59,469	69,001	68,350
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	58,175
Income Tax Liabilities	2,598	4,008	5,909	7,380	8,461	3,322
Employee benefit liability	6,655	6,462	7,393	8,798	7,697	8,554
Deferred Credits	1,087	1,076	1,066	1,123	1,107	1,164
TOTAL LIABILITIES	1,457,778	1,395,609	1,379,873	1,407,576	1,445,741	1,466,745
EQUITY						
Paid-in Capital	18,795	18,795	18,795	18,795	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	4,051	4,249	4,455	4,651	4,904	5,158
Finan. instr. that qualify as capital	-	-	-	-	-	-
Subscribed Capital	22,845	23,044	23,249	23,445	23,699	23,952
Capital Reserves	18,959	18,959	18,959	18,959	18,959	18,959
Retained Earnings	103,845	75,975	74,701	73,577	107,062	97,045
Net Income	7,632	17,006	25,919	34,549	10,309	20,673
Comprehensive Income						
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(216)	(2,385)	(3,360)	(2,326)	(1,904)	(1,807)
Valuation Adjustment for Cash Flow Hedges	(2,696)	(2,770)	(1,649)	(1,572)	(785)	(467)
Income and expenses related to assets held for disposal	-	-	-	-	-	-
Remeasurements defined benefits for employees	(2,013)	(1,989)	(1,965)	(1,924)	(1,902)	(1,879)
Cumulative foreign currency translation adjustment	(3)	8	3	(37)	(126)	(181)
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	132,344
Minority Interest	4	4	5	5	5	5
Total Equity	148,358	127,852	135,862	144,677	155,317	156,301
TOTAL LIABILITIES & EQUITY	1,606,136	1,523,461	1,515,735	1,552,253	1,601,058	1,623,047

Bank - Memorandum Accounts <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Investment Banking transactions for third parties, net	-	-	-	-	-	-
TOTAL ON BEHALF OF THIRD PARTIES	-	-	-	-	-	-
Endorsement Guarantees Granted	185	221	281	357	250	153
Loan Obligations	281,480	307,653	320,206	347,355	371,313	396,990
Trusts	291,862	294,351	291,433	301,499	333,375	337,595
Mandates	8,167	8,489	8,266	7,301	7,396	7,840
Properties in Trusts and Warrant	300,029	302,840	299,700	308,800	340,771	345,434
Properties in Custody or Management	509,168	544,522	570,922	546,061	590,620	625,669
Shares delivered in custody or as collateral	-	-	-	-	-	-
Collateral Received	395,593	277,352	206,071	182,756	220,146	224,995
Collateral Received or sold or delivered	291,829	171,992	98,441	72,400	105,820	104,217
Deposits of assets	-	-	-	-	-	-
Contingent assets & liabilities	148	60	80	32	39	57
Uncollected Accrued Interest from Non-Performing Loans	418	349	378	412	427	400
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	563,073
TOTAL PROPRIETARY	2,290,559	2,147,431	2,061,843	2,001,092	2,189,625	2,260,988

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOWS

JANUARY 1st, 2023 – JUNE 30th, 2023

(Million Pesos)

Operation activities**Net income before taxes 28,193****Adjustments for items associated with investing activities 1,774**

Depreciation in property, furniture, and equipment 1,571

Amortization of intangible assets 292

Participation in the net income of other entities (89)

Adjustments for items associated with financing activities: 1,993

Interest associated with interbank loans and loans from other organizations 619

Interest associated with financial instruments that qualify as a liability 1,374

Sum 3,767**Changes in operating items 13,151**

Change in margin accounts (derivative financial instruments) 265

Change in investments in financial instruments (securities) (net) 33,612

Change in repo debtors (net) (29,844)

Change in derivative financial instruments (asset) 1,120

Change in loan portfolio (net) (49,602)

Change in acquired collection rights (net) 103

Change in other accounts receivable (net) (7,335)

Change in foreclosed assets (net) 174

Change in other operating assets (net) 2,861

Change in traditional deposits 63,457

Changes of interbank loans and other organizations (3,748)

Change in creditors by repo (20,684)

Change in collateral sold or given in guarantee 31,775

Change in derivative financial instruments (liability) (4,830)

Change in other operating liabilities 41

Change in hedging derivative financial instruments (2,389)

Change in assets/liabilities for employee benefits (243)

Change in other accounts payable 8,898

Income tax payments (10,480)

Net cash flows from operating activities 45,111**Investment activities**

Payments for the acquisition of property, furniture and equipment (3,313)

Charges for the acquisition of property, furniture, and equipment 1,421

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

Charges of cash dividends coming from permanent investments 142

Net cash flows from investing activities (1,844)**Financial activities**

Lease liability payments (9)

Payments associated with financial instruments that qualify as capital (2,073)

Dividends paid in cash (9,000)

Payments associated with financial instruments that qualify as a liability (9,181)

Interest payments for lease liability (187)

Net cash flows from financing activities (20,450)**Net increase or decrease in cash and cash equivalents 22,817****Effects of changes in the value of cash and cash equivalents (142)****Cash and cash equivalents at the beginning of the period 107,581****Cash and cash equivalents at the end of the period 130,256**

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
JANUARY 1st, 2023 – JUNE 30th, 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 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)	(1,923)	(36)	144,674	5	144,679
CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS											
Plan based on shares payable in equity instruments		507							507		507
Dividends Decreed by the Ordinary General Meeting of Shareholders on April 5th, 2023				(9,000)					(9,000)		(9,000)
Total	0	507	0	(9,000)	0	0	0	0	(8,493)	0	(8,493)
OTHER CHANGES STEMMING FROM STOCKHOLDERS' DECISIONS											
Interest on subordinated debt				(2,073)					(2,073)		(2,073)
Effect of subsidiaries, associates, and investment companies				(9)					(9)		(9)
Total	0	0	0	(2,082)	0	0	0	0	(2,082)	0	(2,082)
COMPREHENSIVE INCOME											
Net Income				20,674					20,674		20,674
OTHER COMPREHENSIVE INCOME											
Financial instruments to collect or sell valuation					531				531		531
Effect of subsidiaries, associates and mutual funds					(12)				(12)		(12)
Result from conversion of foreign operations								(144)	(144)		(144)
Cash flow hedges valuation						1,105			1,105		1,105
Defined remeasurements for employees' benefits							44		44		44
Total	0	0	0	20,674	519	1,105	44	(144)	22,198	0	22,198
Minority Interest											
Balance as of June 30th, 2023	18,795	5,158	18,959	117,718	(1,807)	(467)	(1,879)	(180)	156,297	5	156,302

