

Financial Results

as of March 31st, 2022

1Q22

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FTSE4Good



GFORTEO



GBOOY

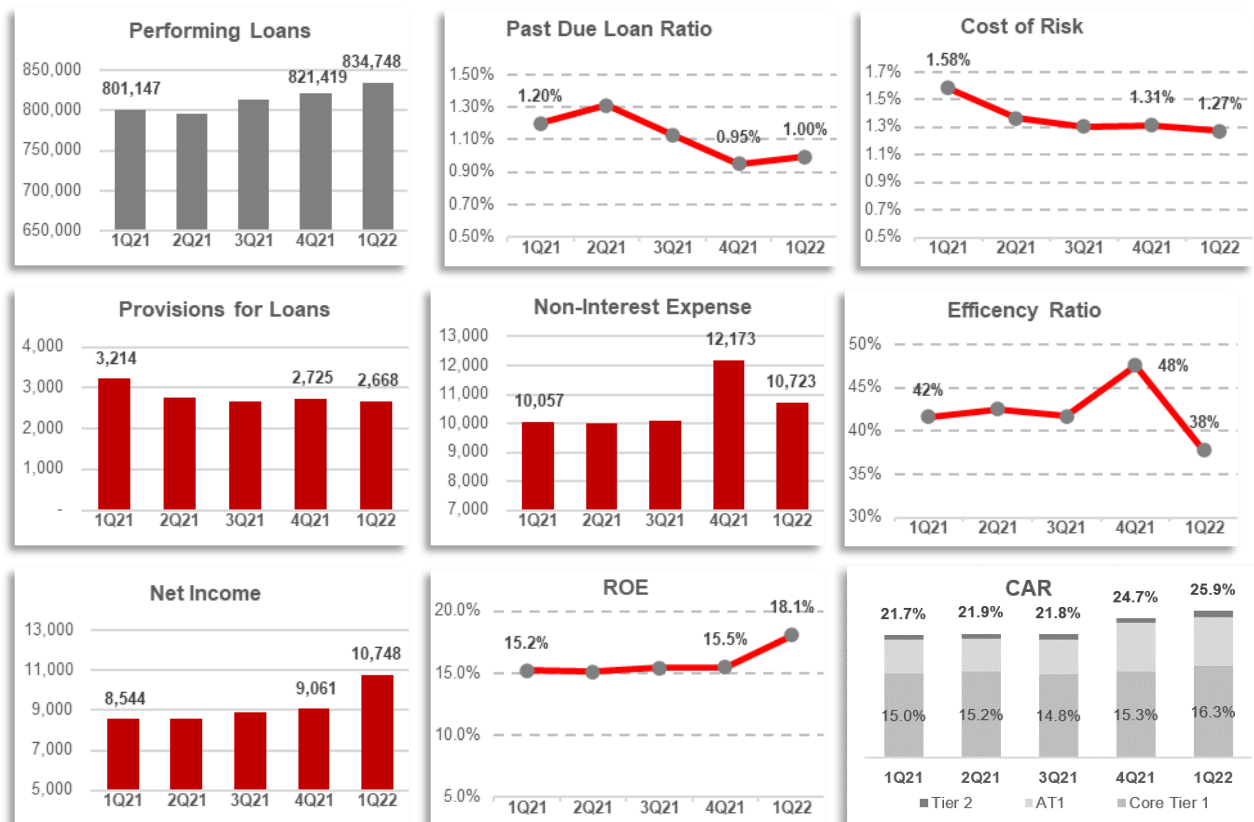


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I. Executive Summary

- **Effective January 2022, new accounting rules, approaching convergence to IFRS international standards, were adopted by the Mexican banking system; thus, reflecting changes in the main indicators. To facilitate comparison, 2021 financial statements were restated under these same accounting rules**
- **Despite operating in a challenging economic environment, GFNorte improves profitability vs 1Q21: Net Income +26%, ROE +288bps, ROA +36bps**
- **Sequential growth in loan book: 4% payroll, 3% corporate, and 4% government**
- **Asset quality and cost of risk remain solid, below expected levels**
- **Efficiency ratio improving to 38%, from 48% in 4Q21, with comparable figures**
- **GFNorte’s 2021 Integrated Annual Report was recently published, and relevant highlights are included in the Sustainability Strategies section of this report**

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



Main differences in results from restating 2021 under new accounting principles

Income Statement Highlights - GFNorte (Million Pesos)	2021	2021 IFRS	Change
Interest Income	134,725	195,874	61,149
Interest Expense	40,772	101,882	61,110
Technical Results (Insurance & Annuities) + Premiums – Reserve - Claims	(13,911) ¹		
Net Interest Income	80,041	93,992	13,951
Fees Charged on Services	27,589	27,564	
Fees Paid on Services	13,626 ²	12,105	
Technical Results (Insurance & Annuities) + Premiums – Reserve - Claims		(13,911)	
Cost of Acquisition from Insurance Operations		1,120	
Trading	4,396 ³	3,888	-508
Other Operating Income (Expenses)	2,714	(797)	-3,511
Non Interest Income	21,072	3,517	
Total Income	101,113	97,509	-3,604
Non Interest Expense	45,940 ⁴	42,329	-3,611
Provisions	11,351	11,362	
Operating Income	43,822	43,819	-3
Taxes	10,557	10,557	
Subsidiaries & Minority Interest	1,783	1,786	3
Net Income	35,048	35,048	
Comprehensive Results	n.a. ⁵	31,517	

¹ * Premium Income (Net)
* Technical Reserves
* Damages, Claims and Other Obligations
* Technical Results Insurance & Annuities

² * Insurance Fees Net

³ * Interest on Derivatives
Derivatives now explicitly record income and expense separately

⁴ * Contributions to IPAB

⁵ * It includes a section with Comprehensive Results that is part of Stockholders' Equity (includes the following concepts: valuation of financial instruments for collection, hedges, -remeasurement of employee benefits, accumulated conversion effect, valuation of current risk reserve)

GFNorte reports Net Income of Ps 10.75 billion in the first quarter of 2022, 26% higher vs. the same period of 2021.

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

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

The most relevant results for the period ended on March 31, 2022, were:

Despite operating in a challenging environment during the quarter, with GDP pressured downwards, high inflation levels, and an uncertain international outlook, GFNorte ended the first quarter of the year with a net result 26% higher vs. 1Q21. Credit demand was moderated, but offset by a restrictive rate cycle, as well as by higher fee transactionality; resulting in sound revenues for the quarter. Once again, asset quality exceeded expectations, closing the quarter below pre-pandemic levels. Despite inflationary pressures, GFNorte maintained an efficient expense control.

The insurance business continues its gradual recovery towards lower COVID-19-related claims, and solid premium issuance.

All the aforementioned factors contributed to GFNorte's 19% net income growth for the quarter, and 26% growth for the year, reaching Ps 10.75 billion as of 1Q22. GFNorte maintains sound levels of loan loss provisions and strong capital ratios, shielding the balance sheet for the rest of 2022.

The most relevant results for the quarter and year were:

- **Net Interest Income (NII)** grew 1% sequentially and 18% versus 1Q21, partially reflecting the recent reference rate hikes. **NIM of the Group stood at 6.0% in 1Q22**, a slight sequential decrease, but increasing 66bps versus the same period of last year.
- **Good performance remains at the bank and other subsidiaries. Bank's NIM was 18bps higher vs. 4Q21, and 56bps vs. 1Q21, closing at 5.2%**, with substantial improvements in the funding cost, in tandem with the -still partial-effect of the reference rate increases; the most recent one of the central bank of 50bps at the end of the quarter, reaching 6.50%.
- **Subsidiaries** contributed positively and supported the business' sound revenue diversification. In the quarter, net income for the Bank grew 13%, Brokerage House 258%, Seguros Banorte 168%, with claims marginally increasing 3%. Compared to 1Q21, net income for the Bank increased 28%, Brokerage House 159%, Seguros Banorte 44%, with claims (18%) lower, and Annuities 3%.
- **Total income before provisions grew 11% sequentially and 18% in the year. Non-interest income grew 255% QoQ**, mainly due to the seasonal effect of policy renewals during the first quarter of the year, as well as better trading income results. In the annual comparison, non-interest income grew 6%. We hold good net fees dynamics, growing 7% versus 1Q21, but decreasing (6%) sequentially, due to the seasonal effect at the end of the year.
- **Non-interest expenses dropped (12%)** versus the previous quarter, as a result of the recognition of extraordinary personnel expenses in 4Q21, as well as the adjustments in the Employee Profit Sharing item, derived from the labor reform. **When compared to 1Q21, they grew 6.6%**, in spite of inflationary pressures -annual inflation in March of 7.45%-, reflecting the efficient expense control at an institutional level. The **cost to income ratio reached 37.7%**, from 47.6% in 4Q21, and 41.6% in 1Q21.
- **ROE stood at 18.1%, a substantial sequential improvement of 261bps, and 288bps annually**, showing the sound business performance of the group, as well as the extraordinary net impact in capital of Ps 1.13 billion, due to the new accounting changes. Nevertheless, the ratio is still affected by the capital accumulation on undistributed dividends. **ROA increased 28bps sequentially and 36bps annually, to 2.2%. ROE for the Bank was 20.8%** for the quarter, growing 176bps vs. 4Q21, and 329bps vs. 1Q21.
- **Performing loan book**, in stages 1 and 2, **increased 2% QoQ**. During the quarter, **consumer loans rose 1%, driven by payroll growing 4%**; whereas mortgages and car loans grew 1%, and credit cards remain unchanged. Commercial loans remained stable QoQ, while the **corporate and government loans increased 3% and 4%** respectively; reflecting greater economic activity as well as the materialization of investment projects. In the year, the **performing loan book increased 4%**, driven by greater **consumer activity, which grew 6%. Payroll and credit card loans** showed a strong performance, **increasing 10% and 9%, respectively**; while **mortgages grew 6%**. Additionally, **commercial loans expanded 5% and corporate loans 3% annually**. The government loan book remained unchanged YoY.
- **The quality of the loan portfolio continues to stand out** in all segments comprising the loan book. NPL ratio remains practically unchanged QoQ, at 1.0%, and improves (21bps) annually, mainly due to consumer loans.

- **Cost of risk improves 4bps in the quarter** and stands at **1.3%**, given a decrease of (2%) in provisions. **Coverage ratio** decreased to 202.5% vs. 207.4% in 4Q21.
- **Core Deposits rose 6%** during the quarter: **demand deposits were up 9%** and **time deposits** remained stable. Compared to 1Q21, demand deposits grew 6%, reflecting a positive mix change, with non-interest-bearing demand deposits rising 12%, and interest-bearing ones going down (2%); additionally, time deposits declined (1%). Overall, **Core Deposits increased 4% in the year**.
- **Capital strength, as well as liquidity management** are still top priorities for the Financial Group. The **bank's total Capital Adequacy Ratio (CAR)** reached **25.9%**, and **Core Equity Tier 1 (CET1)** reached **16.3%**, both well above regulatory minimums, moreover, these levels will help the bank to comply with TLAC (Total loss-absorbing capacity) requirements, effective as of December 2022. **Liquidity Coverage Ratio** stood at **222%**, while **Leverage Ratio** at **13.2%**.

Income Statement Highlights - GFNorte (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Interest Income	47,391	53,809	55,233	3%	17%
Interest Expense	24,614	27,252	28,311	4%	15%
Net Interest Income	22,777	26,557	26,922	1%	18%
Net Service Fees	3,731	4,277	4,010	(6%)	7%
Premium Income Ins. & Annu. (Net)	15,340	11,309	15,756	39%	3%
Technical Reserves Ins. & Annu.	11,016	10,748	11,699	9%	6%
Cost of Acquisition from Insurance Operations	334	260	468	80%	40%
Damages, Claims Ins. & Annu. (Net)	7,097	6,634	6,796	2%	(4%)
Trading	860	1,240	1,466	18%	70%
Other Operating Income (Expenses)	(85)	(144)	(783)	(445%)	(820%)
Non Interest Income	1,399	(960)	1,487	255%	6%
Total Income	24,176	25,597	28,409	11%	18%
Non Interest Expense	10,057	12,173	10,723	(12%)	7%
Provisions	3,214	2,725	2,668	(2%)	(17%)
Operating Income	10,905	10,699	15,018	40%	38%
Taxes	2,678	2,148	4,331	102%	62%
Subsidiaries' Net Income	429	639	197	(69%)	(54%)
Minority Interest	(112)	(129)	(136)	(5%)	(22%)
Net Income	8,544	9,061	10,748	19%	26%
Other Comprehensive Income	(2,745)	(502)	(1,830)	(264%)	33%
Comprehensive Income	5,799	8,559	8,918	4%	54%

Balance Sheet Highlights - GFNorte (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Asset Under Management	3,074,928	3,144,794	3,208,835	2%	4%
Performing Loans, Stage 1 & 2 (a)	801,147	821,419	834,748	2%	4%
Past Due Loans, Stage 3 (b)	9,788	7,919	8,440	7%	(14%)
Deferred Items (c)	1,327	1,704	1,580	(7%)	19%
Loan Portfolio from Insur. Subs.(d)	2,495	2,827	2,927	4%	17%
Total Loans (a+b+c+d)	814,756	833,870	847,695	2%	4%
Preventive Loan Loss Reserves	19,832	16,424	17,090	4%	(14%)
Total Loans Net	794,924	817,446	830,605	2%	4%
Total Assets	1,917,900	1,909,088	2,035,427	7%	6%
Total Deposits	830,531	799,025	836,028	5%	1%
Total Liabilities	1,687,758	1,671,848	1,791,336	7%	6%
Equity	230,142	237,239	244,091	3%	6%

Financial Ratios GFNorte	1Q21	4Q21	1Q22
Profitability:			
NIM (1)	5.3%	6.1%	6.0%
ROE (2)	15.2%	15.5%	18.1%
ROA (3)	1.8%	1.9%	2.2%
Operation:			
Efficiency Ratio (4)	41.6%	47.6%	37.7%
Operating Efficiency Ratio (5)	2.1%	2.5%	2.2%
CCL Banorte and SOFOM - Basel III (6)	207.6%	201.7%	221.9%
Asset Quality:			
Past Due Loan Ratio	1.2%	0.9%	1.0%
Coverage Ratio	202.6%	207.4%	202.5%
Cost of Risk (7)	1.58%	1.31%	1.27%
Market References			
Banxico Reference Rate	4.00%	5.50%	6.50%
TIIIE 28 days (Average)	4.37%	5.17%	6.01%
Exchange Rate Peso/Dollar (8)	20.44	20.47	19.91

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. 25, 26 y 27 of the [Risk Management Report](#)

Subsidiaries Net Income (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Banco Mercantil del Norte	5,870	6,649	7,499	13%	28%
Banorte Broker Dealer	314	227	811	258%	159%
Operadora de Fondos Banorte	107	88	96	9%	(10%)
Retirement Funds - Afore XXI Banorte	396	608	155	(74%)	(61%)
Insurance	858	459	1,232	168%	44%
Annuities	496	545	511	(6%)	3%
BAP (Holding)	8	(2)	(2)	6%	(119%)
Other Finance Companies	249	119	127	6%	(49%)
G. F. Banorte (Holding)	247	368	318	(14%)	29%
Total Net Income	8,544	9,061	10,748	19%	26%
Share Data	1Q21	4Q21	1Q22	Change	
Earnings per share (Pesos)	2.963	3.143	3.728	19%	26%
Earnings per share Basic (Pesos)	2.995	3.145	3.756	19%	25%
Dividend per Share for the period (Pesos)	0.00	2.65	0.00	(100%)	N.A.
Payout for the period	0.0%	25.0%	0.0%	(100%)	N.A.
Book Value per Share (Pesos)	78.81	81.23	83.59	3%	6%
Outstanding Shares - BMV (Million)	2,883.5	2,883.5	2,883.5	0%	0%
Stock Price (Pesos)	115.13	133.01	148.06	11%	29%
P/BV (Times)	1.46	1.64	1.77	8%	21%
Market Capitalization (Million Dollars)	16,241	18,739	21,441	14%	32%
Market Capitalization (Million Pesos)	331,972	383,529	426,925	11%	29%

Share performance



II. Management's Discussion & Analysis

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

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

Net Interest Income (NII) (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Interest Income	47,391	53,809	55,233	3%	17%
Interest Expense	24,614	27,252	28,311	4%	15%
GFNORTE's NII	22,777	26,557	26,922	1%	18%
Credit Provisions	3,214	2,725	2,668	(2%)	(17%)
NII Adjusted for Credit Risk	19,563	23,832	24,254	2%	24%
Average Earning Assets	1,690,412	1,746,745	1,801,811	3%	7%
Net Interest Margin (1)	5.3%	6.1%	6.0%		
NIM after Provisions (2)	4.6%	5.5%	5.4%		
NIM from loan portfolio (3)	7.3%	7.9%	8.1%		

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

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

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

Net Interest Income

Under the new accounting standards, the Net Interest Margin (NIM) calculation was impacted by: 1) an increase in assets derived from the accounting of repurchase agreements; 2) the reclassification of the Insurance and Annuities technical results, from the financial margin into the non-interest income line -except for loan interests and valuation-; and 3) the accounting of derivatives' interests, which are now included in the interest income and expense line, respectively; and were previously accounted for in the trading income line.

NII increased 1% during the quarter, slightly lower than the 2% increase in the NII from the loan portfolio, due to lower interest in repurchase agreements, although compensated by a positive effect of foreign currency valuation. Interest expenses were 4% higher than the previous quarter, mainly due to an increase of 84bps in the average reference rate (TIE28d), increasing interest expense from deposits and funding by 9%. **NIM decreased (10bps)** and reached 6.0%, due to a 3% increase in average earning assets and mark-to-market valuations on inflation-indexed securities (UDIS) in the Annuities business. **NIM of the loan portfolio increased 19bps** in the quarter and **reached 8.1%**, reflecting the 75bps increase in the reference rate during November and December 2021.

Compared to 1Q21, **Net Interest Income** experienced a substantial increase of 18%, boosted by 11% higher NII from the loan portfolio, given greater credit activity, a 150bps adjustment in the reference rate from June to December 2021, and a positive effect of foreign currency valuation. Interest expenses increased 15%, mainly due to a 164bps adjustment in the average reference rate (TIE28d), reaching 6.01%; but with an effort to maintain a more efficient mix, increasing non-interest-bearing demand deposits by 12%, and reducing time deposits by (1%). **NIM increased 66bps, ending at 6.0%**; and the **NIM of the Loan Book increased 71bps, reaching 8.1%**.

For more detail on Margin Sensitivity (Bank):

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

Loan Loss Provisions

Credit Provisions (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Commercial, Corporate & Government	139	1,315	248	(81%)	78%
Consumer	3,187	2,911	2,880	(1%)	(10%)
Charge offs and discounts	(2,112)	(1,501)	(459)	69%	78%
Credit Provisions	3,214	2,725	2,668	(2%)	(17%)

Under the new accounting standards, credit reserves for Insurance and Annuities have now been reclassified into credit provisions, from other operating income (expense).

Compared to the previous quarter, **credit provisions were down (2%)**, due to lower requirements associated with a moderate increase in loans, as well as good asset quality.

From the Ps 2.67 billion provisions recorded in the quarter, 40% correspond to new loans and the remaining to risk and portfolio variations.

In the year, provisions were (17%) or Ps (546) billion lower; primarily due to a Ps (307) million decrease in consumer loan reserves, greater charge-offs and discounts, and improved asset quality.

Cost of risk improves (4bps) in the quarter and **(31bps) in the year**, reaching **1.3%**, still below historical levels, due to a lower reserves requirement.

For more detail on Internal Credit Risk Models:

1) Page. 15 to 19 of the [Risk Management Report](#)

Non-Interest Income

Non-Interest Income (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Net Service Fees	3,731	4,277	4,010	(6%)	7%
Premium Income Ins. & Annu. (Net)	15,340	11,309	15,756	39%	3%
Technical Reserves Ins. & Annu.	11,016	10,748	11,699	9%	6%
Cost of Acquisition from Insurance Operations	334	260	468	80%	40%
Damages, Claims Ins. & Annu. (Net)	7,097	6,634	6,796	2%	(4%)
Trading	860	1,240	1,466	18%	70%
Other Operating Income (Expenses)	(85)	(144)	(783)	(445%)	(820%)
Non-Interest Income	1,399	(960)	1,487	255%	6%

Under the new accounting standards, technical results for Insurance and Annuities have now been reclassified into non-interest income, from the financial margin.

Non-Interest Income improved 255% in the quarter, explained by the strong seasonal effect of premium income in the Insurance business, and for higher trading income, compensating lower net service fees. Non-interest income grew 6% vs. 1Q21, mainly on higher service fees, higher premium sale in the insurance and annuities businesses, and less claims.

Insurance and Annuities' premium income grew 39% sequentially due to the high seasonality of the insurance business, attributable to the renewal of the portfolio in the first quarter. Likewise, technical reserves increased 9% or Ps 951 million, out of which, Ps 3,460 million correspond to the insurance business, aligned with the seasonality of premiums' issuance, while, in the annuities business, there is a lower constitution in reserves by Ps (2,510) million. Acquisition cost rises due to the same seasonality effect. On the other hand, claims grew 2%, due to the mix in the different portfolios, among others in auto due to an increase in mobility.

On an annual basis, **premium income from Insurance and Annuities** grew 3%, lower than the 6% increase in technical reserves, mainly due to an update in reserves from inflation in the Annuities business, and growth in premium issuance. On the other hand, claims declined (4%), on a low comparable base, as the first quarter of 2021 was the peak in terms of pandemic effects. However, COVID19-related life and medical claims are evolving in line with the expected downward trend.

Service Fees

Service Fees (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Fund Transfers	473	552	471	(15%)	(1%)
Account Management Fees	509	508	483	(5%)	(5%)
Electronic Banking Services	2,916	4,049	3,790	(6%)	30%
Basic Banking Services Fees	3,898	5,109	4,744	(7%)	22%
For Commercial and Government Loans	296	345	367	6%	24%
Consumer Loan Fees	1,164	1,505	1,395	(7%)	20%
Fiduciary & Mortgage Appraisals	106	110	127	15%	19%
Mutual Funds	484	513	500	(3%)	3%
Trading & Financial Advisory Fees	187	169	141	(17%)	(25%)
Other Fees Charged (1)	239	28	86	211%	(64%)
Fees Charged on Services	6,374	7,779	7,359	(5%)	15%
Interchange Fees	1,625	2,515	2,301	(9%)	42%
Other Fees Paid	1,018	987	1,048	6%	3%
Fees Paid on Services	2,644	3,502	3,350	(4%)	27%
Net Service Fees	3,731	4,277	4,010	(6%)	7%

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

Under the new accounting standards, acquisition costs of the insurance business have now been reclassified as non-interest income. Also, it's worth mentioning that our accounting calculations already considered the deferral of loan origination fees, before the new accounting norm was implemented.

Fees charged on services decreased (5%) in the quarterly comparison, due to the period's seasonality, with lower revenues from customer transactions in services such as electronic banking and the use of debit and credit cards, as well as lower commissions from advisory and financial intermediation services. **Compared to 1Q21, there's a strong 15% growth**, mainly due to the solid growth in fees from electronic banking services and loan origination, reflecting better dynamics in the economic activity.

On the other hand, in the quarter, **fees paid on services fell (4%)** on lower interchange fees, mainly in the credit card business, driven by seasonality in the fourth quarter. In the **annual comparison**, a strong 27% **increase** derived from higher interchange fees, as a result of better dynamics in the acquiring business due to the reactivation of the economic activity.

Net Service Fees were down (6%) sequentially, and **7% up vs. 1Q21**.

Trading

Trading Income (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Currency and Metals	575	(549)	(543)	1%	(195%)
Derivatives	8	245	1,354	452%	N.A.
Negotiable Instruments	(579)	107	34	(68%)	106%
Valuation	4	(196)	844	531%	N.A.
Currency and Metals	764	1,155	1,319	14%	73%
Derivatives	5	(142)	(719)	(408%)	N.A.
Negotiable Instruments	87	423	19	(95%)	(78%)
Trading	856	1,436	619	(57%)	(28%)
Other financial results	-	-	2	N.A.	N.A.
Trading Income	860	1,240	1,466	18%	70%

Under the new accounting standards, accounting of derivatives' margin is now included in Net Interest Income.

Trading income was 18% higher vs. 4Q21, due to the positive valuation effect in derivatives, although with lower transactions, and a better foreign currency & metals operations with clients, from volatility in FX and commodities. **In the annual comparison, there was a 70% increase** due to the same factors, along with the positive effect of the inflationary premium in the valuation of securities.

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Contributions to IPAB	(912)	(905)	(934)	3%	2%
Income from foreclosed assets	87	195	140	(28%)	61%
Impairment of Assets	-	(372)	-	100%	N.A.
Lease Income	62	66	74	12%	19%
From Insurance	275	648	230	(65%)	(17%)
Securitization Operation Valuation Result	0	-	-	N.A.	(100%)
Others	403	225	(292)	(230%)	(172%)
Other Operating Income (Expenses)	(85)	(144)	(783)	(445%)	(820%)

Under the new accounting standards, contributions to IPAB have now been reclassified from non-interest income, to other operating income (expenses).

Other income (expense) fell (445%) on a quarterly basis, mainly due to the loss in the sale of a portfolio for Ps (308) million, recorded in other concepts, in addition to a strong fall in insurance income, derived from Principal's portfolio acquisition last quarter, as well as the drop in income from foreclosed assets. In the annual comparison, the drop is (820%), mainly explained by the loss in the sale of a portfolio previously mentioned, and lower collection rights.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Personnel	4,168	4,717	4,330	(8%)	4%
Professional Fees	811	933	797	(15%)	(2%)
Administrative and Promotional	1,870	2,444	1,863	(24%)	(0%)
Rents, Depreciation & Amortization	2,142	2,118	2,412	14%	13%
Other Taxes	521	516	532	3%	2%
Employee Profit Sharing (PTU)	156	1,115	385	(65%)	146%
Other expenses	389	329	405	23%	4%
Non-Interest Expense	10,057	12,173	10,723	(11.9%)	6.6%

Under the new accounting standards, contributions to IPAB were reclassified as other operating income (expenses).

Non-interest expense decreased (11.9%) sequentially, primarily due to the advanced recognition of personnel expenses in the 4Q21, along with the adjustments in the Employee Profit Sharing methodology, derived from the labor reform. Lower administration expenses were also originated on the back of scheduled advertising campaigns and service fees' negotiation.

Compared to 1Q21, non-interest expense went up 6.6%, amid inflationary pressures, -annual inflation in March reached 7.45%-. The annual impact resulted from higher amortization of capitalized projects, increasing IT projects, higher expenses in the Employee Profit Sharing, derived from the labor reform, and an annual increase in wages. Thus, **efficiency ratio improved (981bps) in the quarter and (385bps) in the year, standing at 37.7%**.

Net Income

Net Income (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Operating Income	10,905	10,699	15,018	40%	38%
Subsidiaries' Net Income	429	639	197	(69%)	(54%)
Pre-Tax Income	11,334	11,338	15,215	34%	34%
Taxes	2,678	2,148	4,331	102%	62%
Discontinued Operations	-	-	-	N.A.	N.A.
Minority Interest	(112)	(129)	(136)	(5%)	(22%)
Net Income	8,544	9,061	10,748	19%	26%
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,602)	(830)	(1,983)	(139%)	(24%)
Valuation Adjustment for Cash Flow Hedges	(1,327)	149	14	(91%)	101%
Income and Expenses related to Assets Held for Disposal	-	-	-	N.A.	N.A.
Remeasurements of defined benefits for employees	30	217	23	(89%)	(23%)
Cumulative conversion effect	32	(4)	(47)	(970%)	(247%)
Res. for holding non-monetary assets	-	-	-	N.A.	N.A.
Participation in OCI of other entities	-	-	-	N.A.	N.A.
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	121	(33)	163	587%	34%
Other Comprehensive Income	(2,745)	(502)	(1,830)	(264%)	33%
Comprehensive Income	5,799	8,559	8,918	4%	54%

Operating Income grew 40% in the quarter, with good dynamics in the businesses, especially in the Bank, in addition to a strong decrease in non-interest expenses, the seasonality in the insurance business previously mentioned, and good trading income results. **Compared to the same quarter of the previous year, it grew 38%**, as a result of better operating dynamics in the Bank, Brokerage, and Insurance businesses.

Taxes increased 102% sequentially and 62% compared to 1Q21; however, on an annual basis they are expected to normalize.

Earnings per share for the quarter totaled **Ps 3.728**.

Profitability

	1Q21	4Q21	1Q22
ROE	15.2%	15.5%	18.1%
Intangibles	4,324	16,956	16,718
Goodwill	26,731	26,732	26,720
Average Tangible Equity	185,123	180,401	182,768
ROTE	18.3%	19.9%	23.4%

In the quarter, **ROE** improved 261bp, reaching **18.1%**; whereas in the annual comparison the increase was 288bp, reflecting the soundness of the group's businesses, as well as the extraordinary net impact in capital of Ps 1.13 billion, due to the new accounting changes. This indicator continues to reflect capital accumulation, in response to the authorities' recommendation not to distribute pending dividends.

For the period, **ROTE improved 347bps vs. 4Q21 and 509bps vs. 1Q21, to 23.4%**.

	1Q21	4Q21	1Q22
ROA	1.8%	1.9%	2.2%
Average Risk Weighted Assets (billion pesos)	903.013	861.490	848.219
RRWA	3.3%	4.1%	4.4%

ROA improved 28bps in the quarterly comparison, to **2.2%**, while in the annual comparison it improved 36bps.

Deposits

Deposits (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Non-Interest Bearing Demand Deposits	341,450	384,997	381,111	(1%)	12%
Interest Bearing Demand Deposits	207,141	153,226	202,876	32%	(2%)
Total Demand Deposits	548,591	538,224	583,988	9%	6%
Time Deposits – Retail	213,923	211,310	212,339	0%	(1%)
Core Deposits	762,514	749,533	796,327	6%	4%
Money Market and Credit Notes Issued	73,028	56,679	49,959	(12%)	(32%)
Total Bank Deposits	835,542	806,213	846,286	5%	1%
GFNorte's Total Deposits	830,531	799,025	836,028	5%	1%
Third Party Deposits	238,656	257,118	286,765	12%	20%
Total Assets Under Management	1,074,198	1,063,331	1,133,050	7%	5%

Core deposits increased 6% in the quarter, driven by demand deposits, mainly boosted by a 32% sequential increase in interest-bearing demand deposits, due to a strong increase in government deposits, and (1%) lower non-interest-bearing demand deposits. When compared to 1Q21, slight (1%) reduction in time deposits and (2%) in interest-bearing demand deposits, and significantly 12% higher non-interest-bearing demand deposits in line with our strategy to improve the cost of funds.

Money market operations and credit notes issued decreased (12%) in the quarter and (32%) annually. Altogether, **total bank deposits** grew 5% QoQ and 1% YoY.

Loans

Performing Loan Portfolio, stage 1+2 (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Mortgages	191,281	200,551	202,642	1%	6%
Auto Loans	28,236	27,800	28,051	1%	(1%)
Credit Card	36,358	39,536	39,606	0%	9%
Payroll	52,256	55,034	57,278	4%	10%
Consumer	308,131	322,920	327,577	1%	6%
Commercial	192,834	203,256	202,283	(0%)	5%
Corporate	140,140	140,925	144,857	3%	3%
Government	160,042	154,318	160,031	4%	(0%)
Performing Loan Portfolio, Stages 1 + 2	801,147	821,419	834,748	2%	4%

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

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

During the quarter, **performing loans grew 2%** driven by a 4% increase in the government portfolio, followed by a 3% growth in the corporate book. **On the consumer portfolio, payroll grew 4%**, while both, mortgages and auto loans, expanded 1%.

During the year, consumer loans grew 6%, boosted by a 10% increase in payroll, followed by a 9% increase in credit card loans, and 6% in mortgages. Commercial loans increased 5% and corporate 3%, reflecting greater economic dynamism and the materialization of investment projects

Within the commercial portfolio, **SMEs loans** were 1% higher in the annual and sequential comparisons. NPL ratio increased 2bps in the quarter, and improved (93bps) in the year, ending at 1.65%.

SME's Loans (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Performing Portfolio	37,283	37,193	37,505	1%	1%
% of Performing Commercial Portfolio	19.3%	18.3%	18.5%	24 bp	(79 bp)
% of Total Performing Portfolio, stage 1 and 2	4.7%	4.5%	4.5%	(3 bp)	(16 bp)
NPL Ratio	2.6%	1.63%	1.65%	2 bp	(93 bp)

GFNorte's corporate loan book is well diversified by industry and by region, showing low concentration risk. The 20 main private sector corporate borrowers accounted for 11.1% of the group's total performing book, stages 1 and 2. The group's largest corporate exposure represented 1.0% of the total performing book, stages 1 and 2, whereas number 20 represented 0.4%. 19 out of the 20 corporates have an A1 credit rating.

The **government book totaled Ps 160.03 billion, increasing 3.7% QoQ** and remained unchanged YoY. GFNorte's government portfolio is well diversified by region, showing an adequate risk profile, given that 32% of the portfolio is Federal Government exposure and 90.1% of municipal and state government loans are backed by fiduciary guarantees.

Market share position (using CNBV figures as of January 2022. Upon the release date of this report, CNBV data as of February 2022 was not yet available):

The system's performing loans with recovery, growing 5.1% annually. **Banorte's performing loan portfolio (stages 1 & 2) rose 3.4%**, and **decreased (25bps)** of market share in the year, **reaching 14.9%**.

- **Mortgages:** Banorte held a 18.8% market share, **down (70bps) annually**, but holding on to the second place in the system.
- **Credit Cards:** Banorte **increased by 19bps its market share** in the year, to 10.5%.
- **Auto Loans:** In the year, Banorte **decreased its market share by (5bps)** to 19.4%, still ranking second in the system. The market continues with general slowdown regarding new cars sales.
- **Payroll Loans:** Banorte held a 19.8% market share, down **(62bps)** in the year, ranking second in the market.
- **Commercial:** Market share totaled 12.0%, including corporate and SMEs according to the CNBV classification. Market share **increased 12bps** in the last 12 months, ranking third in the system.
- **Government:** Banorte's market share **dropped (176bps)** to **25.5%**, still ranking second in the banking system.

Stage 3/ Past Due Loans

In the quarter, non-performing loans increased Ps 520 million, impacting mainly the corporate and commercial portfolios and, to a lesser extent, payroll.

Stage 3/ Past Due Loans (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Credit Cards	1,992	915	902	(14)	(1,090)
Payroll	1,558	1,388	1,425	37	(133)
Auto Loans	386	220	203	(16)	(183)
Mortgages	2,011	1,985	1,763	(222)	(248)
Commercial	3,381	3,252	3,503	251	123
Corporate	268	0	484	484	216
Government	192	159	159	-	(33)
Total	9,788	7,919	8,440	520	(1,349)

NPL ratio still at 1.0% below normal pre-pandemic levels. During the quarter, the ratio increased 5bps, whereas in the year, it improved (21bps), driven by strict loan origination controls and strong collection management.

Past Due Loans Ratios	1Q21	2Q21	3Q21	4Q21	1Q22
Credit Cards	5.2%	3.6%	2.7%	2.3%	2.2%
Payroll	2.9%	2.4%	2.4%	2.5%	2.4%
Auto Loans	1.3%	1.1%	0.9%	0.8%	0.7%
Mortgages	1.0%	1.0%	1.0%	1.0%	0.9%
Commercial	1.7%	1.9%	1.9%	1.6%	1.7%
SMEs	2.6%	2.7%	2.3%	1.6%	1.7%
Commercial	1.5%	1.7%	1.9%	1.6%	1.7%
Corporate	0.2%	1.3%	0.4%	0.0%	0.3%
Government	0.1%	0.1%	0.1%	0.1%	0.1%
Total	1.20%	1.3%	1.1%	0.9%	1.0%

Expected loss for Banco Mercantil del Norte, the group's largest subsidiary, was 1.8%, and the unexpected loss was 4.1%, both with respect to the total portfolio as of 1Q22. In 4Q21 these ratios were 1.7% and 4.0%, respectively, and 1.9% and 4.0% twelve months ago.