Seguros Banorte

Income Statement- Seguros Banorte (Million Pesos)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Interest Income	396	471	545	578	769	801
Interest Expense	3	3	2	2	2	1
Monetary Positions Net Interest Income	-	-	-	-	-	-
Net Interest Income (NII)	393	468	543	576	767	800
Preventive Provisions for Loan Losses	0	3	(0)	(0)	0	0
Net Interest Income	393	465	543	576	767	800
Fees Charged on Services	-	-	-	-	-	-
Fees Paid on Services	-	-	-	-	-	-
Premium Revenue (Net)	10,941	4,361	4,051	5,300	9,887	8,708
Net increase in technical reserves	4,522	(868)	(833)	103	3,324	2,543
Net Cost for Insurance and Bond Operations	731	587	597	612	1,568	848
Net Cost of Claims and Other Obligations	4,018	3,646	3,469	3,642	3,427	4,316
Trading Income	(80)	(91)	114	280	126	277
Total Other Operating Income (Expenses)	227	228	(20)	20	115	99
Total Non-Interest Income	1,817	1,132	913	1,243	1,808	1,377
Total Operating Income	2,210	1,597	1,455	1,819	2,575	2,176
Personnel	129	104	116	128	127	130
Professional Fees	63	62	63	60	71	74
Administrative and Promotional	30	36	29	41	55	37
Rents, Depreciation & Amortization	54	50	43	55	47	42
Other Taxes	23	25	29	18	33	26
Employee Profit Sharing (PTU)	4	6	13	16	13	14
Other expenses	181	155	(55)	44	215	97
Total Non-Interest Expense	484	439	239	362	561	420
Operating Income	1,726	1,158	1,216	1,457	2,014	1,757
Subsidiaries' Net Income	158	101	181	362	298	301
Pre-Tax Income	1,884	1,259	1,398	1,819	2,312	2,057
Taxes	493	302	325	437	621	532
Net Income from Continuous Operations	1,391	957	1,073	1,382	1,691	1,526
Discontinued Operations	-	-	-	-	-	-
Net income from continuing operations	1,391	957	1,073	1,382	1,691	1,526
Minority Interest	4	6	6	7	9	10
Net Income	1,387	951	1,067	1,375	1,682	1,516

Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
ASSETS						
Cash and Equivalents	3,441	3,517	1,589	3,106	2,416	1,678
Margin Accounts	-	-	-	-	-	-
Negotiable Instruments	25,011	25,874	25,961	25,247	29,440	29,868
Securities Available for Sale	5,443	4,827	5,685	6,466	6,192	6,557
Securities Held to Maturity	(0)	(0)	(0)	(0)	(0)	(0)
Investment in Securities	30,454	30,701	31,646	31,713	35,632	36,425
Estimate of Expected Credit Losses for Investments	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	2,049	3,381	3,554	4,857	5,797	7,166
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	7,166
Valuation adjustments for Asset Coverage	-	-	-	-	-	-
 Insurance and Bail Bond portfolio	 25	 24	 25	 25	 24	 27
Deferred Items (BAP)	-	-	-	-	-	-
Loan Loss-reserve for Insurance and Bail Bond	25	24	25	25	24	27
 Net Insurance and Bail Bond Loan Portfolio	 0	 0	 0	 0	 0	 0
Loan Portfolio, net	25	24	25	25	24	27
Net from Reserves Loan Portfolio	25	24	25	25	24	27
Acquired Collection Rights (net)	-	-	-	-	-	-
Total Credit Portfolio	25	24	25	25	24	27
Account Receivables from Insurance and Annuities	10,664	8,410	6,196	3,693	7,939	9,921
Amounts recoverable by Reinsurance and Counter-Account Receivables from Reinsurance	8,022	8,033	7,589	5,402	4,898	5,284
Benef. receivab. securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	236	583	370	446	170	280
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-	-
Advance Payments and Other Assets	1,679	1,673	1,689	1,691	350	1,156
Real Estate, Furniture & Equipment, Net	251	243	235	247	244	254
Assets for Rights of Use of Property, furniture and equipment	193	173	154	143	141	126
Investment in Subsidiaries	12,712	12,812	12,993	13,344	12,830	13,130
Assets for Rights of Use of Property, Furn.& Eq.	-	-	-	-	-	-
Deferred Income Tax Assets	338	338	338	450	450	746
Intangibles	1,385	1,403	1,429	1,422	1,452	1,482
Rights of Use of Intangible Assets	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
TOTAL ASSETS	71,447	71,291	67,807	66,537	72,343	77,673

Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
LIABILITIES						
Technical Reserves	39,729	38,493	36,965	36,319	39,824	43,239
Non-assigned Securities for Settlement	-	-	-	-	-	-
Total Derivatives	-	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accounts for Reinsurance	3,807	3,514	3,414	1,729	2,326	2,789
Lease Liabilities	195	175	157	146	144	130
Creditors for settlement of transactions	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	-	-	-	-	-	-
Contributions payable	893	731	677	848	949	883
Suppliers	-	-	-	-	-	-
Related Party	-	-	-	-	-	-
Other Creditors & Accounts Payable	2,006	2,313	2,123	2,037	3,021	2,965
Other Payable Accounts	2,900	3,044	2,800	2,884	3,970	3,848
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	1,759
Employee benefit liability	132	133	133	149	151	154
Deferred Credits	50	50	42	43	46	49
TOTAL LIABILITIES	47,623	46,525	44,951	43,257	47,393	51,968
EQUITY						
Paid-in Capital	13,928	13,928	13,928	13,928	13,928	13,928
Provision for future capital increase not formalized by its governing entity	7	7	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	13,934
Capital Reserves	3,834	4,236	4,236	4,236	4,236	4,714
Retained Earnings	4,333	3,930	1,007	3	4,783	3,537
Net Income	1,387	2,339	3,406	4,781	1,682	3,198
<u>Resultados Integrales:</u>						
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(102)	(192)	(356)	(229)	(265)	(245)
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	3
Cumulative foreign currency translation adjustment	0	0	0	0	0	0
Res. for holding non-monetary assets	-	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	46	122	274	199	213	206
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Earned Capital	9,519	10,455	8,574	8,992	10,653	11,412
Minority Interest	371	377	348	354	363	359
Total Equity	23,825	24,767	22,856	23,280	24,950	25,705
TOTAL LIABILITIES & EQUITY	71,447	71,291	67,807	66,537	72,343	77,673

Information by Segments

GFNorte - Income Statement as of June 30th, 2023

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión Banorte	Arrendadora y Factor Banorte	Almacenadora Banorte	Casa de Bolsa Banorte
Interest on Loan Portfolio	994	158,190	9,926	1,801	48	13,368
Interest on cash and cash equivalents	285	3,168	141	3	0	185
Interest and yields in favor from margin accounts	-	(447)	-	-	-	1
Interest and yields in favor from OTC collateral operations	-	222	-	-	-	-
Interest and yields in favor from investments in financial instruments	403	13,870	5,335	-	-	12,102
Interest and yields on repurchase agreements	306	7,078	-	-	-	435
Operations' coverage income from hedging operations	-	4,611	-	-	-	-
Income from trading financial instruments	-	67,044	-	-	-	614
Interest on loan portfolio with credit risk stage 1						
Commercial loans	-	20,631	-	1,630	48	-
Financial entities	-	1,515	-	0	-	-
Government entities	-	9,583	-	129	-	-
Consumer loans	-	18,865	-	-	-	-
Mortgage loans	-	10,448	-	-	-	-
Interest on loan portfolio with credit risk stage 2						
Commercial Loans	-	72	-	18	-	-
Financial entities	-	-	-	1	-	-
Government entities	-	0	-	8	-	-
Consumer loans	-	264	-	-	-	-
Mortgage loans	-	166	-	-	-	-
Interest on loan portfolio with credit risk stage 3						
Commercial loans	-	45	-	5	-	-
Financial entities	-	-	-	-	-	-
Government entities	-	-	-	-	-	-
Consumer loans	-	40	-	1	-	-
Mortgage loans	-	47	-	-	-	-
Insurance and bond loan portfolio interest	-	-	453	-	-	-
Interest on acquired collection rights	-	-	-	-	-	-
Loan commissions	-	806	-	7	-	-
Effect of loan portfolio renegotiation	-	145	-	-	-	-
Securities' loans premiums	-	-	353	-	-	-
Debt issuance premiums	-	-	-	-	-	-
Net dividends from equity instruments	-	15	8	-	-	31
Income from valuation	-	-	3,636	-	-	-
Increase due interest income update	-	-	-	-	-	-