Quarterly changes in accounts that affect non-performing loan balance for the Financial Group were

Stage 3/ Past Due Loan Variations (Million Pesos)	
Balance as of December '21	8,505
Transfer from Performing Loans to Past Due Loans	6,493
Portfolio Purchase	-
Renewals	(286)
Cash Collections	(1,198)
Discounts	(101)
Charge Offs	(3,203)
Foreclosures	-
Transfer from Past Due Loans to Performing Loans	(1,774)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	7
Fair Value Ix	-
Balance as of March '22	8,440

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

Risk Rating of Performing Loans as of 1Q22 - GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	758,377	1,238	720	60	674	249	2,942
A2	27,903	175	21	-	268	25	489
B1	33,780	57	22	1	969	18	1,068
B2	12,613	29	7	8	442	25	512
B3	15,113	55	0	146	612	17	830
C1	10,011	89	-	6	676	112	882
C2	9,628	134	-	0	1,040	193	1,368
D	8,031	763	-	46	1,404	333	2,545
E	6,740	1,481	111.24	-	2,793	109	4,494
Total	882,195	4,021	882	267	8,878	1,081	15,130
Not Classified	(1,107)						
Cartera sector BAP	2,927						
Partidas diferidas	1,580						
Exempt	-						
Total	885,596	4,021	882	267	8,878	1,081	15,130
Reserves							17,090
BAP Reserves							185
Preventive Reserves							1,775

Notes:

- Figures for reserve creation and rating are as of March 31st, 2022.
- The loan portfolio is rated pursuant to rules issued by the CNBV, in Chapter V, Second Title of General Provisions Applicable to Credit Institutions, and it can also be rated according to internal methodologies authorized by this same regulator.
- The Institution uses regulatory methodologies to rate all credit portfolios. The Institution uses internal methodologies authorized by the CNBV according to the following: for the Revolving Consumption portfolio as of January 2018, for the Auto (Individuals) portfolio as of January 2020, and for the portfolio commercial of borrowers with sales or income greater than or equal to 14 million UDIs, from January 2019 in the Banco Mercantil del Norte subsidiary and from February 2019 in the subsidiaries Arrendadora and Factor Banorte.
- The Institution uses risk ratings: A1, A2, B1, B2, B3, C1, C2, D and E to classify provisions according to the portfolio segment and percentage of the provisions representing the outstanding balance of the loan, and which are set forth in Fifth Section of the "Reserve creation and their classification by degree of risk" contained in Chapter 5, Second Title of the aforementioned regulation.
- The constituted complementary reserves follow the general provisions applicable to credit institutions, and they contemplate the additional reserves created to anticipate portfolio impairment effects due to COVID-19 previously described in "Provisions for Credit".

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

As of 1Q22 the Institution did not have loans considered as stage 3 under such policies.

Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves <i>(Million Pesos)</i>	1Q22
Previous Period Ending Balance	16,424
Provisions charged to results	3,434
Provisions charged to retained earnings	757
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	(389)
Consumer Loans	(2,387)
Mortgage Loans	(722)
Foreclosed assets	0
	(3,498)
Cost of debtor support programs	(3)
Valorization and Others	(24)
Adjustments	0
Loan Loss Reserves at Period End	17,090

Loan Loss Reserves as of 1Q22 totaled **Ps 17.09 billion**, increasing 4% vs. the previous quarter. **Charge-offs and discounts** decreased (21.5%) quarterly.

Loan loss reserve coverage ratio totaled **202.5%** in the quarter; a decrease compared to the 207.4% from the previous quarter.

Capital

Shareholders' equity balance increased Ps 6.85 billion sequentially, reaching **Ps 244.09 billion**; the main changes in the quarterly comparison are: Ps 10.75 billion increase in net income, Ps 199 million increase from repurchase of the stock compensation plan, Ps 162 million increase for remeasurement result in the valuation of the current risk reserve for variations in discount rates, a Ps (2.03) billion decline in for the valuation of financial instruments to collect or sale, and Ps (1.13) billion of extraordinary retrospective adjustments for accounting changes.

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. BANORTE, THE BEST CONSUMER BANK IN MEXICO IN 2021: WORLD FINANCE

In January, the international publication World Finance awarded Banorte the "Best Retail Bank" award in Mexico. The prestigious magazine recognized the bank for its growth trajectory, which has led it to become one of the largest institutions in the country in terms of loan portfolio and assets. This recognition is the result of the efforts of each and every one of the Bank's employees to provide the best products and services to our customers.

World Finance also confirmed that Banorte is one of the best positioned banks in Mexico to continue growing and face the challenges of the future.

2. BANORTE SELECTED AS A CONSTITUENT IN THE BLOOMBERG GENDER EQUITY INDEX FOR THE SIXTH CONSECUTIVE YEAR.

Since January, Grupo Financiero Banorte is part of the Bloomberg Gender Equity Index 2022 (GEI), comprised of 418 companies around the world. This prize recognizes transparency to practices and policies related to gender equity in public companies.

Only ten Mexican companies are constituents of the GEI for 2022. The index measures gender equality through five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies and pro-women branding. The Bloomberg Gender Equality Index helps bring transparency to practices and policies related to gender equality in companies by increasing the breadth and depth of environmental, social, and governance (ESG) data available to investors.

3. GFNORTE WAS INCLUDED FOR THE FIRST TIME IN THE SUSTAINABILITY YEARBOOK

In February, Grupo Financiero Banorte was included for the first time in the Sustainability Yearbook, for the 2022 edition, being one out of the 10 Mexican companies comprising this Yearbook. This list is made up of the best evaluated companies in sustainability topics. More than 7,000 companies from 61 industries around the world participating.

4. BANORTE LAUNCHES "AUTOESTRENE VERDE", AN EXCLUSIVE CREDIT FOR HYBRID AND ELECTRIC CARS

In February, and in line with its sustainability strategy focused on green financing, decarbonization and the fight against climate change, Banorte announced the launch of its new "Autoestrene Verde" loan for the acquisition of hybrid and electric cars. Banorte's Autoestrene Verde loan is one of the most competitive in the market and can be used to purchase both, new and semi new, vehicles.

5. AT&T MEXICO TEAMS UP WITH BANORTE AND MASTERCARD TO LAUNCH NEW CREDIT CARDS

In April, AT&T Mexico, Banorte and Mastercard announced the launch of the new AT&T Elite and AT&T credit cards, to offer customers a new personalized experience, with benefits such as free internet and exclusive product presales.

With this strategic alliance, AT&T Mexico reaffirms its commitment to continue offering its customers new tailored service experiences, with innovative solutions that will change the game in the market and build long-term relationships with its users.

Bank

Income Statement and Balance Sheet Highlights - Bank (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Net Interest Income	16,173	17,926	19,063	6%	18%
Non-Interest Income	4,096	4,043	4,050	0%	(1%)
Total Income	20,268	21,969	23,113	5%	14%
Non-Interest Expense	9,214	10,828	9,661	(11%)	5%
Provisions *	3,231	2,694	2,634	(2%)	(18%)
Operating Income	7,824	8,447	10,818	28%	38%
Taxes	1,879	1,703	3,228	90%	72%
Discontinued Operations	-	-	-	N.A.	N.A.
Subsidiaries & Minority Interest	29	22	42	91%	47%
Net Income	5,974	6,766	7,632	13%	28%
Balance Sheet					
Loans Stage 1	776,008	796,647	807,278	1%	4%
Loans Stage 2	7,038	6,800	6,558	(4%)	(7%)
Performing Loans, Stage 1 & 2 (a)	783,045	803,447	813,837	1%	4%
Past Due Loans, Stage 3 (b)	9,438	7,250	7,702	6%	(18%)
Deferred Items (c)	1,345	1,721	1,596	(7%)	19%
Total Loans (a+b+c)	793,828	812,418	823,135	1%	4%
Preventive Loan Loss Reserves	19,145	15,744	16,278	3%	(15%)
Total Loans Net (d)	774,683	796,674	806,857	1%	4%
Total Assets	1,507,789	1,501,864	1,606,136	7%	7%
Demand Deposits	545,953	535,201	580,928	9%	6%
Time Deposits	289,590	271,012	265,357	(2%)	(8%)
Total Deposits	835,542	806,213	846,286	5%	1%
Total Liabilities	1,370,547	1,357,229	1,457,778	7%	6%
Equity	137,242	144,635	148,358	3%	8%

Financial Ratios - Bank	1Q21	4Q21	1Q22
Profitability:			
NIM (1)	4.7%	5.0%	5.2%
NIM after Provisions (2)	3.7%	4.3%	4.5%
ROE (3)	17.6%	19.1%	20.8%
ROA (4)	1.6%	1.8%	2.0%
Operation:			
Efficiency Ratio (5)	45.5%	49.3%	41.8%
Operating Efficiency Ratio (6)	2.5%	2.9%	2.5%
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	207.6%	201.7%	221.9%
Asset Quality:			
Past Due Loan Ratio	1.2%	0.9%	0.9%
Coverage Ratio	202.9%	217.1%	211.3%
Capitalization:			
Net Capital/ Credit Risk Assets	29.9%	34.8%	36.6%
Total Capitalization Ratio	21.7%	24.7%	25.9%
Leverage			
Basic Capital/ Adjusted Assets	12.0%	13.4%	13.2%

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

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

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

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

5) Non-Interest Expenses / Total Income.

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

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

Changes vs. the previous quarter

Net interest income (NII) increased 6% sequentially, with an increase in NII from the loan portfolio, higher income from repurchase agreements, and a positive valuation effect in foreign currencies. Cost of funds increased 3%, reflecting the recent reference rate hikes. Therefore, **NIM increased 18bps sequentially, reaching 5.2%**.

Non-interest income remained stable in the quarter, with a substantial improvement in trading income.

Fees charged fell (6%) sequentially, due to the period's seasonality, with lower revenues from customer transactions in services such as electronic banking, debit and credit card usage, as well as other core banking services. Likewise, **fees paid fell (5%)**, on lower interchange fees, mainly in the credit card business, driven by seasonality in the fourth quarter. Altogether, net fees dropped 6%, related to the transactional seasonality of the last quarter of the year.

Trading income improved 51% QoQ, with a strong positive valuation effect in derivatives and better foreign currency & metals operations with clients, from volatility in FX and commodities.

Other operating income (expense) decreased Ps (212) million sequentially, mainly due to the strong impact on other items, derived from the loss in the sale of a portfolio for Ps (308) million, as well as a decrease in foreclosed assets' results.

Non-interest expense decreased (10.8%) vs. the last quarter, primarily due to the advanced recognition of personnel expenses in the 4Q21, along with the adjustments in the Employee Profit Sharing methodology, derived from the labor reform, as well as lower administrative and promotional expenses on service fees' negotiation. Consequently, the **efficiency ratio stood at 41.8% in 1Q22**, compared to 49.3% in 4Q21.

In the quarter, **provisions decreased (2%) QoQ**, due to lower requirements associated with a moderate increase in loans, as well as good asset quality.

NIM adjusted for credit risks improved 21bps sequentially, reaching **4.5%**, from 4.3% in the previous quarter.

Net income for the quarter totaled Ps 7.63 billion, **13% higher** than the previous quarter, resulting in a substantial improvement in **ROE of 176bps**, to **20.8%**. ROA improved 17bps to **2.0%** at the end of 1Q22.

Changes vs. the previous year

Net interest income (NII) increased 18% vs. 1Q21 due to higher income from the loan portfolio, reflecting a 150bps increase in the reference rate, from June to December 2021, as well as a positive effect in currency valuation. Interest expenses increased 15%, mainly due to a 164bps adjustment in the average reference rate (TIIE28d), reaching 6.01%, although efforts have been maintained to increase further efficiency in the mix, increasing non-interest-bearing demand deposits by 12%, and reducing time deposits by (1%). Thus, **NIM increased 56bps in the period, to 5.2%**.

Non-interest income dropped (1%) compared to 1Q21, on lower other operating income (expense), despite 28% higher trading income, and higher net service fees.

Fees charged grew 16% YoY, due to solid growth in fees from electronic banking services and loan origination, reflecting better dynamics in the economic activity. **Fees paid grew 28%** vs. 1Q21, derived from higher interchange fees, resulting from the increase in transactional volumes. As a result, **net fees increased 7%** compared to 1Q21.

Trading income grew 28% in the annual comparison, explained by the same factors that contributed to the quarterly expansion.

Other operating income (expense) decreased Ps (586) million, compared to 1Q21, mostly explained by the loss in the sale of a portfolio, recorded in other items.

Non-interest expense grew 4.8% vs. 1Q21, amid inflationary pressures -annual inflation in March reached 7.45%- , higher Employee Profit Sharing derived from a change in methodology in the labor reform, and other expenses, that were not offset by a (4%) decline in personnel expenses and (2%) lower professional fees. Therefore, the **efficiency ratio** decreased 366bps reaching **41.8%** in 1Q22, compared to the 45.5% reported in 1Q21.

Provisions were down by (18%) or (Ps 596) million vs. 1Q21, associated with lower reserves in the consumer portfolio, higher charge-offs and discounts, and better asset quality. **NIM adjusted for credit risks** improved **77bps** in the year, reaching **4.5% in 1Q22**.

Net income grew 28% compared to 1Q21 or Ps 1.66 billion, mainly due to better dynamics in the banking business, with an increase in net fees, trading income, and efficient expense control. **ROE expanded 329bps**, from 17.6% in 1Q21, to **20.8% in 1Q22**. **ROA increased 35bps compared to the same quarter of the previous year**, reaching **2.0%**.

Capital

Shareholders' equity balance closed at Ps 148.36 billion, an increase of 3% compared to the previous quarter; the main changes during the quarter were: an increase of Ps 7.63 billion in net income and an increase of Ps 200 million in the payment plan based on stock, as well as a decrease of Ps (1.89) billion from the valuation of financial instruments to collect or sale, and a decrease of Ps (1.04) billion of extraordinary retrospective adjustments for accounting changes.

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 2021, Banorte was confirmed as Level II - Systemically Important Financial Institution, which implies that Banorte must maintain a 0.90 pp capital buffer. Therefore, **starting on December 2019, the minimum Capital Adequacy Ratio required for Banorte is 11.40%** (corresponding to the regulatory minimum of 10.5% plus the 0.90 pp capital supplement), which includes a minimum requirement of Core Equity Tier 1 (CET1) of 7.90%.

Banorte, as a Systemically Important Financial Institution, is subject to the net capital supplement incorporated in the regulation during 2021, and effective as of December 2022, with annual increases of 1.65 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)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Core Tier 1	132,136	131,693	135,082	2.6%	2.2%
Tier 1 Capital	183,236	204,495	205,695	0.6%	12.3%
Tier 2 Capital	7,898	7,800	8,605	10.3%	9.0%
Net Capital	191,134	212,295	214,300	0.9%	12.1%
Credit Risk Assets	639,919	609,709	585,200	(4.0%)	(8.6%)
Net Capital / Credit Risk Assets	29.9%	34.8%	36.6%	1.8 pp	6.8 pp
Total Risk Assets	880,710	859,833	827,628	(3.7%)	(6.0%)
Core Tier 1	15.00%	15.32%	16.32%	1.0 pp	1.3 pp
Tier 1	20.81%	23.78%	24.85%	1.1 pp	4.0 pp
Tier 2	0.90%	0.91%	1.04%	0.1 pp	0.1 pp
Capitalization Ratio	21.70%	24.69%	25.89%	1.20 pp	4.19 pp

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

At the end of 1Q22 the estimated Capital Adequacy Ratio (CAR) for Banorte was **25.89%** considering credit, market, and operational risks, and 36.62% considering only credit risk. Moreover, the Core Equity Tier 1 reached 16.32% as of 1Q22, a level corresponding to a Systemically Important Institution Level I under CNBV classification.

CAR increased 1.20 pp vs. 4Q21 due to the following effects:

	1Q22 vs 4Q21
	+1.20 pp
1. Internal Model Effects (Credit and Market)	+1.05pp
2. Net Income in 1Q22	+0.92 pp
3. Growth in Risk Assets – Market	+0.28 pp
4. Growth in Risk Assets – Credit (Others)	+0.23 pp
5. Other Capital Effects (1)	+0.16 pp
6. Growth in Risk Assets – Operation	-0.04 pp
7. Securities' mark-to-market valuation and Hedging Derivatives (2)	-0.16 pp
8. IFRS9 effect (3)	-0.33 pp
9. Growth in Risk Assets – Credit	-0.36 pp
10. Capital Notes (4)	-0.54 pp

(1) Includes actuarial changes from employee liability, variation of permanent and intangible investments, and recognition of COVID reserves in supplementary capital, in accordance with regulatory change.

(2) Includes derivatives for hedging positions not valued with market prices.

(3) Includes recognition in equity of credit reserves, bond impairment, XVA in equity and increase in fixed assets for leased goods in risk assets.

(4) Including efficiency loss on Basel II obligation - Jan'22.

CAR increased 4.19 pp vs. 1Q21 due to the following effects:

	1Q22 vs 1Q21
	+4.19pp
1. Net Income in the period	+3.35 pp
2. Capital Notes (1)	+1.74 pp
3. Internal Model Effects (Credit and Market)	+1.05pp
4. Growth in Risk Assets – Credit (Others)	+0.56 pp
5. Other Capital Effects (2)	+0.19pp
6. Growth in Risk Assets – Market	+0.06 pp
7. Growth in Risk Assets – Operation	-0.10 pp
8. Securities' mark-to-market valuation and Hedging Derivatives (3)	-0.18 pp
9. Growth in Risk Assets – Credit	-0.27 pp
10. IFRS9 effect (4)	-0.33 pp
11. Intangibles effect on Capital (5)	-0.68 pp
12. Dividend to the Financial Group	-1.18 pp

(1) Includes AT1 issuance for USD\$1.05 billion – Nov'21 and efficiency loss on Basel II obligation - Jan'22

(2) Includes actuarial changes from employee liability, variation of permanent and intangible investments, and recognition of COVID reserves in supplementary capital, in accordance with regulatory change.

(3) Includes derivatives for hedging positions not valued with market prices.

(4) Includes recognition in equity of credit reserves, bond impairment, XVA in equity, and increase in fixed assets for leased goods.

(5) In 1Q21 software investment was registered as fixed assets, therefore the adjustment to equity did not applied as of that date.

Evolution of Risk Assets

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

Total Risk Assets as of March 2022 amounted to Ps 827.63 billion, decreasing Ps (32.21) billion compared to the end of December 2021, and Ps (53.08) billion compared to March 2021.