V. Financial Statements

GFNorte - Income Statement as of June 30th, 2023

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión Banorte	Arrendadora y Factor Banorte	Almacenadora Banorte	Casa de Bolsa Banorte
Interest expense	-	109,476	4	1,628	0	12,965
Interest on demand deposits	-	6,663	-	-	-	-
Interest on time deposits	-	11,571	-	-	-	-
Interest due to banks and correspondents	-	619	-	1,537	-	-
Interest, transaction costs, and discounts of financial instruments that qualify as liabilities	-	1,374	-	-	-	-
Interest and yields charged from OTC collateral operations	-	479	-	-	-	-
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	17,586	-	-	-	12,361
Expenses from hedging operations	-	4,272	-	-	-	-
Expenses from trading financial instruments	-	65,105	-	-	-	604
Proceeds from lent securities	-	-	-	-	-	0
Effect of loan portfolio renegotiation	-	213	-	-	-	-
Costs expenses of granting loans	-	1,187	-	8	-	-
Insurance and bail bond loan origination costs and expenses	-	-	-	-	-	-
Foreign exchange valorization income	-	160	(0)	83	0	0
Chargeable interest associated with the global deposit account without movements	-	60	-	-	-	-
Interest on lease liabilities	-	187	4	-	-	-
Increase due to update of interest expense	-	-	-	-	-	-
Financial Margin	994	48,714	9,922	173	48	403
Allowance for loan losses	0	7,762	18	30	-	-
Risk adjusted net interest income	994	40,952	9,904	143	48	403
Commissions and fees charged on services	-	17,060	-	272	-	580
Commissions and fees paid on services	-	8,422	-	39	0	116
Premium revenue (net)	-	-	26,653	-	-	-
Increase in technical reserves (net)	-	-	14,007	-	-	-
Cost of acquisition for insurance and bail bonds operations (net)	-	-	2,422	-	-	-
Cost of damages, claims, and other obligations	-	-	14,236	-	-	-
Trading income	-	901	426	(2)	1	243
Total other operating income (expense)	0	(2,159)	211	339	31	(2)
Administrative and promotional Expenses	56	20,229	1,189	445	40	906
Operating income	938	28,104	5,338	269	40	201
Subsidiaries' net income	25,228	89	599	0	-	0
Pre-tax income	26,167	28,193	5,937	269	40	202
Taxes	59	7,519	1,605	57	14	53
Net income from continuous operations	26,107	20,674	4,332	212	26	149
Discontinued Operations	-	-	-	-	-	-
NET INCOME	26,107	20,673	4,320	212	26	149
Minority interest	-	0	12	0	-	-
Other comprehensive income	-	-	-	-	-	-
Financial instruments to collect or sell valuation	568	519	(24)	-	-	83
Cash flow hedges valuation	1,086	1,105	-	-	-	-
Remeasurement on defined employee benefits	43	44	-	(0)	(0)	0
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	8	-	8	-	-	-
Cumulative foreign currency translation adjustment	(178)	(144)	-	-	-	(37)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Other comprehensive income	1,526	1,524	(17)	(0)	(0)	46
COMPREHENSIVE INCOME	27,634	22,198	4,315	212	26	195

GFNorte - Income Statement as of June 30th, 2023

(Million Pesos)

	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest on Loan Portfolio	6	36	184,370	5,605	-	178,765
Interest on cash and cash equivalents	6	-	3,789	597	-	3,192
Interest and yields in favor from margin accounts	-	-	(446)	-	-	(446)
Interest and yields in favor from OTC collateral operations	-	-	222	-	-	222
Interest and yields in favor from investments in financial instruments	-	22	31,731	403	-	31,328
Interest and yields on repurchase agreements	-	14	7,832	3,893	-	3,940
Operations' coverage income from hedging operations	-	-	4,611	-	-	4,611
Income from trading financial instruments	-	-	67,658	-	-	67,658
Interest on loan portfolio with credit risk stage 1						
Commercial loans	-	-	22,309	-	-	22,309
Financial entities	-	-	1,515	598	-	917
Government entities	-	-	9,712	-	-	9,712
Consumer loans	-	-	18,865	-	-	18,865
Mortgage loans	-	-	10,448	-	-	10,448
Interest on loan portfolio with credit risk stage 2						
Commercial Loans	-	-	90	-	-	90
Financial entities	-	-	1	-	-	1
Government entities	-	-	8	-	-	8
Consumer loans	-	-	264	-	-	264
Mortgage loans	-	-	166	-	-	166
Interest on loan portfolio with credit risk stage 3						
Commercial loans	-	-	50	-	-	50
Financial entities	-	-	-	-	-	-
Government entities	-	-	-	-	-	-
Consumer loans	-	-	41	-	-	41
Mortgage loans	-	-	47	-	-	47
Insurance and bond loan portfolio interest	-	-	453	-	-	453
Interest on acquired collection rights	-	-	-	-	-	-
Loan commissions	-	-	813	-	-	813
Effect of loan portfolio renegotiation	-	-	145	-	-	145
Securities' loans premiums	-	-	353	113	-	240
Debt issuance premiums	-	-	-	-	-	-
Net dividends from equity instruments	-	-	55	-	-	55
Income from valuation	-	-	3,636	-	-	3,636
Increase due interest income update	-	-	-	-	-	-

V. Financial Statements

GFNorte - Income Statement as of June 30th, 2023

(Million Pesos)

	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest expense	-	0	124,074	-	5,562	118,511
Interest on demand deposits	-	-	6,663	-	597	6,066
Interest on time deposits	-	-	11,571	-	-	11,571
Interest due to banks and correspondents	-	-	2,156	-	556	1,600
Interest, transaction costs, and discounts of financial instruments that qualify as liabilities	-	-	1,374	-	403	972
Interest and yields charged from OTC collateral operations	-	-	479	-	-	479
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	-	29,947	-	4,006	25,941
Expenses from hedging operations	-	-	4,272	-	-	4,272
Expenses from trading financial instruments	-	-	65,709	-	-	65,709
Proceeds from lend securities	-	-	0	-	-	0
Effect of loan portfolio renegotiation	-	-	213	-	-	213
Costs expenses of granting loans	-	-	1,195	-	-	1,195
Insurance and bail bond loan origination costs and expenses	-	-	-	-	-	-
Foreign exchange valorization income	-	0	243	-	-	243
Chargeable interest associated with the global deposit account without movements	-	-	60	-	-	60
Interest on lease liabilities	-	-	191	-	-	191
Increase due to update of interest expense	-	-	-	-	-	-
Financial Margin	6	35	60,296	5,605	5,562	60,254
Allowance for loan losses	-	-	7,810	-	-	7,810
Risk adjusted net interest income	6	35	52,486	5,605	5,562	52,444
Commissions and fees charged on services	1,149	-	19,061	2,063	-	16,998
Commissions and fees paid on services	824	1	9,402	-	799	8,603
Premium revenue (net)	-	-	26,653	250	-	26,403
Increase in technical reserves (net)	-	-	14,007	-	-	14,007
Cost of acquisition for insurance and bail bonds operations (net)	-	-	2,422	-	1,301	1,121
Cost of damages, claims, and other obligations	-	-	14,236	-	12	14,225
Trading income	15	(0)	1,585	1	-	1,583
Total other operating income (expense)	1	0	(1,579)	345	36	(1,888)
Administrative and promotional Expenses	110	6	22,981	38	590	22,429
Operating income	238	28	35,157	8,303	8,301	35,156
Subsidiaries' net income	3	-	25,919	25,228	-	691
Pre-tax income	241	28	61,077	33,531	8,301	35,847
Taxes	62	0	9,369	-	-	9,369
Net income from continuous operations	179	28	51,707	33,531	8,301	26,478
Discontinued Operations	-	-	-	-	-	-
NET INCOME	179	28	51,720	33,531	8,661	26,106
Minority interest	-	-	12	-	360	372
Other comprehensive income	-	-	-	-	-	-
Financial instruments to collect or sell valuation	-	(0)	1,145	(246)	(777)	614
Cash flow hedges valuation	-	-	2,190	1,578	473	1,086
Remeasurement on defined employee benefits	(0)	0	88	44	-	43
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates	-	-	15	8	-	8
Cumulative foreign currency translation adjustment	-	-	(359)	-	181	(178)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in other comprehensive income of other entities	-	-	-	-	-	-
Other comprehensive income	(0)	(0)	3,079	1,384	(123)	1,572
COMPREHENSIVE INCOME	179	28	54,811	34,915	8,898	28,050

GFNorte - Balance Sheet as of June 30th, 2023

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión Banorte	Arrendadora y Factor Banorte	Almacenadora Banorte	Casa de Bolsa Banorte
Cash and cash equivalents	28	130,256	1,834	96	5	3,844
Margin accounts (derivate financial instruments)	-	5,213	-	-	-	-
Investment in securities						
Trading financial instruments	-	109,204	38,425	-	-	162,486
Financial instruments to collect or sell	-	115,537	6,576	-	-	66,034
Financial instruments to collect principal and interest (securities)	-	79,771	233,004	-	-	609
Estimate of expected credit losses for investments (securities)	-	(86)	(82)	-	-	(5)
Debtor balance in repo trans (net)	5,642	104,215	7,166	-	-	3,331
Securities lending						
Derivative financial instruments						
Transactions with derivatives for trading purposes	-	34,456	-	-	-	552
Transactions with derivatives for hedging purposes	-	3,762	-	-	-	-
Asset hedges valuation adjustments	-	-	-	-	-	-
Loan portfolio with credit risk stage 1						
Commercial loans						
Commercial	-	346,618	-	29,983	-	-
Financial entities	-	39,089	-	898	-	-
Government	-	157,916	-	6,569	-	-
Consumer loans	-	158,013	-	3	-	-
Mortgage						
Medium and residential	-	236,285	-	-	-	-
Low-income housing	-	2	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	1,763	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 1	-	939,685	-	37,452	-	-
Loan portfolio with credit risk stage 2						
Commercial loans						
Commercial	-	836	-	116	-	-
Financial entities	-	-	-	-	-	-
Government	-	7	-	186	-	-
Consumer loans	-	2,742	-	-	-	-
Mortgage						
Medium and residential	-	3,315	-	-	-	-
Low-income housing	-	-	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	79	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 2	-	6,979	-	302	-	-

GFNorte - Balance Sheet as of June 30th, 2023

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión Banorte	Arrendadora y Factor Banorte	Almacenadora Banorte	Casa de Bolsa Banorte
Loan portfolio with credit risk stage 3						
Commercial loans						
Commercial	-	3,433	-	829	-	-
Financial entities	-	20	-	4	-	-
Government	-	-	-	4	-	-
Consumer loans	-	3,954	-	-	-	-
Mortgage						
Medium and residential	-	1,701	-	-	-	-
Low-income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	352	-	-	-	-
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 3	-	9,461	-	837	-	-
Loan portfolio	-	956,124	-	38,592	-	-
(+/-) Deferred items	-	2,264	-	(24)	-	-
(-) Minus						
Allowance for loan losses	-	(17,775)	-	(753)	-	-
Loan portfolio (net)	-	940,613	-	37,816	-	-
Loan portfolio from insurance and bail bonds	-	-	3,322	-	-	-
(+/-) Deferred items	-	-	-	-	-	-
(-) Minus						
Loan loss-reserve for insurance and bail bond risks	-	-	(231)	-	-	-
Total insurance and bail bond loan portfolio (net)	-	-	3,091	-	-	-
Acquired collection rights (net)	-	551	-	-	-	-
Loan portfolio (net)	-	941,164	3,091	37,816	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Debtors of insurance and surety companies	-	-	10,052	-	-	-
Amounts recoverable by reinsurance and counter-guarantee (net)	-	-	5,284	-	-	-
Other accounts receivable (net)	1	43,678	361	1,105	494	4,732
Inventories	-	-	-	-	1,306	-
Foreclosed assets (net)	-	2,670	-	122	26	-
Advanced payments and other assets (net)	92	6,370	1,741	4,239	25	351
Property, furniture, and equipment (net)	-	25,183	262	4,073	53	65
Assets for rights of use of property, furniture and equipment (net)	-	3,884	141	-	-	-
Investment in subsidiaries	208,165	1,481	13,130	32	-	3
Deferred income tax assets	-	-	-	878	7	-
Intangible assets (net)	289	14,927	1,482	-	-	32
Goodwill	25,329	1,362	-	-	-	-
TOTAL ASSETS	239,544	1,623,047	322,467	48,362	1,916	242,035

GFNorte - Balance Sheet as of June 30th, 2023

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and cash equivalents	54	1	136,118	79	5,630	130,568
Margin accounts (derivate financial instruments)	-	-	5,213	-	-	5,213
Investment in securities						
Trading financial instruments	204	-	310,319	-	138	310,181
Financial instruments to collect or sell	-	430	188,577	-	-	188,577
Financial instruments to collect principal and interest (securities)	-	-	313,384	-	347	313,037
Estimate of expected credit losses for investments (securities)	-	-	(173)	-	-	(173)
Debtor balance in repo trans (net)	-	72	120,426	-	54,753	65,672
Securities lending						
Derivative financial instruments						
Transactions with derivatives for trading purposes	-	-	35,008	-	285	34,723
Transactions with derivatives for hedging purposes	-	-	3,762	-	-	3,762
Asset hedges valuation adjustments	-	-	-	-	-	-
Loan portfolio with credit risk stage 1						
Commercial loans						
Commercial	-	-	376,601	-	-	376,601
Financial entities	-	-	39,987	-	17,959	22,028
Government	-	-	164,484	-	-	164,484
Consumer loans	-	-	158,015	-	-	158,015
Mortgage						
Medium and residential	-	-	236,285	-	-	236,285
Low-income housing	-	-	2	-	-	2
Loans acquired from INFONAVIT or FOVISSTE	-	-	1,763	-	-	1,763
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 1	-	-	977,137	-	17,959	959,179
Loan portfolio with credit risk stage 2						
Commercial loans						
Commercial	-	-	951	-	-	951
Financial entities	-	-	-	-	-	-
Government	-	-	194	-	-	194
Consumer loans	-	-	2,742	-	-	2,742
Mortgage						
Medium and residential	-	-	3,315	-	-	3,315
Low-income housing	-	-	-	-	-	-
Loans acquired from INFONAVIT or FOVISSTE	-	-	79	-	-	79
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 2	-	-	7,281	-	-	7,281