The evolution of Risk Assets is presented below:

Risk Assets (Million Pesos)	1Q21	4Q21	1Q22	Change.	
				4Q21	1Q21
Total Credit	639,919	609,709	585,200	(4.02%)	(8.55%)
Credit (Loan Portfolio)	520,274	513,379	489,891	(4.58%)	(5.84%)
Credit (Others)	119,646	96,330	95,308	(1.06%)	(20.34%)
Total Market	167,719	174,738	165,703	(5.17%)	(1.20%)
Total Operational	73,072	75,386	76,725	1.78%	5.00%
Total	880,710	859,833	827,628	(3.75%)	(6.03%)

The main quarterly changes in RWA vs. 4Q21 were:

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

The main annual changes in RWA vs. 1Q21 were:

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

Leverage Ratio (Banco Mercantil del Norte)

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

Leverage (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Tier 1 Capital	183,236	204,495	205,695	0.6%	12.3%
Adjusted Assets	1,527,496	1,521,109	1,557,715	2.4%	2.0%
Leverage Ratio	12.00%	13.44%	13.20%	(24 bp)	121 bp

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

Long Term Savings

Seguros Banorte

Income Statement and Balance Sheet Highlights - Insurance - Seguros Banorte (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Interest Income (Net)	257	402	314	(22%)	22%
Premium Income (Net)	11,085	5,270	10,941	108%	(1%)
Technical Reserves	4,537	1,062	4,522	326%	(0%)
Cost of Acquisition from Insurance Operations	626	512	731	43%	17%
Damages, Claims (Net)	4,884	3,901	4,018	3%	(18%)
Securities-Realized Gains	36	83	0	(100%)	(100%)
Other Operating Income (Expenses)	269	663	226	(66%)	(16%)
Total Operating Income	1,600	942	2,210	134%	38%
Non Interest Expense	380	426	484	14%	27%
Operating Income	1,220	516	1,726	234%	41%
Taxes	361	59	493	731%	37%
Subsidiaries' Net Income	404	619	158	(74%)	(61%)
Minority Interest	(9)	(9)	(4)	57%	59%
Net Income	1,254	1,068	1,387	30%	11%
Other Comprehensive Income	89	(96)	(8)	92%	(109%)
Comprehensive Income	1,343	972	1,379	42%	3%
Shareholder's Equity	29,677	22,468	23,825	6%	(20%)
Total Assets	72,593	62,937	71,447	14%	(2%)
Technical Reserves	36,094	34,079	39,729	17%	10%
Premiums sold	13,597	5,900	13,532	129%	(0%)
Coverage ratio of technical reserves	1.27	1.06	1.12	0.06 pp	(0.15 pp)
Solvency capital requirement coverage ratio	11.92	3.71	6.97	3.3 pp	(5.0 pp)
Coverage ratio of minimum capital	259.30	195.81	193.13	(2.7 pp)	(66.2 pp)
Claims ratio	75%	93%	63%	(29.8 pp)	(11.9 pp)
Combined ratio	80%	98%	70%	(27.5 pp)	(10.0 pp)
ROE	17.5%	19.8%	24.4%	4.6 pp	6.8 pp
ROE ex-Afore	30.9%	31.5%	75.7%	44.2 pp	44.7 pp

Interest income (net) decreased (22%) in the quarter, due to lower interest in valuation of financial instruments, amid interest rates volatility. **In the annual comparison, an increase of 22%** was presented, due to a higher valuation in financial instruments and a positive valuation effect on inflation-indexed securities (UDIS).

Premium income grew 108% sequentially due to seasonal renewals and the underwriting of a new business. Consequently, **technical reserves increased to Ps 4.52 billion** in the quarter, given an increase in premiums in the period. **In the annual comparison, premium income decreased (1%)** due to two factors: i) the cancellation of a business related to the Life portfolio, vs. 2021; and ii) lower sales in flexible products. It is worth mentioning that in both cases, there was no material impact in earnings. However, if the aforementioned effects were to be eliminated, the annual increase in premiums would have been 13%.

Damages and claims increased 3% in the quarter, from Ps 3.90 billion in 4Q21, to Ps 4.08 billion in 1Q22, due to the claims mix in the different portfolios, for auto with a slight impact due to the increase in mobility. COVID-19-related life and medical claims are evolving in line with the expected trend, but still in high levels. **Damages and claims decreased (18%) in the year**, on a low comparable base, as the first quarter of 2021 was the peak in terms of pandemic effects.

Acquisition costs rose 43% QoQ and 17% YoY, reaching Ps 731 million, in line with the seasonality growth of the business.

Net operating income rose 234% QoQ, totaling **Ps 1.73 billion in 1Q22** and increased 41% YoY, still affected by the COVID-19 pandemic, although signaling recovery.

Net Income for the quarter totaled **Ps 1.39 billion**, a **30%** increase vs. 4Q21 and **11%** higher vs. 1Q21, affected by lower fees and valuation on rates volatility in the Afore.

Net Income for 1Q22 of Seguros Banorte, excluding its subsidiary Afore XXI Banorte, contributed with 11.5% of GFNorte's net income in the same period, **totaling Ps 1.23 billion**.

ROE for the Insurance business, excluding its subsidiary Afore XXI Banorte, had a significant increase of 44.2 pp vs. the last quarter, reaching **75.7% in 1Q22**. The latter, benefited by the dividend payment to the group in 2021.

Regarding the disclosure requested by the General Provisions applicable to the Financial Groups' holding companies, the following was presented for this reporting period:

- i. Risks assumed through the issuance of insurance premiums and bonds, with respect to operations and authorized branches of cancelled operations:
 - *No cancellations were registered during 1Q22 that involved any technical risk.*
- ii. Damages and claims, as well as compliance of reinsurers and bonding companies with their obligations:
 - *In 1Q22 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 1Q22.*
- 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 relevant exposures: 3 related to the government, 1 related to marketers, and 1 in telecommunications.*
- v. Contingencies arising from non-compliance of reinsurers and bonding companies:
 - *There were no relevant issues related to non-compliance during 1Q22.*

Afore XXI Banorte

Afore XXI Banorte (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Net Income	807	1,239	316	(74%)	(61%)
Shareholder's Equity	22,911	26,000	22,766	(12%)	(1%)
Total Assets	25,613	28,430	24,915	(12%)	(3%)
AUM (SIEFORE)	1,021,105	1,093,819	1,060,913	(3%)	4%
ROE	13.3%	19.5%	5.2%	(14.3 pp)	(8.1 pp)

In 1Q22, Afore XXI Banorte reported net income of Ps 316 million, or a (74%) sequential decline, impacted primarily by two factors: i) the regulatory reduction in fees, effective at the beginning of the year, for around Ps (450) million; and ii) a decrease of Ps (162) million in financial products, due to the effect of higher rates. Compared to 1Q21, the company posted a (61%) decline.

ROE reached **5.2% in 1Q22**, decreasing (14.3 pp) in the quarter; while compared to 1Q21, it dropped (8.1 pp). Excluding goodwill, **Return on Tangible Equity (ROTE)** reached **16.6%**.

Afore XXI Banorte represented 1.4% of the Financial Group's net income in 1Q22.

Afore XXI Banorte's **assets under management (AUM)**, totaled **Ps 1.06 trillion**; decreasing (3%) compared to 4Q21 and increasing 4% vs. 1Q21.

Pensiones Banorte

Income Statement and Balance Sheet Highlights - Annuities - Pensiones Banorte (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Interest Income (Net)	5,146	7,136	5,857	(18%)	14%
Premium Income (Net)	4,367	6,169	4,946	(20%)	13%
Technical Reserves	6,480	9,686	7,176	(26%)	11%
Damages, Claims (Net)	2,213	2,732	2,788	2%	26%
Securities-Realized Gains	5	50	19	(61%)	280%
Other Operating Income (Expenses)	5	(15)	1	105%	(86%)
Total Operating Income	832	916	847	(8%)	2%
Non Interest Expense	125	126	118	(6%)	(6%)
Operating Income	707	790	729	(8%)	3%
Taxes	213	243	219	(10%)	3%
Subsidiaries' Net Income	1	(3)	1	127%	(51%)
Minority Interest	-	-	-	N.A.	N.A.
Net Income	496	545	511	(6%)	3%
Other Comprehensive Income	(11)	(7)	(14)	(81%)	(26%)
Comprehensive Income	485	537	497	(7%)	3%
Shareholder's Equity	6,933	8,439	8,893	5%	28%
Total Assets	174,073	208,531	215,391	3%	24%
Technical Reserves	164,297	196,269	203,525	4%	24%
Premiums sold	4,367	6,169	4,946	(20%)	13%
Coverage ratio of technical reserves	1.04	1.04	1.04	0.0 pp	0.0 pp
Solvency capital requirement coverage ratio	7.38	7.34	7.74	0.4 pp	0.4 pp
Coverage ratio of minimum capital	37.48	45.63	44.68	(1.0 pp)	7.2 pp
ROE	29.6%	26.7%	23.6%	(3.1 pp)	(6.1 pp)

In 1Q22, **interest income (net)** amounted to **Ps 5.86 billion**, an **(18%)** sequential **decrease** driven primarily by the valuation effect on inflation-indexed securities (UDIS). Compared to 1Q21, it **increased 14%** or Ps 711 million, out of which, Ps 391 million were related to earned interests, and Ps 319 million to the valuation effect.

In the quarter, technical results increased 20% on (26%) lower technical reserves, despite a (20%) decline in premium income. Out of the quarterly variation in technical reserves, 53% were related to the valuation effect on inflation, and 47% to lower premiums. **In the annual comparison, technical results declined (16%)** due to a higher proportion of technical reserves when compared to premium income (Ps 7.18 billion vs 4.95 billion, respectively). Out of the annual variation in technical reserves, approximately 65% were related to premium issuance, and the remaining 35% to the valuation effect on inflation.

Net income for Pensiones Banorte **decreased (6%) sequentially**, but increased Ps 15 million or 3% annually.

Net income of **Pensiones Banorte represented 4.8% of the Financial Group's net income in 1Q22.**

ROE of Pensiones Banorte stood at **23.6%** in the quarter, a **(3.1 pp)** quarterly decrease.

Brokerage

Brokerage Sector (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Net Income	420	314	907	189%	116%
Shareholder's Equity	6,633	7,635	8,579	12%	29%
Assets Under Custody	946,103	956,344	984,612	3%	4%
Total Assets	285,890	300,859	306,217	2%	7%
ROE	26.4%	16.8%	44.8%	28.0 pp	18.4 pp

1) Net capital structure: Core Equity =Ps 6.66 billion, Additional Capital= Ps 0 million.

The **Brokerage business** (Casa de Bolsa Banorte and Operadora de Fondos) reported a **net income of Ps 907 million in 1Q22**, a 189% sequential increase mainly due to higher interest income, on inflation premiums in asset valuations, and lower operating expenses, offsetting the decline in non-interest income. In the yearly comparison, net income increased 116%, due to a substantial increase in interest income, as well as higher non-interest income.

Net income from the brokerage business in 1Q22 accounted for 8.4% of the group's net income.

Assets Under Management

At the end of 1Q22, AUMs totaled **Ps 985 billion**, up 3% in the quarter and 4% higher in the annual comparison.

Assets under management by mutual funds totaled **Ps 227 billion**, representing a **0.8% annual increase**. Assets held in **fixed income funds** totaled **Ps 201 billion, 3.3% higher** in the quarter, and (0.6%) lower in the year. Assets held in **equity funds** amounted to **Ps 26 billion, down (5.1%)** in the quarter and 13.8% higher in the year.

As of 1Q22, Banorte held an 8.10% share of the mutual fund market, comprised of a 10.71% share in fixed income funds and 2.80% in equity funds.

SOFOM and other Finance Companies

SOFOM & Other Finance Companies (Million Pesos)	1Q21	4Q21	1Q22	Change	
				4Q21	1Q21
Warehousing					
Net Income	9	4	9	95%	(5%)
Shareholder's Equity	292	305	314	3%	8%
Inventories	832	1,026	1,019	(1%)	22%
Total Assets	1,033	1,224	1,254	2%	21%
ROE	12.8%	5.9%	11.2%	5.4 pp	(1.6 pp)
Arrendadora y Factor (previous Sólida Administradora de Portafolios*)					
Net Income	259	115	106	(8%)	(59%)
Shareholder's Equity	9,593	10,005	10,044	0%	5%
Loan Portfolio (1)	34,090	37,489	35,135	(6%)	3%
Past Due Loans	350	669	738	10%	110%
Past Due Loan Ratio	1.0%	1.8%	2.1%	0.2 pp	1.0 pp
Loan Loss Reserves	525	507	627	24%	19%
Total Assets	44,392	47,233	44,585	(6%)	0%
ROE	11.2%	4.7%	4.3%	(0.4 pp)	(6.9 pp)

1) Includes operating lease portfolio of Ps 2.06 billion, and proprietary fixed assets of Ps 1.22 billion, both registered in property, plant, and equipment (net).

*For informational purposes.

Leasing and Factoring (Merger between Sólida and Arrendadora)

Net income in 1Q22 totaled **Ps 106 million, a quarterly decline of (8%)** due to lower margin derived from a decrease in the portfolio, as well as in other operating income. Additionally, a **(59%) decline** was presented in the **annual comparison** due to higher loan reserves and administrative expenses, as well as a decline in other operating income.

The **non-performing loan ratio** reached **2.1%**, 0.2 pp higher vs. the previous quarter. The Coverage ratio totaled 85%, 9.2 pp above 4Q21. **Capital ratio for 1Q22 stood at 21.41%**, considering total risk weighted assets of Ps 39.47 billion. The **leverage ratio** as of December 2021 and March 2022, reached 16.70% and 17.86%, respectively, considering adjusted assets of Ps 49.71 billion and Ps 47.27 billion, respectively.

In 1Q22, Net Income from Leasing and Factoring represented 0.98% of the group's total results.

As of December 2021, Arrendadora y Factor Banorte continues to rank second in terms of portfolio size among the 64 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

Warehouse

In 1Q22, the Warehousing business reported **net income of Ps 9 million, 95% higher vs. 4Q21**, derived from 21% higher new-income clients, as well as (16%) lower expenses. **ROE** reached **11.2%**, and the **capital ratio** totaled **212%**, considering a Ps 314 million equity, and negotiable certificates of deposit issued in active warehouses for Ps 2.48 billion.

Almacenadora Banorte ranks in second place among the warehousing businesses in the sector in terms of net income as of December 2021.

III. Sustainability Strategy

Environmental



Climate change

Launching of the first climate risks and opportunities report (TCFD).

The report describes the progress in terms of governance around the issue of climate change in GFNorte, the definition of a comprehensive strategy, management of climate risks and opportunities, and the associated metrics and goals, all of this using as a reference the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The scope of this first report includes Banorte's most relevant business operations and activities corresponding to customers in Real Estate, Tourism, and Oil and Gas sectors. All of them from the wholesale portfolio.

As part of this exercise, during 2021 an internal working group on climate change was created. This group participated in the 2nd TCFD pilot program conducted by UNEP FI. The goal was to train the different areas involved in matters of climate change. From this group, three teams were created for which the following tasks were divided:

1. Identify sources of information to feed climate risk analysis
2. Identify the climate risks and opportunities corresponding to the scope of the exercise
3. Develop models that use climate scenarios and apply climate stress tests

This exercise allowed us to establish a starting point for the quantification of financial impacts derived from climate. It also allowed to lay concrete foundations in our different government bodies, define methodologies for risk management, and identify opportunities for business.

Implementation of the PACTA methodology for the analysis of 2°C scenarios

With the aim of strengthening our skills regarding the modeling of climate scenarios, in 2020 we joined the efforts of the Sustainability Committee of the Association of Banks of Mexico (ABM for its acronym in Spanish) which together with the 2° Investing Initiative (2DII), convened the banks of the country to carry out the application of the PACTA (Paris Agreement Capital Transition Assessment) methodology in corporate loan portfolios.

PACTA is a methodology that allows the analysis of the alignment of portfolios with the different climate scenarios of the Paris Agreement. The scenarios provide important insights into potential climate change mitigation pathways needed to limit global temperature rise. PACTA is based on the measurement of three metrics that show the evolution of the polluting sectors in the various scenarios: 1) technology/fuel mix, 2) production volume trajectory, and 3) emission intensity.

The PACTA methodology was applied to Banorte's portfolio activities related to the exploration and production of oil and gas, energy, cement, and steel manufacturing, as well as aviation. The results made it possible to observe that Banorte's portfolio requires to increase its efforts to achieve alignment with sustainable development scenarios and policies; and even more so to achieve the ambitious goals of Net Zero.

Social



Diversity & Inclusion

Creation of the Diversity, Equity, and Inclusion Subcommittee

In 2021 Banorte established the Diversity, Equity, and Inclusion Subcommittee as a collegiate and intersectoral group integrated by different areas of the bank which seeks to mainstream the equity and inclusion approach in the institution. This subcommittee reports to the Sustainability Committee, which in turn reports to the Risk Policies Committee.

Furthermore, Afore XXI Banorte reasserted its commitment to the economic and social empowerment of women. One year after the Institutional Program for Equity and Gender, corporate actions have been implemented within the organization to promote equal opportunities between women and men, therefore:

- The salary of almost 400 women employees was adjusted to level it with positions of similar responsibility occupied by men employees
- Half of the senior management positions are now occupied by women
- Maternity and paternity leave are now the same at 84 calendar days

Corporate Citizenship

As signatories of the Global Compact, we reaffirmed our commitment to transparency by publishing the information required in the 2022 Communication on Progress (CoP) advanced level questionnaire. 2022 is the 11th year that GFNorte participates as part of this initiative.

Awards

- Cemefi's recognition as a Socially Responsible Enterprise:
 - Banorte for the 12th year in a row
 - Afore XXI Banorte for the 3rd year in a row
 - Seguros y Pensiones Banorte for the 8^o year in a row
- 2nd place as "Best Workplace 2022" issued by Computrabajo
- GFNorte was included in Bloomberg's Gender Equity Index

Governance



Corporate Governance

As part of our continued efforts to comply with international best practices regarding ESG, GFNorte has increased the level of disclosure regarding its Board of Directors. Our recently issued 2021 Annual Report includes a skill matrix for each of our board members, supporting the alignment of the board's capabilities with GFNorte's overall strategy. Moreover, our Chairman has confirmed our strong commitment to maintain the board's independence and increase gender diversity.