V. Financial Statements

GFNorte - Balance Sheet as of June 30th, 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	-	-	4,262	-	-	4,262
Financial entities	-	-	24	-	-	24
Government	-	-	4	-	-	4
Consumer loans	-	-	3,954	-	-	3,954
Mortgage						
Medium and residential	-	-	1,701	-	-	1,701
Low-income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSTE	-	-	352	-	-	352
Remodeling or improvement with guarantee of the housing subaccount	-	-	-	-	-	-
Loan portfolio with credit risk stage 3	-	-	10,299	-	-	10,299
Loan portfolio	-	-	994,716	-	17,959	976,758
(+/-) Deferred items	-	-	2,240	-	-	2,240
(-) Minus						
Allowance for loan losses	-	-	(18,528)	-	-	(18,528)
Loan portfolio (net)	-	-	978,428	-	17,959	960,470
Loan portfolio from insurance and bail bonds	-	-	3,322	-	-	3,322
(+/-) Deferred items	-	-	-	-	-	-
(-) Minus						
Loan loss-reserve for insurance and bail bond risks	-	-	(231)	-	-	(231)
Total insurance and bail bond loan portfolio (net)	-	-	3,091	-	-	3,091
Acquired collection rights (net)	-	-	551	-	-	551
Loan portfolio (net)	-	-	982,070	-	17,959	964,112
Benef. receivab. securization transactions	-	-	-	-	-	-
Debtors of insurance and surety companies	-	-	10,052	-	-	10,052
Amounts recoverable by reinsurance and counter-guarantee (net)	-	-	5,284	-	-	5,284
Other accounts receivable (net)	242	123	50,736	-	541	50,195
Inventories	-	-	1,306	-	-	1,306
Foreclosed assets (net)	-	-	2,818	-	-	2,818
Advanced payments and other assets (net)	3	116	12,937	-	-	12,937
Property, furniture, and equipment (net)	0	4	29,640	203	44	29,799
Assets for rights of use of property, furniture and equipment (net)	-	-	4,025	-	-	4,025
Investment in subsidiaries	120	-	222,930	390	208,555	14,765
Deferred income tax assets	8	-	894	-	894	-
Intangible assets (net)	25	1,079	17,833	-	-	17,833
Goodwill	-	-	26,691	-	-	26,691
TOTAL ASSETS	656	1,824	2,479,851	672	289,144	2,191,378

V. Financial Statements

GFNorte - Balance Sheet as of June 30th, 2023

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión Banorte	Arrendadora y Factor Banorte	Almacenadora Banorte	Casa de Bolsa Banorte
Deposits						
Demand deposits	-	649,023	-	-	-	-
Time deposits						
Time deposits-retail	-	281,256	-	-	-	-
Time deposits-money market	-	11,898	-	-	-	-
Senior unsecured debt	-	36,927	-	-	-	-
Global account of deposits without movements	-	3,321	-	-	-	-
Due to banks & correspondents						
Demand loans	-	-	-	-	-	-
Short-term loans	-	6,686	-	27,748	1,529	-
Long-term loans	-	5,007	-	8,167	-	-
Non-assigned securities for settlement	-	-	-	-	-	-
Technical reserves	-	-	274,410	-	-	-
Creditor balance in repo transactions (net)	-	198,243	-	-	-	227,602
Securities to be received in repo transactions (net)	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	104,204	-	-	-	3,331
Securities' loans	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivative financial instruments						
For trading purposes	-	24,286	-	-	-	427
For hedging purposes	-	2,370	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable accounts for reinsurance and counter-guarantee entities (net)	-	-	2,789	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Lease liabilities	-	3,958	145	-	-	-
Other payable accounts						
Creditors of liquidation operations	-	13,985	-	-	-	4,177
Margin accounts payable	-	-	-	-	-	-
Creditors from collaterals received in cash	-	22,488	-	-	-	-
Contributions payable	0	1,558	898	22	3	364
Other creditors and accounts payable	1	30,320	3,742	1,483	21	224
Financial instruments that qualify as a liability						
Subordinated non-convertible debt	-	58,175	-	-	-	-
Income tax liabilities	92	3,322	3,700	-	2	123
Employee benefit liability	-	8,554	167	122	8	369
Deferred credits and advanced charges	-	1,164	49	69	-	0
TOTAL LIABILITIES	93	1,466,745	285,900	37,610	1,563	236,617
Equity						
Paid-in capital						
Common stock	14,971	18,795	15,776	12,294	87	1,985
Additional paid-in capital	48,638	5,158	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	33,618	18,959	1,956	830	65	397
Cumulative results						
Retained earnings	120,502	97,045	8,817	(2,789)	174	2,694
Net income	26,107	20,673	4,320	212	26	149
Other comprehensive income						
Valuation of financial instruments to collect or sell	(2,215)	(1,807)	(372)	-	-	37
Cash flow hedges valuation	(458)	(467)	-	-	-	-
Defined remeasurements for employees benefits	(1,822)	(1,879)	(2)	5	0	(3)
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	204	-	205	-	-	-
Cumulative foreign currency translation adjustment	(95)	(181)	-	-	-	83
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
Majority interest	239,452	156,296	36,294	10,568	353	5,418
Minority Interest	-	5	273	184	0	-
TOTAL EQUITY	239,452	156,301	36,567	10,752	353	5,418
TOTAL LIABILITIES AND EQUITY	239,544	1,623,047	322,467	48,362	1,916	242,035

V. Financial Statements

GFNorte - Balance Sheet as of June 30th, 2023

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	Banco Bineo	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits						
Demand deposits	-	-	649,023	5,630	-	643,394
Time deposits						
Time deposits-retail	-	-	281,256	-	-	281,256
Time deposits-money market	-	-	11,898	-	-	11,898
Senior unsecured debt	-	-	36,927	-	-	36,927
Global account of deposits without movements	-	-	3,321	-	-	3,321
Due to banks & correspondents						
Demand loans	-	-	-	-	-	-
Short-term loans	-	-	35,963	17,959	-	18,004
Long- term loans	-	-	13,174	-	-	13,174
Non-assigned securities for settlement	-	-	-	-	-	-
Technical reserves	-	-	274,410	-	52	274,462
Creditor balance in repo transactions (net)	-	-	425,845	54,753	-	371,092
Securities to be received in repo transactions (net)	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	-	107,536	-	-	107,536
Securities' loans	-	-	-	-	-	-
Transactions with derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivative financial instruments						
For trading purposes	-	-	24,713	285	-	24,428
For hedging purposes	-	-	2,370	-	-	2,370
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable accounts for reinsurance and counter-guarantee entities (net)	-	-	2,789	-	-	2,789
Obligations in securitization transactions	-	-	-	-	-	-
Lease liabilities	-	-	4,104	-	-	4,104
Other payable accounts						
Creditors of liquidation operations	-	-	18,161	142	-	18,019
Margin accounts payable	-	-	-	-	-	-
Creditors from collaterals received in cash	-	-	22,488	-	-	22,488
Contributions payable	21	8	2,875	-	-	2,875
Other creditors and accounts payable	182	50	36,022	551	27	35,499
Financial instruments that qualify as a liability						
Subordinated non- convertible debt	-	-	58,175	-	-	58,175
Income tax liabilities	0	22	7,261	894	-	6,367
Employee benefit liability	46	39	9,305	-	-	9,305
Deferred credits and advanced charges	-	-	1,282	-	-	1,282
TOTAL LIABILITIES	250	119	2,028,898	80,213	79	1,948,764
Equity						
Paid-in capital						
Common stock	170	1,679	65,756	50,832	44	14,968
Additional paid- in capital	-	-	59,482	11,095	322	48,709
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Financial instruments that qualify as equity	-	-	-	-	-	-
Earned capital						
Capital reserves	34	4	55,863	22,245	-	33,618
Cumulative results						
Retained earnings	21	(5)	226,460	114,302	8,251	120,409
Net income	179	28	51,695	25,589	-	26,106
Other comprehensive income						
Valuation of financial instruments to collect or sell	-	(0)	(4,356)	758	2,900	(2,215)
Cash flow hedges valuation	-	-	(925)	200	668	(458)
Defined remeasurements for employees benefits	2	(0)	(3,701)	-	1,879	(1,822)
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	410	205	-	204
Cumulative foreign currency translation adjustment	-	-	(193)	(98)	-	(95)
Result from holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
Majority interest	405	1,705	450,491	225,129	14,063	239,425
Minority interest	-	-	462	-	2,727	3,189
TOTAL EQUITY	405	1,705	450,953	225,129	16,790	242,614
TOTAL LIABILITIES AND EQUITY	656	1,824	2,479,851	305,342	16,869	2,191,378

VI. Appendix

Accounting & Regulatory Changes

Numbers in this section are stated in million pesos.

Early termination of support programs for mortgage loan debtors

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

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

As of June 30th, 2022, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government, totaled Ps 457 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 2Q23

(Million Pesos)

Trading Financial Instruments	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Government Securities	269,061	3,611	399	273,070
Unrestricted	19,569	763	44	20,376
BONDES D	2	0	(0)	2
BONDES F	5	0	0	5
BONDES M	(2,363)	0	0	(2,362)
BPA	47	-	-	47
BREMS	-	-	-	-
Government Securities	7	0	2	9
UDI Securities	-	-	-	-
CETES	13,530	734	(37)	14,228
CETES (Special)	-	-	-	-
Government Eurobonds	59	1	(11)	49
Udibonds	7,944	27	90	8,060
Treasury Bills	338	1	(0)	339
Restricted	249,492	2,848	354	252,694
BONDES D	30,297	103	11	30,411
BONDES F	51,040	176	28	51,244
BONDES M	4,368	15	5	4,388
BPA	161,715	2,545	277	164,536
Government Securities	1,317	8	1	1,326
UDI Securities	0	0	(0)	0
CETES	191	-	(0)	191
Government Eurobonds	-	-	-	-
Udibonds	563	1	34	598
Banking Securities	22,051	89	2	22,142
Unrestricted	3,051	0	0	3,052
Bank Acceptances	5	-	-	5
Development Bank Securities	6	0	0	6
Bank Securities	4	0	0	4
Deposit Certificates	92	-	-	92
Structured Notes	-	-	-	-
Other Banking Securities	49	0	(0)	49
Promissory Notes	2,896	0	0	2,896
Restricted	18,999	89	2	19,091
Development Bank Securities	4,549	26	(0)	4,575
Bank Securities	863	2	1	866
Deposit Certificates	10,446	57	1	10,504
Other Banking Securities	674	4	(0)	678
Promissory Notes	2,468	-	1	2,468
Private Securities	1,042	13	(45)	1,010
Unrestricted	1,039	13	(45)	1,007
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	343	1	(9)	335
Municipal Stock Certificates	-	-	-	-
Private Eurobonds	696	12	(36)	672
Other Banking Securities	-	-	-	-
Restricted	3	-	(0)	3
Corporate Stock Certificates	-	-	-	-
Municipal Stock Certificates	-	-	-	-
Private Eurobonds	3	-	(0)	3
Equity Financial Instruments	12,375	-	1,583	13,959
Unrestricted	12,185	-	1,583	13,769
Shares	1,039	-	665	1,704
Investment Company Shares	11,146	-	918	12,064
Restricted	190	-	0	190
Shares	190	-	0	190
Reasonable Value Adjustment Ixe Bank Acq	-	-	-	-
Total	304,528	3,714	1,939	310,181

INVESTMENTS IN FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q23

(Million Pesos)

Instruments to Collect or Sell	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Valores gubernamentales	147,131	2,703	(1,485)	148,349
Unrestricted	22,275	176	(320)	22,131
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	986	5	2	993
BPA	-	-	-	-
BREMS	7,778	54	-	7,832
Government Securities	794	3	(61)	736
UDI Securities	102	1	179	282
CETES	2,354	-	1	2,355
CETES (Special)	-	-	-	-
Government Eurobonds	8,061	107	(482)	7,686
Udibonds	2,200	7	41	2,247
Treasury Bills	-	-	-	-
Restricted	124,856	2,527	(1,165)	126,218
BONDES D	3,039	14	2	3,055
BONDES F	-	-	-	-
BONDES M	2,713	32	(90)	2,654
BPA	84,584	2,128	124	86,837
Government Securities	1,335	8	(10)	1,333
UDI Securities	-	-	-	-
CETES	-	-	-	-
Government Eurobonds	24,571	310	(1,079)	23,802
Udibonds	8,614	35	(112)	8,538
Valores bancarios	20,293	78	(223)	20,148
Sin restricción	10,049	49	(231)	9,867
Aceptaciones Bancarias	-	-	-	-
Development Bank Securities	2,823	29	(197)	2,655
Bank Securities	4,007	15	(21)	4,000
Deposit Certificates	578	3	(12)	570
Structured Notes	116	-	(1)	115
Other Banking Securities	367	3	(0)	370
Promissory Notes	2,157	-	0	2,158
Restricted	10,244	29	8	10,281
Development Bank Securities	3,133	8	1	3,142
Bank Securities	7,111	20	7	7,139
Deposit Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	21,084	258	(1,261)	20,080
Unrestricted	16,280	236	(1,091)	15,424
Certificados Bursátiles BORHIS	77	-	(77)	0
Certificados Bursátiles Corporativos	6,951	87	(740)	6,299
Municipal Stock Certificates	889	12	81	982
Eurobonos Privados	8,363	137	(356)	8,144
Other Banking Securities	-	-	-	-
Restricted	4,803	22	(170)	4,656
Corporate Stock Certificates	949	4	5	958
Municipal Stock Certificates	2,526	9	(12)	2,523
Private Eurobonds	1,328	10	(162)	1,176
Equity Financial Instruments	-	-	-	-
Unrestricted	-	-	-	-
Acciones	-	-	-	-
Acciones Sociedades de Inversión	-	-	-	-
Restricted	-	-	-	-
Shares	-	-	-	-
Reasonable Value Adjustment Ixe Bank Acq	-	-	-	-
Total	188,507	3,039	(2,969)	188,577

INVESTMENTS IN FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q23

(Million Pesos)

Financial instruments to Collect Principal and Interest (securities) (net)	Book Value	Interest	Unrealized Gain (Loss)	Market Value
Valores gubernamentales	293,737	1,087	-	294,824
Unrestricted	268,920	930	-	269,850
BONDES D	-	-	-	-
BONDES F	1,998	5	-	2,003
BONDES M	928	5	-	933
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,911	25	-	1,937
UDI Securities	165	2	-	167
CETES	1,401	-	-	1,401
CETES (Special)	455	-	-	455
Government Eurobonds	36,686	378	-	37,064
Udibonds	225,031	514	-	225,545
Treasury Bills	345	-	-	345
Restricted	24,817	157	-	24,974
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	15,507	109	-	15,616
BPA	-	-	-	-
Government Securities	-	-	-	-
UDI Securities	-	-	-	-
CETES	2	-	-	2
Government Eurobonds	8,799	48	-	8,847
Udibonds	509	0	-	510
Valores bancarios	1,052	72	-	1,124
Sin restricción	1,052	72	-	1,124
Aceptaciones Bancarias	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	972	19	-	991
Deposit Certificates	-	-	-	-
Structured Notes	80	53	-	132
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	16,171	1,266	-	17,437
Unrestricted	13,266	1,251	-	14,516
Certificados Bursátiles BORHIS	2	0	-	2
Certificados Bursátiles Corporativos	2,545	1,159	-	3,704
Municipal Stock Certificates	2,284	45	-	2,330
Eurobonos Privados	7,200	46	-	7,246
Other Banking Securities	1,234	-	-	1,234
Restricted	2,905	16	-	2,921
Corporate Stock Certificates	-	-	-	-
Municipal Stock Certificates	2,905	16	-	2,921
Private Eurobonds	-	-	-	-
Equity Financial Instruments	-	-	-	-
Unrestricted	-	-	-	-
Acciones	-	-	-	-
Acciones Sociedades de Inversión	-	-	-	-
Restricted	-	-	-	-
Shares	-	-	-	-
Reasonable Value Adjustment lxe Bank Acq	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
Total	310,612	2,425	-	313,037