Stakeholders

During the first quarter of 2022 we worked on the second Responsible Banking Principles report known as Reporting and Self-Assessment. In it we shared the activities related to the initiative's six principles, highlighting Principle 2 "Impact & Target Setting" where we shared the results of our participation in the Portfolio Impact Tool developed by the United Nations Environment Programme Finance Initiative (UNEP FI). In addition, we reported our goals related to climate change, gender equity, and financial education.

Ethics and accountability

Launching of the 2021 Integrated Annual Report. For the first time it incorporates as part of the Corporate Governance section:

- Matrix of Board of Directors skills and expertise, page 34
- Board member training on ESG Best Practices, page 37
- Information about Senior Management Compensation, page 42
- Responsible marketing, page 60
- Economic competition, page 59, among other important issues for our stakeholders.

Awards

GFNorte is one of the 10 Mexican companies that appear in The Sustainability Yearbook 2022 issued by S&P Global.

Sustainable Finance



Socio-environmental risk management in financing

Update to the Risk Manual

GFNorte has promoted and given priority to the actions that make the Group a leading company and aware of the importance of mitigating the related risks. For this reason, it was considered relevant to incorporate into the Risk Manual the following risks: ESG Risk, Socio-Environmental Risk, and Climate Risk, with the aim to start outlining definitions, concepts, policies, methodologies, and taxonomies that allow progress in the strengthening of the institution's risk management framework. Therefore, the following classification was incorporated into the Risk Manual:

1. Environmental, Social and Governance Risks (ESG)
2. Socio-environmental Risk
3. Climate Risk (as an emerging risk)

Sustainable financial products

Banorte has developed the Banorte Sustainable Bonds Framework (the "Framework") under which it intends to issue green, social or sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that contribute to the decarbonization and socioeconomic advancement in Mexico.

The Framework defines green eligibility criteria in the following five areas:

1. Renewable Energy
2. Energy Efficiency
3. Natural Resources and Biodiversity

- 4. Sustainable Mobility
- 5. Water Management

The Framework defines social eligibility criteria in the following three areas:

- 1. Affordable Basic Infrastructure and Access to Essential Services
- 2. Affordable Housing
- 3. Food Safety

Banorte engaged Sustainalytics to review the Banorte Sustainable Bonds Framework, dated February 2022, and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).

Car loan “Autoestrene Verde Banorte”

In February 2022, the car loan “Autoestrene Verde Banorte” was launched as a support to the sustainability strategy focused on increasing sustainable financing to increase the positive impacts of Banorte's portfolios. This car loan provides benefits for customers looking to purchase a hybrid or electric car with the intention of contributing to sustainable mobility and the energy transition.

SME eco-loans

As of March 2022, we have an active portfolio of Ps. 10.25 mn from our SME portfolio focused on clients operating with energy efficiency or with renewable energies through the programs: “Eco-Crédito Eficiencia Energética” and “Sistemas Solares Fotovoltaicos”. This amount corresponds to 3 energy efficiency credits, as well as 1 credit for the installation of photovoltaic solar systems.

Thematic Bonds

During the first quarter of 2022, we participated as underwriters in the issuance of sustainable bond for a total of Ps. 10,000 million. Through our subsidiary Operadora de Fondos, we invested more than Ps. 1,342 million in thematic bonds.

ESG UPDATES



ENVIRONMENTAL

- RELEASE OF THE FIRST TCFD (Task Force on Climate-related Financial Disclosures) report.
- RELEASE OF THE FIRST PACTA (Paris Agreement Capital Transition Assessment) report.



SOCIAL

- CEMEFI recognition for the 12th YEAR in a row for Banorte
- CEMEFI recognition for the 3rd YEAR in a row for Afore XXI Banorte
- CEMEFI recognition for the 8th YEAR in a row for Seguros y Pensiones Banorte
- UN Global Compact, Communication on Progress (COP) 2022 report
- 2nd place "Best Workplace 2022" by Computrabajo
- Constituent of the Bloomberg Gender-Equality Index



GOVERNANCE

- In 2022 GFNorte was included for the 1st TIME as part of the Sustainability Yearbook issued by S&P GLOBAL
- Release of the 2021 Integrated Annual Report
- NPS 1T22: 70.33
- ↑ 5.14 vs 1T21
- ↑ 2.29 vs 4T21



SUSTAINABLE FINANCE

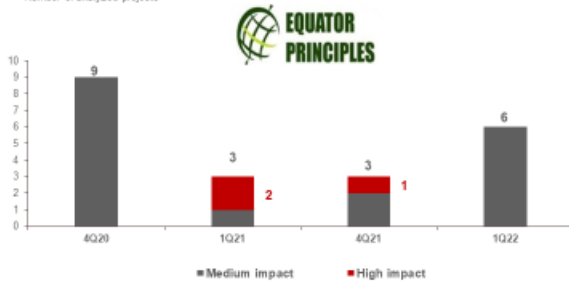
- RELEASE of the PRB (Principles for Responsible Banking) UNEP FI report
- UPDATE to the Sustainable Bonds Framework
- INCORPORATION of ESG and climate risks in the Risk Manual
- LAUNCH of the car loan "Autoestrene Verde Banorte"

Sustainable Finance

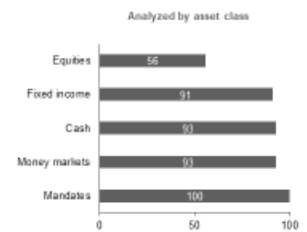
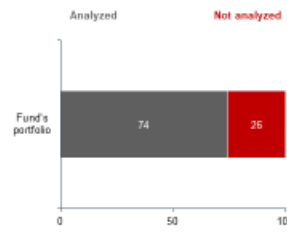
Loan book evaluation of wholesale banking loan book



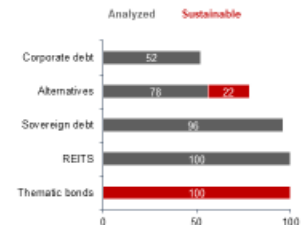
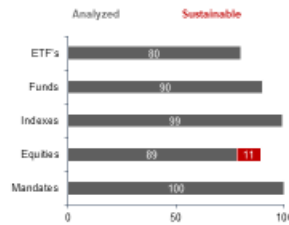
Loan book evaluation under Equator Principles Number of analyzed projects



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



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



IV. General Information

GFNORTE's Analyst Coverage

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

COMPANY	ANALYST	RECOMMENDATION	DATE
Autonomous	Geoffrey Elliott	Buy	20-Jan-22
Barclays	Gilberto García	Buy	24-Oct-21
BBVA	Rodrigo Ortega	Buy	16-Aug-21
BofA	M. Pierry / E. Gabilondo	Buy	11-Mar-22
Bradesco	Gustavo Schroden	Buy	6-Dec-21
BTG Pactual	Eduardo Rosman	Buy	20-Jan-22
GBM	Carlos de Legarreta	Buy	9-Dec-19
Goldman Sachs	Tito Labarta	Buy	14-Jan-22
Intercam	Alejandro González	Buy	21-Oct-21
Itau	Arturo Langa	Buy	5-Apr-22
JP Morgan	Domingos Falavina	Buy	26-Jan-22
Santander	Claudia Benevente	Buy	9-Feb-22
Scotia	Jason Molin	Buy	26-Jan-22
UBS	Thiago Batista	Buy	25-Aug-21
Vector	Marco Montañez	Buy	22-Jul-21
Actinver	Enrique Mendoza	Hold	13-Jan-22
CITI	Jorg Friedman	Hold	6-Dec-21
Credit Suisse	M. Telles / A. García	Hold	20-Jan-22
HSBC	Carlos Gómez	Hold	24-Jan-22
Monex	Verónica Uribe	Hold	21-Oct-21
Morgan Stanley	Jorge Kuri	Hold	25-Mar-22
Nau	Iñigo Vega	Hold	29-Mar-21

Capital Structure

Holding Company Capital Structure

Number of Shares (Million)	SERIES O As of March 2022
Number of Issued , Subscribed and Paid Shares	2,883,456,594
Number of Shares Outstanding	2,883,456,594

V. Financial Statements

Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q21	2Q21	3Q21	4Q21	1Q22
Interest Income	47,391	46,287	48,387	53,809	55,233
Interest Expense	24,614	24,502	25,515	27,252	28,311
Net Interest Income (NII)	22,777	21,785	22,873	26,557	26,922
Preventive Provisions for Loan Losses	3,214	2,766	2,657	2,725	2,668
Net Interest Income Adjusted for Credit Risk	19,563	19,019	20,216	23,832	24,254
For Commercial and Mortgage Loans	296	278	329	345	-
For Consumer and Credit Card Loans	1,164	1,263	1,307	1,505	1,395
Fiduciary	106	177	136	110	127
Income from Real Estate Portfolios	10	23	24	19	-
Trading & Financial Advising Fees	187	166	137	169	141
Other Fees Charged	405	221	306	328	331
Fees Charged on Services	6,374	6,678	6,732	7,779	7,359
Interchange Fees	1,625	1,911	1,923	2,515	2,301
Insurance Fees	339	236	295	257	-
Other Fees Paid	1,018	1,123	1,003	987	1,048
Fees Paid on Services	2,644	3,034	2,925	3,502	3,350
Net Service Fees	3,731	3,644	3,807	4,277	4,010
Premium Income Ins. & Annu. (Net)	15,340	8,602	10,319	11,309	15,756
Technical Reserves Ins. & Annu.	11,016	4,983	7,071	10,748	11,699
Cost of Acquisition from Insurance Operations	334	231	296	260	468
Damages, Claims Ins. & Annu. (Net)	7,097	5,777	6,157	6,634	6,796
Currency and Metals	575	(453)	357	(549)	(543)
Derivatives	8	68	51	245	1,354
Negotiable Instruments	(579)	122	636	107	34
Valuation	4	(264)	1,044	(196)	844
Currency and Metals	764	838	399	1,155	1,319
Derivatives	5	(10)	(121)	(142)	(719)
Negotiable Instruments	87	180	(278)	423	19
Trading	856	1,008	(0)	1,436	619
Other financial results	-	-	-	-	2
Trading Income	860	744	1,044	1,240	1,466
Contributions to IPAB/Fobaproa	(912)	(889)	(889)	(905)	(934)
Collection right	99	85	91	95	54
Income from foreclosed assets	87	132	87	195	140
Donations	(3)	(83)	(37)	(61)	(143)
Impairment of Assets	-	-	-	(372)	-
Result from sale of property plants and equipment	(20)	0	(15)	(21)	(5)
Lease Income	62	55	42	66	74
From Insurance	275	195	252	648	230
Securitization Operation Valuation Result	0	0	-	-	-
Other Operating Expense	327	230	122	210	(198)
Total Other Operating Income (Expense)	(85)	(225)	(343)	(144)	(783)
Total Non Interest Income	1,399	1,774	1,303	(960)	1,487
Total Operating Income	20,962	20,794	21,519	22,872	25,741
Personnel	4,168	4,367	4,412	4,717	4,330
Employee Profit Sharing (PTU)	156	151	145	1,115	385
Professional Fees	811	830	832	933	797
Administrative and Promotional Expenses	4,922	4,676	4,686	5,408	5,211
Total Non Interest Expense	10,057	10,024	10,075	12,173	10,723
Operating Income	10,905	10,770	11,445	10,699	15,018
Subsidiaries' Net Income	429	676	532	639	197
Pre-Tax Income	11,334	11,446	11,977	11,338	15,215
Taxes	2,678	2,756	2,975	2,148	4,331
Net Income from Continuous Operations	8,656	8,690	9,002	9,191	10,884
Discontinued Operations	-	-	-	-	-
Minority Interest	(112)	(122)	(128)	(129)	(136)
Net Income	8,544	8,568	8,874	9,061	10,748
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,602)	416	(191)	(830)	(1,983)
Valuation Adjustment for Cash Flow Hedges	(1,327)	(237)	(359)	149	14
Income and Expenses related to Assets Held for	-	-	-	-	-
Remeasurements of defined benefits for employees	30	30	25	217	23
Cumulative conversion effect	32	(34)	41	(4)	(47)
Res. for holding non-monetary assets	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-
Remeasurement by results in valuation of risk reserve	121	6	19	(33)	163
Other Comprehensive Income	(2,745)	182	(465)	(502)	(1,830)
Comprehensive Income	5,799	8,750	8,409	8,559	8,918

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22
ASSETS					
Cash and Equivalents	116,389	110,851	67,768	98,842	124,571
Margin Accounts	11,012	8,703	8,268	7,999	8,221
Negotiable Instruments	260,030	252,901	260,759	258,201	257,355
Securities Available for Sale	236,274	231,710	234,479	233,594	230,875
Securities Held to Maturity	207,858	215,382	233,050	258,562	282,726
Investment in Securities	704,162	699,992	728,289	750,357	770,955
Estimate of Expected Credit Losses for Investments	-	-	-	-	291
Debtor Balance in Repo Trans, net	102,435	116,606	102,623	55,593	88,593
Securities Lending	-	-	-	-	-
For trading purposes	28,458	24,423	25,999	26,941	29,453
For hedging purposes	609	648	753	1,055	1,096
Operations w/ Derivatives & Securities	-	-	-	-	-
Transactions with Derivatives	29,068	25,072	26,751	27,996	30,550
Valuation adjustments for Asset Coverage	51	47	43	40	36
Commercial Loans	322,358	315,035	325,282	331,691	328,682
Financial Intermediaries' Loans	8,440	8,873	8,151	10,915	16,637
Consumer Loans	114,609	116,874	118,229	120,578	122,920
<i>Payroll Loans</i>	50,628	52,122	52,926	53,306	55,340
<i>Personal Loans</i>	619	717	692	702	647
<i>Credit Card</i>	35,589	36,334	37,065	39,108	39,197
<i>Auto Loans</i>	27,773	27,701	27,546	27,462	27,737
Mortgage Loans	188,555	192,478	193,823	197,000	199,148
<i>Medium and Residential</i>	185,864	189,907	191,331	194,598	196,932
<i>low income housing</i>	4	3	3	3	2
<i>Loans acquired from INFONAVIT or FOVISSSTE</i>	2,687	2,567	2,489	2,400	2,214
<i>Restruct. or improv.t guaranteed by development banks or</i>	-	-	-	-	-
<i>Restruct. or improv. guaranteed by housing sub-account</i>	-	-	-	-	-
Government Entities' Loans	160,042	154,649	161,400	154,318	160,031
Performing Loans, Stage 1	794,004	787,909	806,885	814,502	827,419
Commercial Loans	2,171	1,540	1,130	1,574	1,819
Financial Intermediaries' Loans	4	1	37	1	1
Consumer Loans	2,242	1,977	1,831	1,791	2,014
<i>Payroll Loans</i>	1,006	1,026	1,012	1,023	1,261
<i>Personal Loans</i>	4	3	3	3	31
<i>Credit Card</i>	769	519	443	427	410
<i>Auto Loans</i>	463	430	373	339	313
Mortgage Loans	2,726	3,701	3,969	3,551	3,494
<i>Medium and Residential</i>	2,726	3,701	3,969	3,551	3,408
<i>low income housing</i>	0	0	0	0	0
<i>Loans acquired from INFONAVIT or FOVISSSTE</i>	-	-	-	-	86
<i>Restruct. or improv.t guaranteed by development banks or</i>	-	-	-	-	-
<i>Restruct. or improv. guaranteed by housing sub-account</i>	-	-	-	-	-
Government Entities' Loans	-	-	-	-	0
Performing Loans, Stage 2	7,142	7,219	6,968	6,917	7,329
Commercial PDL's	3,649	5,498	4,471	3,252	3,886
Financial Intermediaries PDL's	-	-	-	-	101
Consumer PDL's	3,936	3,022	2,641	2,523	2,530
<i>Payroll PDL's</i>	1,520	1,302	1,312	1,359	1,380
<i>Personal PDL's</i>	37	44	39	29	45
<i>Credit Card PDL's</i>	1,992	1,360	1,042	915	902
<i>Auto PDL's</i>	386	316	249	220	203
Mortgage PDL's	2,011	1,912	2,080	1,985	1,763
<i>Medium and Residential</i>	1,758	1,654	1,803	1,710	1,446
<i>low income housing</i>	0	0	0	0	0
<i>Loans acquired from INFONAVIT or FOVISSSTE</i>	252	258	277	275	317
<i>Restruct. or improv.t guaranteed by development banks or</i>	-	-	-	-	-
<i>Restruct. or improv. guaranteed by housing sub-account</i>	-	-	-	-	-
Government Entities PDL's	192	186	159	159	159
Past Due Loans, Stage 3	9,788	10,618	9,351	7,919	8,440
Loan Portfolio Valued at Fair Value	-	-	-	-	-
Deferred Items	1,327	1,505	1,611	1,704	1,580
Gross Loan Portfolio	814,756	809,851	827,542	833,870	847,695
Preventive Loan Loss Reserves	19,670	18,175	17,297	16,251	16,905
Net Loan Portfolio	795,087	791,677	810,245	817,619	830,790
Loans from Insur. Subsidiaries	2,495	2,601	2,728	2,827	2,927
Deferred (BAP)	-	-	-	-	-
Preventive Loan Loss Reserves from Insur. Subs.	162	163	167	173	185
Net Loan Portfolio from Insur. Subs.	2,332	2,438	2,561	2,654	2,743
Net from Reserves Loan Portfolio	794,924	791,514	810,078	817,446	830,605
Acquired Collection Rights (net)	1,529	1,421	1,260	1,036	582
Total Credit Portfolio	796,453	792,935	811,338	818,482	831,187
Account Receivables from Insurance and Annuities	11,144	8,638	7,016	4,284	10,995
Amounts recoverable by Reinsurance	7,521	7,707	7,981	7,451	8,022
Account Receivables from Reinsurance	-	-	-	-	-
Benef. receivab. securization transactions	2	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	38,701	49,971	46,886	34,059	55,687
Inventories	832	611	960	1,026	1,019
Foreclosed Assets, Net	1,552	1,953	1,949	1,873	1,759
Advance Payments and Other Assets	12,762	14,847	14,573	13,787	18,557
Real Estate, Furniture & Equipment, Net	32,737	20,437	20,599	21,262	21,070
Assets for Rights of Use of Prop., Fur. & Eq	8,514	8,050	7,962	7,344	7,638
Investment in Subsidiaries	13,511	14,155	14,476	15,004	13,420
Assets for Rights of Use of Property, Furn. & Eq.	-	-	-	-	-
Deferred Income Tax Assets	(0)	0	0	0	(0)
Intangible Assets	4,324	16,701	16,866	16,956	16,718
Assets for Rights of Use of Intangible Assets	-	-	-	-	-
Goodwill	26,731	26,720	26,733	26,732	26,720
TOTAL ASSETS	1,917,900	1,923,999	1,911,082	1,909,088	2,035,427