REPURCHASE AGREEMENT OPERATIONS 2Q23

(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	64,172	95,646	-	-	353,437
Banking Securities	0	9,878	-	-	11,799
Private Securities	1,500	2,012	-	-	5,856
Total	65,672	107,536	-	-	371,092

DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 2Q23

(Million Pesos)

Creditor Balance	
Instrument	Fair Value
Futures	
TIE 28 Futures	-
Forward	
Fx Forward	1,391
Options	
Rate Options	1,071
Fx Options	134
Warrants	8
Swaps	
Rate Swap	21,972
Fx Swap	10,079
Credit Swap	67
Negotiable Total	34,723
Options	
Rate Options	-
Fx Options	-
Swaps	
Rate Swap	-
Fx Swap	3,762
Credit Swap	-
Hedging Total	3,762
Position Total	38,486

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 2Q23
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	989
Options	
Rate Options	1,149
Fx Options	217
Warrants	11
Swaps	
Rate Swap	15,156
Fx Swap	6,898
Credit Swap	8
Negotiable Total	24,428
Options	
Rate Options	-
Fx Options	-
Swaps	
Rate Swap	1,186
Fx Swap	1,184
Credit Swap	-
Hedging Total	2,370
Position Total	26,798

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q23 - Banorte
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN)	16,115	214
FX Forwards	Sales	Exchange Rate (USD/MXN)	21,569	244
FX Forwards	Sales	Exchange Rate (EUR/USD)	1,614	4
FX Forwards	Purchases	Exchange Rate (EUR/MXN)	193	10
FX Forwards	Sales	Exchange Rate (EUR/MXN)	451	11
FX Options	Purchases	Exchange Rate (Dollar)	2,581	24
FX Options	Sales	Exchange Rate (Dollar)	3,521	25
Interest Rate Options	Purchases	TIIE	27,338	107
Interest Rate Options	Sales	TIIE	30,598	286
Interest Rate Options	Purchases	LIBOR	2,818	5
Interest Rate Options	Sales	LIBOR	261	2
Interest Rate Options	Purchases	SOFR	10,345	17
Interest Rate Options	Sales	SOFR	14,717	27
Opciones de Tasa en Casa de Bolsa	Purchases	SOFR	1,507	1
Interest Rate Options	Sales	SOFR	1,507	1
Interest Rate Options	Swaption - Purchases	SOFR	857	2
Interest Rate Swaps	USD LIBOR	LIBOR	92,549	1,128
Interest Rate Swaps	MXN TIIE	TIIE	1,177,435	3,780
Interest Rate Swaps	USD SOFR	SOFR	210,712	1,791
Swaps de Tasa en Casa de Bolsa	MXN TIIE M M	TIIE	14,647	12
Swaps de Tasa en Casa de Bolsa	USD SOFR	SOFR	7,933	6
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	94	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	125,108	177
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	31,442	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	18,354	81
Interest Rate and FX Swaps	CS UDIMXN	FIX/FIX	700	1
Interest Rate and FX Swaps	CS GBP MXN	FIX/FIX	2,471	11
Credit Derivatives	CDS USD	D2_PEMEX_150927	583	2
Credit Derivatives	CDS USD	D2_JPM86_290123	308	1
Credit Derivatives	CDS USD	D1_MEXC46_270328	2,142	6
Equity Options	Purchases	*I_SPX_IND	1,688	4
Equity Options	Sales	*I_SPX_IND	1,652	4
Equity Options	Purchases	1I_TLT_*	460	1
Equity Options	Sales	1I_TLT_*	488	1

LOAN PORTFOLIO								
(Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	2Q22	2Q23	2Q22	2Q23	2Q22	2Q23	2Q22	2Q23
Performing Loans Stage 1 & 2								
Commercial Loans	263,063	298,188	-	-	75,068	79,363	338,131	377,552
Loans to Financial Entities	11,072	13,375	-	-	6,099	8,653	17,170	22,028
Consumer Loans	131,507	160,758	-	-	-	-	131,507	160,758
Mortgage Loans	207,461	241,393	63	51	-	-	207,524	241,444
Government Loans	140,637	148,596	-	-	25,797	16,082	166,433	164,678
Total	753,740	862,310	63	51	106,963	104,098	860,766	966,459
Past Due Loans Stage 3								
Commercial Loans	2,934	3,505	-	-	1,083	757	4,017	4,262
Financial to Financial Entities	105	24	-	-	-	-	105	24
Consumer Loans	2,820	3,954	-	-	-	-	2,820	3,954
Mortgage Loans	1,850	2,050	5	4	-	-	1,855	2,054
Government Loans	102	4	-	-	-	-	102	4
Deferred Items	1,598	2,237	-	-	(8)	3	1,590	2,240
Total Credit Portfolio	763,148	874,085	67	54	108,038	104,858	871,254	978,998
Insurance and Bail Bond Portfolio	3,025	3,322	-	-	-	-	3,025	3,322
Total Proprietary Loans with Insur. and Subs.	766,173	877,407	67	54	108,038	104,858	874,278	982,320

COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q23- GFNorte

(Million Pesos)		
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	14.4	0.0
Mortgage FOVI	-	-
	14.4	0.0

DEFERRED TAXES 2Q23

(Million Pesos)

ASSETS	INCOME TAX	NET
Global loss reserves loan portfolio	5,333	5,333
Non deductible provisions	1,807	1,807
Excess of accounting value over fiscal value on repossessed long-term assets	548	548
Diminishable Employee Profit Sharing (PTU)	497	497
Advanced charged fees	1,167	1,167
Effects from valuation of instruments	-	-
Tax losses pending amortization	481	481
Provisions for possible loss in loans	555	555
Pension funds contribution	43	43
Loss on sale of foreclosed assets and credits	-	-
Value decrease in property	-	-
Loan interest	-	-
Other accounts	45	45
Total Assets	10,475	10,475
LIABILITIES		
Pension funds contribution	-	-
Loan portfolio acquisitions	(161)	(161)
Projects to be capitalized	(7,408)	(7,408)
Intangibles' amortizations different from commercial funds	-	-
Effects from valuation of instruments	(4,304)	(4,304)
Intangibles' amortizations related with clients	(309)	(309)
Unrealized loss on securities held for sale	(90)	(90)
Total Liabilities	(12,272)	(12,272)
Assets (Liabilities) accumulated net	(1,797)	(1,797)