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

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2022 – MARCH 31, 2022***(Million Pesos)*

Operation activities	
Net income before taxes	15,215
Adjustments for items associated with investing activities	832
Depreciation in property, plant, and equipment	828
Amortization of intangible assets	201
Participation in the net income of other entities	-197
Adjustments for items associated with financing activities:	811
Interest associated with interbank loans and loans from other organizations	482
Interest associated with financial instruments that qualify as a liability	329
Sum	1,643
Changes in operating items	11,661
Change in margin accounts (derivative financial instruments)	(221)
Change in investments in financial instruments (securities) (net)	(22,337)
Change in repo debtors (net)	(33,000)
Change in derivative financial instruments (asset)	(2,509)
Change in loan portfolio (net)	(13,159)
Change in acquired collection rights (net)	454
Change in debtors of insurance and bonding companies	(6,711)
Change in recoverable amounts for reinsurance and reguarantee (net)	(570)
Change in inventories	7
Change in other accounts receivable (net)	(26,147)
Change in foreclosed assets (net)	114
Change in traditional deposit	37,002
Change in technical reserves	12,911
Changes of interbank loans and other organizations	(7,132)
Change in creditors by repo	3,041
Change in collateral sold or given in guarantee	34,299
Change in derivative financial instruments (liability)	413
Change in accounts payable for reinsurance and reguarantee (liability)	1,294
Change in hedging derivative financial instruments (of hedged items related to operating activities)	(1,050)
Change in assets/liabilities for employee benefits	(839)
Change in other accounts payable	39,720
Income tax payments	(3,919)
Net cash flows from operating activities	28,519
Investment activities	
Payments for the acquisition of property, furniture and equipment	(609)
Collections of cash dividends from permanent investments	1,775
Net cash flows from investing activities	1,223
Lease liability payments	(132)
Payments associated with financial instruments that qualify as capital	(1,149)
Payments associated with financial instruments that qualify as a liability	(2,587)
Interest payments for lease liability	(119)
Net cash flows from financing activities	(3,987)
Net increase or decrease in cash and cash equivalents	25,755
Effects of changes in the value of cash and cash equivalents	(26)
Cash and cash equivalents at the beginning of the period	98,842
Cash and cash equivalents at the end of the period	124,571

GFNORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2022 – MARCH 31, 2022

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL									
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results in the val. reserve for unexpired risks variations in rates	Results from Conversions	Remeasurements defined benefits for employees	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2021	14,957	48,292	8,835	165,124	1,594	(2,661)	(1,957)	(118)	168	234,234	3,006	237,240
Retrospective adjustments for accounting changes				(1,171)	46					(1,125)		(1,125)
Balance as of December 31, 2021 adjusted	14,957	48,292	8,835	163,953	1,640	(2,661)	(1,957)	(118)	168	233,109	3,006	236,115
Changes stemming from stockholders' decisions				30,508						(30,508)		
Plan based on shares payable in equity instruments	12	(88)	275							199		199
Total	12	(88)	275							199		199
COMPREHENSIVE INCOME:												
Net Income				10,748						10,748		10,748
OTHER COMPREHENSIVE INCOME												
Valuation of securities available for sale					(2,028)					(2,028)		(2,028)
Effect of subsidiaries, associates and mutual funds		(4)		(10)						(14)		(14)
Result from conversion of foreign operations									(46)	(46)		(46)
Valuation of instruments of cash flow hedges						13				13		13
Remeasurement by result in the valuation of the unexpired risk reserve due to variation in discount rates								162		162		162
Remeasurements defined benefits for employees							23			23		23
Interest of subordinated debentures				(1,149)						(1,149)		(1,149)
Total	0	(4)	0	9,589	(2,028)	13	23	162	(46)	7,709	0	7,709
Minority Interest											68	68
Balance as of March 31, 2022	14,969	48,200	9,110	173,542	(388)	(2,648)	(1,934)	44	122	241,017	3,074	244,091

Bank

Income Statement - Bank (Million Pesos)	1Q21	2Q21	3Q21	4Q21	1Q22
Interest Income	39,669	40,329	41,623	44,111	46,022
Interest Expense	23,497	23,466	24,600	26,185	26,959
Net Interest Income (NII)	16,173	16,863	17,023	17,926	19,063
Preventive Provisions for Loan Losses	3,231	2,584	2,598	2,694	2,634
Net Interest Income Adjusted for Credit Risk	12,942	14,279	14,424	15,232	16,429
For Commercial and Mortgage Loans	277	261	323	337	-
For Consumer and Credit Card Loans	1,164	1,263	1,307	1,505	1,395
Fiduciary	106	176	136	110	127
Income from Real Estate Portfolios	6	7	4	9	-
Trading & Financial Advising Fees	0	0	0	0	0
Other Fees Charged	836	617	693	728	748
Fees Charged on Services	6,116	6,388	6,469	7,488	7,065
Interchange Fees	1,625	1,911	1,923	2,515	2,301
Insurance Fees	-	-	-	-	-
Other Fees Paid	929	1,045	938	925	968
Fees Paid on Services	2,555	2,956	2,861	3,440	3,269
Net Service Fees	3,561	3,431	3,608	4,048	3,796
Premium Income Ins. & Annu. (Net)	-	-	-	-	-
Technical Reserves Ins. & Annu.	-	-	-	-	-
Cost of Acquisition from Insurance Operations	-	-	-	-	-
Damages, Claims Ins. & Annu. (Net)	-	-	-	-	-
Currency and Metals	574	(449)	353	(548)	(542)
Derivatives	8	(1)	54	190	1,361
Negotiable Instruments	(264)	102	498	3	(1)
Valuation	317	(349)	905	(355)	818
Currency and Metals	764	838	399	1,155	1,319
Derivatives	5	(10)	(121)	(142)	(719)
Negotiable Instruments	3	128	(112)	266	(25)
Trading	772	956	165	1,279	575
Other financial results	-	-	-	-	2
Trading Income	1,090	607	1,070	924	1,395
Contributions to IPAB/Fobaproa	(912)	(889)	(889)	(905)	(934)
Financial collection rights	85	68	71	75	51
Income from foreclosed assets	86	132	101	180	118
Contributions	(3)	(79)	(35)	(59)	(136)
Impairment of Assets	-	-	-	(352)	-
Result from sale of property, plant and equipment	(2)	0	(16)	(21)	(6)
Lease Income	2	2	3	0	0
From Insurance	-	-	-	-	-
Securitization Operation Valuation Result	0	0	-	-	-
Other Operating Expense	185	(45)	10	133	(276)
Total Other Operating Income (Expense)	(555)	(725)	(655)	(929)	(1,141)
Total Non Interest Income	4,096	3,314	4,023	4,043	4,050
Total Operating Income	17,038	17,592	18,447	19,275	20,479
Personnel	3,985	4,183	4,008	3,919	3,839
Employee Profit Sharing (PTU)	155	149	143	1,042	367
Professional Fees	704	723	735	775	688
Administrative and Promotional Expenses	4,370	4,127	4,371	5,091	4,766
Total Non Interest Expense	9,214	9,182	9,257	10,828	9,661
Operating Income	7,824	8,410	9,190	8,447	10,818
Subsidiaries' Net Income	29	214	65	22	42
Pre-Tax Income	7,852	8,624	9,255	8,469	10,860
Taxes	1,879	2,103	2,430	1,703	3,228
Net Income from Continuous Operations	5,974	6,522	6,825	6,766	7,632
Discontinued Operations	-	-	-	-	-
Minority Interest	0	(0)	(0)	(0)	(0)
Net Income	5,974	6,522	6,825	6,766	7,632
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	(1,658)	453	(187)	(759)	(1,936)
Valuation Adjustment for Cash Flow Hedges	(1,350)	(241)	(365)	151	14
Income and Expenses Related to Assets Held for Disposal	-	-	-	-	-
Remeasurements of defined benefits for employees	30	30	26	210	24
Cumulative conversion effect	25	(27)	33	(4)	(37)
Res. for holding non-monetary assets	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	-	-	-
Other Comprehensive Income	(2,952)	215	(493)	(401)	(1,936)
Comprehensive Income	3,021	6,737	6,331	6,365	5,696

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

Bank - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22
LIABILITIES					
Demand Deposits	545,953	534,257	516,559	535,201	580,928
Time Deposits-Retail	246,944	243,118	246,951	240,089	235,005
Time Deposits-Money Market	8,069	3,364	3,261	100	-
Global Account of deposits w ithout movements	2,639	2,744	2,825	3,023	3,060
Senior Unsecured Debt	31,937	31,907	29,786	27,800	27,293
Deposits	835,542	815,389	799,383	806,213	846,286
<u>Due to Banks & Correspondents:</u>					
Demand Loans	0	0	0	7,809	0
Short Term Loans	8,224	8,155	6,721	7,330	6,481
Long Term Loans	6,632	6,599	6,325	6,422	5,944
Due to Banks & Correspondents	14,856	14,754	13,047	21,562	12,425
Technical Reserves	-	-	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-
Creditor Balance in Repo Trans, Net	113,047	119,110	100,565	108,591	110,034
Secs to be received in Repo Trans, Net	-	-	-	-	-
Collateral sold or pledged as collateral					
Repos (Credit Balance)	265,684	283,942	312,066	258,530	291,402
Securities' Loans	-	-	-	-	-
Transactions w ith Derivatives	-	-	-	-	-
Other sold collateral	-	-	-	-	-
Total Collateral sold	265,684	283,942	312,066	258,530	291,402
Derivatives					
For trading purposes	24,508	20,003	21,703	22,487	22,950
For hedging purposes	5,566	5,623	6,565	6,571	5,549
Total Derivatives	30,073	25,626	28,269	29,058	28,499
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accountsfor Reinsurance	-	-	-	-	-
Lease Liabilities	8,175	7,759	7,712	7,118	7,478
Creditors for settlement of transactions	3,140	17,474	15,254	2,458	9,553
Margin Accounts Payable	-	-	-	-	-
Creditors for collateral received in cas	2,848	3,192	6,723	10,006	18,425
Contributions payable	1,325	1,291	1,089	1,270	1,280
Accounts Payable	-	-	-	-	-
Related Parties	-	-	-	-	-
Other Creditors & Accounts Payable	29,335	28,433	26,797	21,671	43,742
Other Payable Accounts	36,649	50,389	49,864	35,404	73,000
Provision for future capital increase not formalized by its	-	-	-	-	-
Subordinated Non Convertible Debt	58,761	57,245	59,187	80,574	78,316
Lease Liabilities	1,220	1,324	2,117	1,690	2,598
Liability for employee benefits	5,380	5,801	6,434	7,382	6,655
Deferred Credits	1,161	1,107	1,124	1,108	1,087
TOTAL LIABILITIES	1,370,547	1,382,446	1,379,766	1,357,229	1,457,778
EQUITY					
Paid-in Capital	18,795	18,795	18,795	18,795	18,795
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Share Subscription Premiums	3,076	3,442	3,646	3,851	4,051
Finan. instr. that qualify as capital	-	-	-	-	-
Subscribed Capital	21,871	22,237	22,440	22,646	22,845
Capital Reserves	18,959	18,959	18,959	18,959	18,959
Retained Earnings	92,748	91,819	80,892	79,931	103,845
Net Income	5,974	12,495	19,320	26,086	7,632
Comprehensive Income					
Valuation Adjustments for Fair Value through other (Formerly Securities Available for Sale)	2,213	2,666	2,479	1,720	(216)
Valuation Adjustment for Cash Flow Hedges	(2,255)	(2,496)	(2,861)	(2,710)	(2,696)
Result in the valuation reserve for unexpired risks variations in rates	-	-	-	-	-
Remeasurements defined benefits for employees	(2,303)	(2,272)	(2,247)	(2,036)	(2,013)
Cumulative conversion effect	32	5	38	34	(3)
Res. for holding non-monetary assets	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-
Earned Capital	115,368	121,176	116,580	121,985	125,508
Minority Interest	3	4	4	4	4
Total Equity	137,242	143,416	139,024	144,635	148,358
TOTAL LIABILITIES & EQUITY	1,507,789	1,525,862	1,518,790	1,501,864	1,606,136

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

BANORTE - CONSOLIDATED STATEMENT OF CASH FLOW
JANUARY 1, 2021 – MARCH 31, 2022
(Million Pesos)

Operation activities	
Net income before taxes	10,860
Adjustments for items associated with investing activities	833
Depreciation in property, plant, and equipment	728
Amortization of intangible assets	147
Participation in the net income of other entities	(42)
Adjustments for items associated with financing activities:	543
Interest associated with interbank loans and loans from other organizations	214
Interest associated with financial instruments that qualify as a liability	329
Sum	1,376
Changes in operating items	18,048
Change in margin accounts (derivative financial instruments)	(221)
Change in investments in financial instruments (securities) (net)	(10,563)
Change in repo debtors (net)	(32,192)
Change in derivative financial instruments (asset)	(2,584)
Change in loan portfolio (net)	(10,183)
Change in acquired collection rights (net)	455
Change in other accounts receivable (net)	(19,788)
Change in foreclosed assets (net)	96
Change in other operating assets (net)	(5,122)
Change in traditional deposit	40,073
Changes of interbank loans and other organizations	(9,350)
Change in creditors by repo	1,443
Change in collateral sold or given in guarantee	32,872
Change in derivative financial instruments (liability)	463
Change in other operating liabilities	(20)
Change in hedging derivative financial instruments (of hedged items related to operating activities)	(1,050)
Change in assets/liabilities for employee benefits	(722)
Change in other accounts payable	36,392
Income tax payments	(1,951)
Net cash flows from operating activities	30,284
Investment activities	
Payments for the acquisition of property, furniture and equipment	(358)
Charges for disposal of property, furniture and equipment	5
Net cash flows from investing activities	(353)
Financial activities	
Lease liability payments	(137)
Payments associated with financial instruments that qualify as capital	(1,170)
Payments associated with financial instruments that qualify as a liability	(2,587)
Interest payments for lease liability	(116)
Net cash flows from financing activities	(4,010)
Net increase or decrease in cash and cash equivalents	25,921
Effects of changes in the value of cash and cash equivalents	(26)
Cash and cash equivalents at the end of the period	98,302
Cash and cash equivalents at the end of the period	124,197

BANORTE - CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
JANUARY 1, 2021 – MARCH 31, 2022
(Million Pesos)

	CONTRIBUTE				EARNED CAPITAL							Total Stockholders' Equity
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Remeasurements defined benefits for employees	Results from Conversions	Remeasurements defined benefits for employees	Minority Interest		
Balance as of December 31, 2021	18,795	3,851	18,959	106,018	1,720	(2,710)	(2,036)	34	144,631	4	144,635	
Retrospective adjustments for accounting changes				(993)	(46)				(1,039)		(1,039)	
Balance as of December 31, 2021 adjusted	18,795	3,851	18,959	105,025	1,674	(2,710)	(2,036)	34	143,592	4	143,596	
Changes stemming from stockholders' decisions												
Plan based on shares payable in equity instruments		200							200		200	
Total	0	200	0	0	0	0	0	0	200	0	200	
COMPREHENSIVE INCOME:												
Net Income				7,632					7,632		7,632	
OTHER COMPREHENSIVE INCOME												
Valuation of securities available for sale					(1,891)				(1,891)		(1,891)	
Effect of subsidiaries, associates and mutual funds				(10)					(10)		(10)	
Result from conversion of foreign operations								(37)	(37)		(37)	
Valuation of instruments of cash flow hedges						14			14		14	
Remeasurements defined benefits for employees							24		24		24	
Interest of subordinated debentures				(1,170)					(1,170)		(1,170)	
Total	0	0	0	6,452	(1,891)	14	24	(37)	4,562	0	4,562	
Balance as of March 31, 2022	18,795	4,051	18,959	111,477	(217)	(2,696)	(2,012)	(3)	148,354	4	148,358	

Seguros Banorte

Income Statement - Insurance - Seguros Banorte <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22
Interest Income	257	329	381	402	317
Interest Expense	-	-	-	-	3
Net Interest Income	257	329	381	402	314
Premium Income (Net)	11,085	2,817	4,239	5,270	10,941
Technical Reserves	4,537	(1,525)	(78)	1,062	4,522
Cost of Acquisition from Insurance Operations	626	485	550	512	731
Damages, Claims (Net)	4,884	3,390	3,570	3,901	4,018
Trading Income	36	42	8	83	0
From Insurance	270	195	211	662	226
Losses and Estimates	(1)	(3)	1	0	(1)
Other Operating Income (Expense)	(0)	0	1	1	1
Total Other Operating Income (Expenses)	269	192	213	663	226
Total Non-Interest Income	1,343	700	418	540	1,896
Total Operating Income	1,600	1,029	800	942	2,210
Personnel	107	109	115	104	129
Employee Profit Sharing (PTU)	1	1	1	46	4
Professional Fees	63	51	37	69	63
Administrative and Promotional Expenses	130	123	81	113	-
Rents	13	13	13	15	1
Depreciation & Amortization	32	32	34	37	54
Taxes other than income tax & non-deductible expenses	34	50	57	42	-
Total Non-Interest Expense	380	381	339	426	484
Operating Income	1,220	649	461	516	1,726
Subsidiaries' Net Income	404	465	467	619	158
Pre-Tax Income	1,624	1,113	928	1,136	1,884
Taxes	361	184	136	59	493
Net Income from Continuous Operations	1,263	929	792	1,076	1,391
Discontinued Operations	-	-	-	-	-
Minority Interest	(9)	(10)	(10)	(9)	(4)
Net Income	1,254	919	782	1,068	1,387

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

Insurance - Seguros Banorte - Balance Sheet <i>(Million Pesos)</i>	1Q21	2Q21	3Q21	4Q21	1Q22
LIABILITIES					
Technical Reserves	36,094	33,217	32,309	34,079	39,729
Total Derivatives	-	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-
Payable Accounts for Reinsurance	3,145	2,790	2,501	2,514	3,807
Lease Liabilities	289	267	245	223	195
Creditors for settlement of transactions	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-
Creditors for collateral received in cash	-	-	-	-	-
Contributions payable	852	758	673	885	893
Accounts Payable	-	-	-	-	-
Related Parties	-	-	-	-	-
Other Creditors & Accounts Payable	1,642	1,680	1,619	1,516	2,006
Other Payable Accounts	2,494	2,438	2,292	2,401	2,900
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-
Subordinated Non Convertible Debt	-	-	-	-	-
Lease Liabilities	708	887	1,019	1,074	811
Liability for employee benefits	129	132	134	132	132
Deferred Credits	56	53	53	46	50
TOTAL LIABILITIES	42,916	39,784	38,554	40,469	47,623
EQUITY					
Paid-in Capital	13,928	13,928	13,928	13,928	13,928
Provision for future capital increase not formalized by its governing entity	-	-	-	-	7
Share Subscription Premiums	-	-	-	-	-
Finan. instr. that qualify as capital	-	-	-	-	-
Subscribed Capital	13,928	13,928	13,928	13,928	13,934
Capital Reserves	3,268	3,840	3,840	3,840	3,834
Retained Earnings	10,765	10,193	343	337	4,333
Net Income	1,254	2,173	2,955	4,022	1,387
<u>Resultados Integrales:</u>					
Surplus (Deficit) of Secs Available for Sale	164	160	141	68	(102)
Results from Valuation of Hedging Secs	-	-	-	-	-
Result in the valuation reserve for unexpired risks variations in rates	-	-	-	-	-
Remeasurements defined benefits for employees	10	10	10	20	20
Cumulative conversion effect	0	0	0	0	0
Res. for holding non-monetary assets	-	-	-	-	-
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	(108)	(101)	(83)	(116)	46
Participation in OCI of other entities	-	-	-	-	-
Earned Capital	15,354	16,274	7,206	8,172	9,519
Minority Interest	395	406	355	368	371
Total Equity	29,677	30,608	21,488	22,468	23,825
TOTAL LIABILITIES & EQUITY	72,593	70,392	60,042	62,937	71,447

Information by Segments

GFNorte - Income Statement as of March 31, 2022

(Million Pesos)

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest on Loan Portfolio	236	46,022	6,175	617	18	5,475
Interest on cash and cash equivalents	0	613	7	0	0	113
Interest and yields in favor from margin accounts	-	(72)	-	-	-	1
Interest and yields in favor from collateral in OTC operations	-	16	-	-	-	-
Interest and yields in favor from collateral in OTC operations	-	16	-	-	-	-
Interest and yields in favor from investments in financial instruments	-	3,002	2,034	-	-	5,138
Interest on repurchases	236	4,092	0	-	-	62
Operations' Coverage Income	-	966	-	-	-	-
Income from hedging operations	-	-	-	-	-	-
Income from financial instruments resulting from trading	-	16,181	-	-	-	162
Performing Loans, Stage 1						
Commercial Loans	-	5,908	-	528	17	-
Financial Intermediaries' Loans	-	363	-	2	-	-
Government Entities' Loans	-	2,573	-	72	-	-
Consumer Loans	-	7,020	-	-	-	-
Mortgage Loans	-	4,480	-	-	-	-
Performing Loans, Stage 2						
Commercial Loans	-	38	-	13	-	-
Financial Intermediaries' Loans	-	0	-	0	-	-
Government Entities' Loans	-	-	-	1	-	-
Consumer Loans	-	73	-	-	-	-
Mortgage Loans	-	87	-	-	-	-
Past Due Loans, Stage 3						
Commercial Loans	-	10	-	0	-	-
Financial Intermediaries' Loans	-	-	-	-	-	-
Government Entities' Loans	-	-	-	-	-	-
Consumer Loans	-	16	-	0	-	-
Mortgage Loans	-	15	-	-	-	-
Loans from Insur. Subsidiaries	-	-	191	-	-	-
Acquired Collection Rights (net)	-	-	-	-	-	-
Loan Fees	-	380	-	-	-	-
Loan portfolio renegotiation effect	-	22	-	-	-	-
Securities' Loans Premiums	-	-	48	-	-	-
Debt Issuance Premiums	-	-	-	-	-	-
Net Dividends from equity instruments	-	1	1	-	-	0
Income from valuation	-	237	3,895	-	0	0
Increase due to update of Interest Income	-	-	-	-	-	-

GFNorte - Income Statement as of March 31, 2022*(Million Pesos)*

	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Interest Expense	-	26,959	3	445	-	4,410
Interest on Demand Deposits	-	1,303	-	-	-	-
Interest on time deposits	-	2,450	-	-	-	-
Interest Due to Banks & Correspondents	-	214	-	433	-	-
Interest, transaction costs and discounts charged for the issuance of financial instruments that qualify as liabilities	-	329	-	-	-	-
Collateral interests in OTC operations	-	35	-	-	-	-
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	5,282	-	-	-	4,202
Expenses from hedging operations	-	914	-	-	-	-
Expenses from financial instruments trade	-	15,752	-	-	-	158
Proceeds from lented securities	-	-	-	-	-	49
Loan portfolio renegotiation effect	-	93	-	-	-	-
Costs expenses of granting loans	-	340	-	-	-	-
Costs and expenses associated with the granting of credit by insurance and surety institutions	-	-	-	-	-	-
Foreign Exchange Valorization Income	-	77	-	12	-	0
Chargeable interest associated with the global deposit account without movements	-	55	-	-	-	-
Interest on lease liabilities	-	116	3	-	-	-
Increase due to update of interest expense (1)	-	-	-	-	-	-
Financial Margin	236	19,063	6,172	172	18	1,064
Preventive estimate for credit risks	0	2,634	12	22	-	-
Risk adjusted net interest income	236	16,429	6,160	150	18	1,064
Fees Charged on Services	-	7,065	-	70	-	319
Fees Paid on Services	-	3,269	-	16	0	40
Premium Income Ins. & Annu. (Net)	-	-	15,866	-	-	-
Technical Reserves Ins. & Annu.	-	-	11,699	-	-	-
Cost of Acquisition from Insurance Operations	-	-	734	-	-	-
Damages, Claims Ins. & Annu. (Net)	-	-	6,806	-	-	-
Trading Income	-	1,395	20	(2)	-	68
Total Other Operating Income (Expense)	0	(1,141)	227	159	10	16
Administrative and Promotional Expenses	26	9,661	581	228	14	335
Operating Income	211	10,818	2,452	134	13	1,094
Subsidiaries' Net Income	10,547	42	158	(1)	-	0
Pre-Tax Income	10,758	10,860	2,611	132	13	1,094
Taxes	(7)	3,228	711	27	4	283
Net Income from Continuous Operations	10,764	7,632	1,900	106	9	811
Discontinued Operations	-	-	-	-	-	-
Net Income	10,764	7,632	1,897	106	9	811
Minority Interest	-	(0)	(3)	(0)	-	-
Other Comprehensive Income						
Valuation of financial instrument for negotiation	(2,029)	(1,936)	(184)	-	-	60
Valuation of financial instruments related to Cash Flow hedge	14	14	-	-	-	-
Remeasurements of defined benefits for employees	23	24	-	(0)	0	(0)
Remeasurements by result in the valuation of the unexpired risk reserve by variation in discount rates	163	-	163	-	-	-
Cumulative conversion effect	(47)	(37)	-	-	-	(10)
Res. for holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME	(1,876)	(1,936)	(21)	(0)	0	50
COMPREHENSIVE INCOME	8,888	5,696	1,875	106	9	861

GFNorte - Income Statement as of March 31, 2022*(Million Pesos)*

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest on Loan Portfolio	20	18	58,581	3,556	208	55,233
Interest on cash and cash equivalents	20	-	754	88	-	666
Interest and yields in favor from margin accounts	-	-	(72)	-	-	(72)
Interest and yields in favor from collateral in OTC operations	-	-	16	-	-	16
Interest and yields in favor from investments in financial instruments	-	11	10,185	-	-	10,185
Interest on repurchases	-	7	4,397	3,220	-	1,177
Operations' Coverage Income	-	-	966	-	-	966
Income from hedging operations	-	-	966	-	-	966
Income from financial instruments resulting from trading	-	-	16,342	-	-	16,342
Performing Loans, Stage 1						
Commercial Loans	-	-	6,453	40	-	6,413
Financial Intermediaries' Loans	-	-	366	174	-	192
Government Entities' Loans	-	-	2,646	-	208	2,853
Consumer Loans	-	-	7,020	-	-	7,020
Mortgage Loans	-	-	4,480	-	-	4,480
Performing Loans, Stage 2						
Commercial Loans	-	-	51	-	-	51
Financial Intermediaries' Loans	-	-	0	-	-	0
Government Entities' Loans	-	-	1	-	-	1
Consumer Loans	-	-	73	-	-	73
Mortgage Loans	-	-	87	-	-	87
Past Due Loans, Stage 3						
Commercial Loans	-	-	11	-	-	11
Financial Intermediaries' Loans	-	-	-	-	-	-
Government Entities' Loans	-	-	-	-	-	-
Consumer Loans	-	-	16	-	-	16
Mortgage Loans	-	-	15	-	-	15
Loans from Insur. Subsidiaries	-	-	191	-	-	191
Acquired Collection Rights (net)	-	-	-	-	-	-
Loan Fees	-	-	380	-	-	380
Loan portfolio renegotiation effect	-	-	22	-	-	22
Securities' Loans Premiums	-	-	48	34	-	14
Debt Issuance Premiums	-	-	-	-	-	-
Net Dividends from equity instruments	-	-	1	-	-	1
Income from valuation	-	-	4,132	-	-	4,132
Increase due to update of Interest Income	-	-	-	-	-	-

GFNorte - Income Statement as of March 31, 2022

(Million Pesos)

	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Interest Expense	-	-	31,818	-	3,507	28,311
Interest on Demand Deposits	-	-	1,303	-	87	1,215
Interest on time deposits	-	-	2,450	-	0	2,450
Interest Due to Banks & Correspondents	-	-	647	-	165	482
Interest, transaction costs and discounts charged for the issuance of financial instruments that qualify as liabilities	-	-	329	-	-	329
Collateral interests in OTC operations	-	-	35	-	-	35
Premiums paid for the early redemption of financial instruments that qualify as liabilities	-	-	-	-	-	-
Interest and yields payable in repurchase agreements	-	-	9,485	-	3,254	6,231
Expenses from hedging operations	-	-	914	-	-	914
Expenses from financial instruments trade	-	-	15,910	-	-	15,910
Proceeds from lended securities	-	-	49	-	-	49
Loan portfolio renegotiation effect	-	-	93	-	-	93
Costs expenses of granting loans	-	-	340	-	-	340
Costs and expenses associated with the granting of credit by insurance and surety institutions	-	-	-	-	-	-
Foreign Exchange Valorization Income	-	-	89	-	-	89
Chargeable interest associated with the global deposit account without movements	-	-	55	-	-	55
Interest on lease liabilities	-	-	119	-	-	119
Increase due to update of interest expense (1)	-	-	-	-	-	-
Financial Margin	20	18	26,764	3,556	(3,299)	26,922
Preventive estimate for credit risks	-	-	2,668	-	-	2,668
Risk adjusted net interest income	20	18	24,096	3,556	(3,299)	24,254
Fees Charged on Services	500	-	7,955	596	-	7,359
Fees Paid on Services	371	0	3,696	-	347	3,350
Premium Income Ins. & Annu. (Net)	-	-	15,866	110	-	15,756
Technical Reserves Ins. & Annu.	-	-	11,699	-	-	11,699
Cost of Acquisition from Insurance Operations	-	-	734	-	267	468
Damages, Claims Ins. & Annu. (Net)	-	-	6,806	-	11	6,796
Trading Income	-	-	1,482	-	(16)	1,466
Total Other Operating Income (Expense)	11	0	(718)	71	6	(783)
Administrative and Promotional Expenses	27	6	10,879	18	174	10,723
Operating Income	132	12	14,867	4,315	(4,106)	15,018
Subsidiaries' Net Income	(2)	-	10,744	10,547	-	197
Pre-Tax Income	130	12	25,611	14,862	(4,106)	15,215
Taxes	34	-	4,281	50	-	4,331
Net Income from Continuous Operations	96	12	21,330	14,812	(4,106)	10,884
Discontinued Operations	-	-	-	-	-	-
Net Income	96	12	21,327	14,812	(3,973)	10,748
Minority Interest	-	-	(3)	-	133	(136)
Other Comprehensive Income						
Valuation of financial instrument for negotiation	-	(2)	(4,091)	-	(2,109)	(1,983)
Valuation of financial instruments related to Cash Flow hedge	-	-	27	-	14	14
Remeasurements of defined benefits for employees	(0)	-	47	-	24	23
Remeasurements by result in the valuation of the unexpired risk reserve by variation in discount rates	-	-	325	-	163	163
Cumulative conversion effect	-	-	(94)	-	(47)	(47)
Res. for holding non-monetary assets	-	-	-	-	-	-
Participation in OCI of other entities	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME	(0)	(2)	(3,786)	-	(1,956)	(1,830)
COMPREHENSIVE INCOME	96	10	17,541	14,812	(5,929)	8,918

GFNorte - Balance Sheet as of March 31, 2022

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Cash and equivalents	3	124,197	3,521	104	8	5,436
Margin Accounts (Derivate financial Instruments)	-	8,221	-	-	-	-
Investment in Securities						
Negotiable Financial Instruments	-	32,064	29,888	-	-	195,549
Financial instruments to collect or sell	-	130,391	5,482	-	-	93,904
Financial instruments to collect principal and interest (securities)	-	75,062	207,152	-	-	859
Estimation of expected credit losses for investments in financial instruments to collect principal and interest (securities)	-	(209)	(82)	-	-	(0)
Debtor Balance in Repo Trans, net	16,622	293,727	2,049	-	-	4,427
Securities Lending						
Transactions with Derivatives	-	-	-	-	-	-
Transactions with Derivatives For trading purposes	-	29,452	-	-	-	329
Transactions with Derivatives For hedging purposes	-	1,096	-	-	-	-
Valuation adjustments for Asset Coverage	-	36	-	-	-	-
Performing Loans Stage 1						
Commercial Loans						
Commercial PDL's	-	301,983	-	26,699	-	-
Financial Intermediaries PDL's	-	29,285	-	855	-	-
Government Entities PDL's	-	153,946	-	6,085	-	-
Consumer PDL's	-	122,916	-	4	-	-
Mortgage PDL's						
Medium and Residential	-	196,932	-	-	-	-
Low income housing	-	2	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	2,214	-	-	-	-
Restruc. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Performing Loans Stage 1	-	807,278	-	33,643	-	-
Performing Loans Stage 2						
Commercial Loans						
Commercial PDL's	-	1,050	-	770	-	-
Financial Intermediaries PDL's	-	-	-	1	-	-
Government Entities PDL's	-	-	-	-	-	-
Consumer PDL's	-	2,014	-	-	-	-
Mortgage PDL's						
Medium and Residential	-	3,408	-	-	-	-
Low income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	86	-	-	-	-
Restruc. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Performing Loans Stage 2	-	6,558	-	770	-	-

GFNorte - Balance Sheet as of March 31, 2022

(Million Pesos)

ASSETS	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Performing Loans Stage 3						
Commercial Loans						
Commercial PDL's	-	3,153	-	733	-	-
Financial Intermediaries PDL's	-	101	-	-	-	-
Government Entities PDL's	-	154	-	4	-	-
Consumer PDL's	-	2,530	-	0	-	-
Mortgage PDL's	-	-	-	-	-	-
Medium and Residential	-	1,446	-	-	-	-
Low income housing	-	0	-	-	-	-
Loans acquired from INFONAVIT or FOVISSSTE	-	317	-	-	-	-
Restruc. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Performing Loans Stage 3	-	7,702	-	738	-	-
Loan Portfolio	-	821,539	-	35,151	-	-
(+/-) Deferred	-	1,596	-	(16)	-	-
(-) Minus	-	-	-	-	-	-
Preventive Loan Loss Reserves from Insur. Subs.	-	(16,278)	-	(627)	-	-
Net Loan Portfolio	-	806,857	-	34,508	-	-
Loans from Insur. Subsidiaries	-	-	2,927	-	-	-
(+/-) Deferred	-	-	-	-	-	-
(-) Minus	-	-	-	-	-	-
Preventive Loan Loss Reserves from Insur. Subs.	-	-	(185)	-	-	-
Total Net Loan Portfolio from Insur. Subs.	-	-	2,743	-	-	-
Acquired Collection Rights (net)	-	582	-	-	-	-
Total Net Loan Portfolio	-	807,439	2,743	34,508	-	-
Benef. receivab. securization transactions	-	-	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	10,995	-	-	-
Amounts recoverable by Reinsurance (Net)	-	-	8,022	-	-	-
Sundry Debtors & Other Accs Rec, Net	41	50,928	314	762	150	3,487
Inventories	-	-	-	-	1,019	-
Foreclosed Assets, Net	-	1,620	-	139	-	-
Advance Payments and Other Assets	0	11,080	2,085	4,796	17	357
Goodwill	-	17,235	262	3,280	52	79
Real Estate, Furniture & Equipment, Net	-	7,424	215	-	-	-
Investment in Subsidiaries	198,611	559	12,712	31	-	2
Deferred Income Tax Assets	-	-	-	966	7	-
Assets for Rights of Use of Intangible Assets	499	14,424	1,385	-	-	-
Goodwill	25,329	1,391	-	-	-	-
TOTAL ASSETS	241,105	1,606,136	286,741	44,585	1,254	304,430