LONG TERM DEBT AS OF JUNE 30, 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	2,151	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	1,502	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	9,414	Perpetual	7.625%	10-jan-28	Perpetual	Quarterly
Stock certificates 2016 (94_BINTER_16U)	UDIS	13-oct-16	365	2,000	2,837	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	TIE +0.17%	-	10-may-24	28 days
Non Convertible Subordinated Bonds 2019 (D2_BANOA64_999999)	USD	27-jun-19	600	11,501	10,269	Perpetual	6.750%	27-sep-24	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2019 (D2_BANOB48_999999)	USD	27-jun-19	500	9,584	8,558	Perpetual	7.500%	27-jun-29	Perpetual	Quarterly
Eurobond (Swiss francs) 2019 (D2_BANO343_231218)	CHF	18-sep-19	160	3,112	3,065	4.3 years	0.450%	-	18-dec-23	Annual
Eurobond (Swiss francs) 2020 (D2_BANO664_241206)	CHF	06-mar-20	225	4,826	4,310	4.8 years	0.500%	-	06-dec-24	Annual
Non Convertible Subordinated Bonds 2020 (D2_BANOC21_999999)	USD	14-jul-20	500	11,309	8,558	Perpetual	8.375%	14-oct-30	Perpetual	Quarterly
Stock certificates 2020 (94_BANORTE_20U)	UDIS	30-sep-20	107	700	830	10 years	2.760%	-	18-sep-30	182 days
Non Convertible Subordinated Bonds 2021 (D2_BANOA99_999999)	USD	24-nov-21	500	10,718	8,558	Perpetual	5.875%	24-jan-27	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2021 (D2_BANOB72_999999)	USD	24-nov-21	550	11,790	9,414	Perpetual	6.625%	24-jan-32	Perpetual	Quarterly
Stock certificates 2023 (94_BANORTE_23-2)	MXN	24-feb-23	6,581	6,581	6,581	2years	TIE + .04%	-	21-feb-25	28 days
Stock certificates 2023 (94_BANORTE_23-3)	MXN	24-feb-23	4,179	4,179	4,179	2years	TIE + .08%	-	19-feb-27	28 days

BANK AND OTHER ENTITIES LOANS' AS OF 2Q23*(Million Pesos)*

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Local Banks	20,686	1,290	21,976
Loans from Development Banks	18,664	496	19,160
Loans from Public Funds	6,979	842	7,821
Loans from Fiduciary Funds	36	-	36
Provisions for Interest	144	-	144
	46,508	2,628	49,136
Eliminations			(17,959)
Total			31,178

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -
INTEREST RATES 2Q23****CORE DEPOSITS (BANORTE)****Demand Deposits**

Local Currency and UDIs	2.58%
Foreign Currency	1.29%

Time Deposits - Retail

Local Currency and UDIs	8.38%
Foreign Currency	0.53%

Time Deposits - Money Market

Local Currency and UDIs	10.76%
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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	10.21%
Foreign Currency	5.22%

MAIN CREDIT LINES RECEIVED 2Q23 (BANORTE)*Million pesos*

	2Q22			1Q23			2Q23		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	268,635	2,300	0.9%	266,746	2,014	0.8%	265,938	4,756	1.8%
Banxico (Repos for liquidity with the System of Payments) RSP*	88,286	7,810	8.8%	89,629	13,692	15.3%	89,265	11,737	13.1%
Banxico MXN & USD Credit Auction*	68,616	-	0.0%	53,594	-	0.0%	49,063	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	68,616	-	0.0%	53,594	-	0.0%	49,063	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	90,645	-	0.0%	89,951	-	0.0%	91,514	-	0.0%
TOTAL	584,798	10,110	1.7%	553,513	15,706	2.8%	544,843	16,493	3.0%

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

TRADING INCOME 2Q23
Million Pesos

Trading income	Consolidated
Securities - Unrealized gains	3,990
Trading financial instruments	410
Derivate trading financial instruments	3,603
Derivative instruments - hedging	(23)
Impairment loss or revaluation increase	119
Result from foreign exchange valuation	(5,736)
Result from valuation of precious metals	(0)
Result from purchase/sale of securities and derivatives	629
Trading financial instruments	205
Financial instruments to collect or sell	46
Financial instruments to collect principal and interest (securities)	28
Negotiable derivate instruments	243
Cash flow hedges	106
Result from purchase/sale of foreign exchange	2,579
Result from purchase/sale of precious metals	3
Total	1,583

Internal Control

For Grupo Financiero Banorte, S.A.B. de C.V. (GFNORTE), internal control is a shared responsibility among all of its constituents; therefore, the Board of Directors, other Corporate Governance entities, the senior management team, and each one of its executives and employees are part of the Internal Control System (ICS).

ICS is the general framework set forth by the Board of Directors with the objective of reaching institutional objectives through policies and monitoring activities and procedures, which have a positive impact on risk management, on the trustworthiness of financial information being generated, and on regulatory compliance.

ICS establishes the objectives and general guidelines which provide a framework to activities and responsibilities applicable to all personnel in charge of origination, operational processing, and execution. Such activities are monitored by teams specialized in risk monitoring and in mitigating controls.

ICS is structured around three defense lines:

- A. **First.** The owners of support and business processes, who are ultimately responsible for the primary internal control function in their activities.
- B. **Second.** Risk, Credit, Legal and Controller departments, which provide permanent control and monitoring support, and
- C. **Third.** Internal Audit, with which the independence granted by its direct line of report to the Internal Audit and Corporate Practices Committee, supervises all activities and the adequate development of all functions across all areas.

At GNORTE we are convinced that having an adequate control environment is yet another competitive advantage that drives our growth and solid presence in the domestic financial market. Therefore, all executives and employees perform their daily activities with discipline as well as with strict adherence to the norm; following a philosophy of getting things done right the first time without having to rely on reviews that might be carried out by other areas.

During the second quarter of 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 took place 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 Authority members regarding the operation of payment methods SPID, SPEI, and CoDi.
- H. Monitoring continued to the transactionality of client accounts for the detection of possible operations, that due to its characteristics, might be related to money laundering and financing terrorism.
- I. Different actions were carried out to ensure the proper use of personal data.
- J. 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.
- K. The follow-up to the improvement actions regarding the observations made by the different members of the SCI continued.
- L. The requirements of the Supervisory Authorities were answered, and the information requirements required by the external regulation were fulfilled. In addition, 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 2Q23.

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

In May 2023, Bank Stock Certificates were issued with ticker symbols BANORTE 23-4, BANORTE 23-5 and BANORTE 23U for a total of Ps 5.30 billion, Ps 2.39 billion and UDIS 275.80 million respectively.

In addition, it should be noted that Banorte has not used the Central Bank of México's Ordinary Facilities or Extraordinary Facilities during 2Q23.

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

Related Parties Loans

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

In the case of GFNorte as of June 30th, 2023, and March 31st, 2023, the amount of loans granted to third parties is as follows (billion pesos):

Lender	Jun-2023	% Basic Equity	Mar-23	% Basic Equity
Banorte	18.21	9.2%	19.89	10.4%
	18.21		19.89	

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

Banorte

As of **June 30th, 2023**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 18.21 billion (including Ps 1.84 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 17.16 billion were loans granted to clients linked to members of the Board of Directors, and Ps 1.05 billion were linked to companies related to GFNORTE. At the end of June 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 June 2023 was 9.2% of Core Equity.

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

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 billion 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.

Loan or tax liabilities

The tax credits listed below are currently in litigation:

	As of June 30th, 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	1,348
Financial year 2015	1,348
SEGUROS BANORTE	2,072
Financial year 2017	2,072

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
Deputy Managing 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, January 13, 2023, and April 17, 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.