GFNorte - Balance Sheet as of March 31, 2022

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Cash and equivalents	1,452	1	134,723	106	10,258	124,571
Margin Accounts (Derivate financial Instruments)	-	-	8,221	-	-	8,221
Investment in Securities						
Negotiable Financial Instruments	-	-	257,501	-	146	257,355
Financial instruments to collect or sell	-	1,098	230,875	-	-	230,875
Financial instruments to collect principal and interest (securities)	-	-	283,073	-	347	282,726
Estimation of expected credit losses for investments in financial instruments to collect principal and interest (securities)	-	-	(291)	-	-	(291)
Debtor Balance in Repo Trans, net	-	54	316,879	-	228,286	88,593
Securities Lending						
Transactions with Derivatives	-	-	-	-	-	-
Transactions with Derivatives For trading purposes	-	-	29,781	-	327	29,453
Transactions with Derivatives For hedging purposes	-	-	1,096	-	-	1,096
Valuation adjustments for Asset Coverage	-	-	36	-	-	36
Performing Loans Stage 1						
Commercial Loans						
Commercial PDL's	-	-	328,682	604	604	328,682
Financial Intermediaries PDL's	-	-	30,140	-	13,503	16,637
Government Entities PDL's	-	-	160,031	3,115	3,115	160,031
Consumer PDL's	-	-	122,920	-	-	122,920
Mortgage PDL's						
Medium and Residential	-	-	196,932	-	-	196,932
Low income housing	-	-	2	-	-	2
Loans acquired from INFONAVIT or FOMSSSTE	-	-	2,214	-	-	2,214
Restruc. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Performing Loans Stage 1	-	-	840,922	3,719	17,222	827,419
Performing Loans Stage 2						
Commercial Loans						
Commercial PDL's	-	-	1,819	-	-	1,819
Financial Intermediaries PDL's	-	-	1	-	-	1
Government Entities PDL's	-	-	-	-	-	-
Consumer PDL's	-	-	2,014	-	-	2,014
Mortgage PDL's						
Medium and Residential	-	-	3,408	-	-	3,408
Low income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOMSSSTE	-	-	86	-	-	86
Restruc. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Performing Loans Stage 2	-	-	7,329	-	-	7,329

GFNorte - Balance Sheet as of March 31, 2022

(Million Pesos)

ASSETS	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Performing Loans Stage 3						
Commercial Loans						
Commercial PDL's	-	-	3,886	-	-	3,886
Financial Intermediaries PDL's	-	-	101	-	-	101
Government Entities PDL's	-	-	159	-	-	159
Consumer PDL's	-	-	2,530	-	-	2,530
Mortgage PDL's						
Medium and Residential	-	-	1,446	-	-	1,446
Low income housing	-	-	0	-	-	0
Loans acquired from INFONAVIT or FOVISSSTE	-	-	317	-	-	317
Restruc. or improv. guaranteed by housing sub-account	-	-	-	-	-	-
Performing Loans Stage 3	-	-	8,440	-	-	8,440
Loan Portfolio	-	-	856,690	3,719	17,222	843,187
(+/-) Deferred	-	-	1,580	-	-	1,580
(-) Minus	-	-	-	-	-	-
Preventive Loan Loss Reserves from Insur. Subs.	-	-	(16,905)	-	-	(16,905)
Net Loan Portfolio	-	-	841,365	3,719	17,222	827,863
Loans from Insur. Subsidiaries	-	-	2,927	-	-	2,927
(+/-) Deferred	-	-	-	-	-	-
(-) Minus	-	-	-	-	-	-
Preventive Loan Loss Reserves from Insur. Subs.	-	-	(185)	-	-	(185)
Total Net Loan Portfolio from Insur. Subs.	-	-	2,743	-	-	2,743
Acquired Collection Rights (net)	-	-	582	-	-	582
Total Net Loan Portfolio	-	-	844,690	3,719	17,222	831,187
Benef. receivab. securization transactions	-	-	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	10,995	-	-	10,995
Amounts recoverable by Reinsurance (Net)	-	-	8,022	-	-	8,022
Sundry Debtors & Other Accs Rec, Net	213	56	55,951	-	263	55,687
Inventories	-	-	1,019	-	-	1,019
Foreclosed Assets, Net	-	-	1,759	-	-	1,759
Advance Payments and Other Assets	63	158	18,557	-	-	18,557
Goodwill	0	4	20,911	203	44	21,070
Real Estate, Furniture & Equipment, Net	-	-	7,638	-	-	7,638
Investment in Subsidiaries	116	-	212,032	2,901	201,512	13,420
Deferred Income Tax Assets	1	-	973	-	973	-
Assets for Rights of Use of Intangible Assets	-	410	16,718	-	-	16,718
Goodwill	-	-	26,720	-	-	26,720
TOTAL ASSETS	1,845	1,781	2,487,878	6,928	459,379	2,035,427

GFNorte - Balance Sheet as of March 31, 2022

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Ahorro y Previsión	Arrendadora y Factor	Almacenadora	Casa de Bolsa Banorte
Deposits						
Demand Deposits	-	580,928	-	-	-	-
Time Deposits						
Time Deposits-Retail	-	235,005	-	-	-	-
Time Deposits-Money Market	-	-	-	-	-	-
Senior Unsecured Debt	-	27,293	-	-	-	-
Global Account of deposits without movements	-	3,060	-	-	-	-
Due to Banks & Correspondents and Other Organisms:						
Demand Loans	-	0	-	-	-	-
Short Term Loans	-	6,481	-	26,174	908	-
Long Term Loans	-	5,944	-	6,833	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-
Technical Reserves	-	-	243,254	-	-	-
Creditor Balance in Repo Trans, Net	-	110,034	-	-	-	287,970
Secs to be received in Repo Trans, Net	-	-	-	-	-	0
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	291,402	-	-	-	4,427
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivatives						
For trading purposes	-	22,950	-	-	-	233
For hedging purposes	-	5,549	-	-	-	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	3,807	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Lease Liabilities	-	7,478	217	-	-	-
Other Payable Accounts						
Creditors for liquidation of operations	-	9,553	-	-	-	3,916
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	-	18,425	-	-	-	-
Contributions payable	0	1,280	908	7	1	75
Other Creditors & Accounts Payable	0	43,742	2,378	1,352	20	244
Financial instruments that qualify as liabilities						
Subordinated Non Convertible Debt	-	78,316	-	-	-	-
Lease Liabilities	53	2,598	3,107	0	3	351
Liability for employee benefits	-	6,655	142	72	8	273
Deferred Credits	-	1,087	50	102	-	1
TOTAL LIABILITIES	53	1,457,778	253,863	34,541	940	297,490
Equity						
Subscribed Capital						
Paid-in Capital	14,972	18,795	15,776	12,294	87	1,985
Share Subscription Premiums	48,129	4,051	5,594	16	-	77
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Financial instruments that qualify as capital	-	-	-	-	-	-
Earned Capital						
Capital Reserves	9,110	18,959	1,278	703	59	350
Cumulative Results:	-	-	-	-	-	-
Retained Earnings	162,880	103,845	8,183	(3,260)	159	3,453
Net Income	10,764	7,632	1,897	106	9	811
Other comprehensive income:						
Surplus (Deficit) of Secs Available for Sale	(389)	(216)	(207)	-	-	138
Results from Valuation of Hedging Secs	(2,648)	(2,696)	-	-	-	-
Remeasurements defined benefits for employees	(1,934)	(2,013)	16	1	(0)	1
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	45	-	45	-	-	-
Cumulative conversion effect	122	(3)	-	-	-	125
Res. for holding non-monetary assets	45	-	45	-	-	-
Participation in OCI of other entities	122	(3)	-	-	-	125
Majority Interest	241,052	148,354	32,581	9,860	314	6,940
Minority Interest	-	4	297	184	0	-
TOTAL EQUITY	241,052	148,358	32,879	10,044	314	6,940
TOTAL LIABILITIES AND EQUITY	241,105	1,606,136	286,741	44,585	1,254	304,430

GFNorte - Balance Sheet as of March 31, 2022

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte	IXE Servicios	Total	Charges Intercompany Eliminations	Credits Intercompany Eliminations	Final Balance
Deposits						
Demand Deposits	-	-	580,928	10,238	-	570,690
Time Deposits						
Time Deposits-Retail	-	-	235,005	20	-	234,985
Time Deposits-Money Market	-	-	-	-	-	-
Senior Unsecured Debt	-	-	27,293	-	-	27,293
Global Account of deposits without movements	-	-	3,060	-	-	3,060
Due to Banks & Correspondents and Other Organisms:						
Demand Loans	-	-	0	-	-	0
Short Term Loans	-	-	33,562	13,503	-	20,059
Long Term Loans	-	-	12,778	-	-	12,778
Non-assigned Securities for Settlement	-	-	-	-	-	-
Technical Reserves	-	-	243,254	-	82	243,336
Creditor Balance in Repo Trans, Net	-	-	398,004	228,286	-	169,718
Secs to be received in Repo Trans, Net	-	-	0	-	-	0
Collateral sold or pledged as collateral	-	-	-	-	-	-
Repos	-	-	295,829	-	-	295,829
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Derivatives						
For trading purposes	-	-	23,183	327	-	22,855
For hedging purposes	-	-	5,549	-	-	5,549
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	3,807	-	-	3,807
Obligations in securitization transactions	-	-	-	-	-	-
Lease Liabilities	-	-	7,695	-	-	7,695
Other Payable Accounts						
Creditors for liquidation of operations	-	-	13,469	1	-	13,468
Margin Accounts Payable	-	-	-	-	-	-
Creditors for collateral received in cash	-	-	18,425	-	-	18,425
Contributions payable	17	3	2,291	-	-	2,291
Other Creditors & Accounts Payable	160	99	47,995	414	24	47,605
Financial instruments that qualify as liabilities						
Subordinated Non Convertible Debt	-	-	78,316	-	-	78,316
Lease Liabilities	-	-	6,112	973	-	5,139
Liability for employee benefits	29	20	7,199	-	-	7,199
Deferred Credits	-	-	1,239	-	-	1,239
TOTAL LIABILITIES	206	123	2,044,993	253,763	106	1,791,336
Equity						
Subscribed Capital						
Paid-in Capital	170	144	64,223	49,254	-	14,969
Share Subscription Premiums	-	-	57,866	9,988	322	48,200
Provision for future capital increase not formalized by its governing entity	-	1,534	1,534	1,534	-	-
Financial instruments that qualify as capital	-	-	-	-	-	-
Earned Capital						
Capital Reserves	34	2	30,496	21,386	-	9,110
Cumulative Results:	-	-	-	-	-	-
Retained Earnings	1,337	(33)	276,566	114,112	340	162,794
Net Income	96	12	21,327	10,579	-	10,748
Other comprehensive income:						
Surplus (Deficit) of Secs Available for Sale	-	(2)	(677)	(288)	-	(389)
Results from Valuation of Hedging Secs	-	-	(5,344)	(2,696)	-	(2,648)
Remeasurements defined benefits for employees	1	-	(3,927)	(1,993)	-	(1,934)
Remeasurement by results in valuation of risk reserve in progress due to variation in discount rates	-	-	90	45	-	45
Cumulative conversion effect	-	-	244	123	-	122
Res. for holding non-monetary assets	-	-	90	45	-	45
Participation in OCI of other entities	-	-	244	123	-	122
Majority Interest	1,639	1,658	442,399	202,043	662	241,017
Minority Interest	-	-	486	-	2,588	3,074
TOTAL EQUITY	1,639	1,658	442,885	202,043	3,250	244,091
TOTAL LIABILITIES AND EQUITY	1,845	1,781	2,487,878	455,806	3,355	2,035,427

VI. Appendix

Accounting & Regulatory Changes

Numbers in this section are stated in million pesos.

Early termination of support programs for mortgage loan debtors

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

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

As of March 31st, 2022, the remaining balance of CETES ESPECIALES which have not been repurchased by the Federal Government, totaled Ps 623 million, with maturities between 2022 and 2027.

New Financial Reporting Standards

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

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

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

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

Changes in the Local Liquidity Regulations for Banking Institutions

As of March 1st, 2022, the changes in the local liquidity regulations for banking institutions came into effect. Such changes include, among other things, the NSFR as a regulatory metric, with a minimum regulatory level of 100%, changes in the sticky deposit identification rules and changes in the revelations requirements, which require not only the consolidated indicators but also the bank's stand-alone indicators, as well as the declaration of the institutions that consolidate in the calculation of the LCR and the NSFR. Such declaration can be found in the following [link](#) (available only in Spanish).

Notes to Financial Statements

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q22

(Million Pesos)

Negotiable Financial Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	231,006	1,755	138	232,900
Unrestricted	13,666	181	97	13,944
BONDES D	38	-	-	38
BONDES F	-	-	-	-
BONDES M	(952)	0	(2)	(954)
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	10	0	3	13
Municipalities Securities	-	-	-	-
UDI Securities	-	-	-	-
CETES	10,313	147	(68)	10,392
CETES (Special)	-	-	-	-
Government Eurobonds	120	1	(8)	112
Udibonds	4,137	33	172	4,343
Treasury Bills	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Restricted	217,340	1,574	42	218,956
BONDES D	47,420	97	21	47,539
BONDES F	6,939	-	1	6,940
BOND M	1,086	6	4	1,096
BPA	155,105	1,429	92	156,626
BREMS	-	-	-	-
Government Securities	2,137	3	0	2,141
Municipalities Securities	-	-	-	-
UDI Securities	0	0	(0)	0
CETES	2,120	26	(14)	2,132
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	2,533	13	(63)	2,482
Treasury Bills	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Banking Securities	11,275	14	3	11,292
Unrestricted	2,371	0	(0)	2,371
Bank Acceptances	5	-	-	5
Bank Bonds	-	-	-	-
Development Bank Securities	5	0	(0)	5
Bank Securities	8	0	0	8
Deposit Certificates	74	0	(0)	74
Structured Notes	-	-	-	-
Other Banking Securities	229	0	0	229
Promissory Notes	2,051	0	(0)	2,051
Restricted	8,903	14	3	8,920
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	2,913	3	0	2,917
Bank Securities	1,710	1	1	1,713
Deposit Certificates	3,441	8	(0)	3,449
Structured Notes	-	-	-	-
Other Banking Securities	839	1	2	841
Promissory Notes	-	-	-	-
Private Securities	11,809	13	1,343	13,164
Unrestricted	10,948	13	1,342	12,303
Shares	(107)	-	962	855
Investment Company Shares	9,517	-	312	9,828
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	470	1	(4)	467
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,068	12	73	1,153
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	860	-	1	861
Shares	860	-	1	861
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	0	-	(0)	0
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	254,090	1,781	1,484	257,355

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q22

(Million Pesos)

Financial Instruments to Collect or Sell	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	182,699	1,935	621	185,256
Unrestricted	27,792	220	(37)	27,976
BONDES D	75	0	(0)	75
BONDES F	-	-	-	-
BONDES M	497	13	(23)	488
BPA	879	9	(4)	885
BREMS	7,778	19	-	7,797
Government Securities	657	6	(44)	620
Municipalities Securities	182	2	25	208
UDI Securities	102	3	179	285
CETES	5,657	4	(40)	5,621
CETES (Special)	-	-	-	-
Government Eurobonds	9,720	138	(134)	9,724
Udibonds	2,244	25	3	2,273
Treasury Bills	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Con restricción	154,907	1,715	658	157,280
BONDES D	3,032	4	3	3,038
BONDES F	-	-	-	-
BONDES M	1,987	16	(214)	1,789
BPA	100,782	1,403	213	102,399
BREMS	-	-	-	-
Government Securities	3,205	8	(0)	3,212
Municipalities Securities	2,533	4	7	2,544
UDI Securities	-	-	-	-
CETES	1,418	-	(21)	1,397
CETES (Special)	-	-	-	-
Government Eurobonds	29,031	174	755	29,959
Udibonds	12,919	107	(84)	12,941
Treasury Bills	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Banking Securities	27,287	103	(164)	27,226
Unrestricted	18,466	79	(181)	18,363
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	2,364	26	(150)	2,241
Bank Securities	804	24	(8)	820
Deposit Certificates	11,111	28	(9)	11,130
Structured Notes	583	-	(6)	578
Other Banking Securities	1,260	1	3	1,264
Promissory Notes	2,343	-	(11)	2,332
Restricted	8,821	24	17	8,863
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	1,282	0	(0)	1,282
Bank Securities	7,539	23	17	7,580
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	19,071	266	(944)	18,393
Unrestricted	16,369	207	(851)	15,724
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	77	-	(77)	0
Corporate Stock Certificates	6,777	65	(586)	6,256
Trust Stock Certificates	-	-	-	-
Private Eurobonds	9,515	142	(188)	9,468
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Restricted	2,702	59	(92)	2,669
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	1,123	4	9	1,135
Trust Stock Certificates	-	-	-	-
Private Eurobonds	1,579	56	(101)	1,534
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Reasonable value adjustment lxe Bank Acq	-	-	-	-
Total	229,057	2,304	(486)	230,875

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 1Q22

(Million Pesos)

Financial Instruments to Charge Principal and Interest	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	270,622	3,102	-	273,724
Unrestricted	251,764	2,777	-	254,542
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	929	20	-	949
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	1,609	2	-	1,611
Municipalities Securities	2,225	17	-	2,242
UDI Securities	232	4	-	236
CETES	-	-	-	-
CETES (Special)	621	-	-	621
Government Eurobonds	48,325	450	-	48,775
Udibonds	197,823	2,284	-	200,107
Treasury Bills	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Con restricción	18,858	324	-	19,182
BONDES D	-	-	-	-
BONDES F	-	-	-	-
BONDES M	15,526	313	-	15,839
BPA	-	-	-	-
BREMS	-	-	-	-
Government Securities	-	-	-	-
Municipalities Securities	2,907	7	-	2,914
UDI Securities	-	-	-	-
CETES	-	-	-	-
CETES (Special)	-	-	-	-
Government Eurobonds	-	-	-	-
Udibonds	424	5	-	430
Treasury Bills	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Banking Securities	1,061	229	-	1,290
Unrestricted	1,061	229	-	1,290
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	881	8	-	889
Deposit Certificates	-	-	-	-
Structured Notes	180	221	-	401
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Restricted	-	-	-	-
Bank Acceptances	-	-	-	-
Bank Bonds	-	-	-	-
Development Bank Securities	-	-	-	-
Bank Securities	-	-	-	-
Deposit Certificates	-	-	-	-
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
Promissory Notes	-	-	-	-
Private Securities	7,047	1,012	-	8,058
Unrestricted	7,047	1,012	-	8,058
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	2	0	-	2
Corporate Stock Certificates	1,073	992	-	2,066
Trust Stock Certificates	-	-	-	-
Private Eurobonds	4,700	19	-	4,719
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	1,272	-	-	1,272
CP	-	-	-	-
Restricted	-	-	-	-
Shares	-	-	-	-
Investment Company Shares	-	-	-	-
ADRs	-	-	-	-
Stock Certificates BORHIS	-	-	-	-
Corporate Stock Certificates	-	-	-	-
Trust Stock Certificates	-	-	-	-
Private Eurobonds	-	-	-	-
Infrastructure and Real Estate Trusts	-	-	-	-
Subordinated Debt	-	-	-	-
Other Banking Securities	-	-	-	-
CP	-	-	-	-
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
Reasonable value adjustment lxe Bank Acq	(347)	-	-	(347)
Reasonable value adjustment lxe Bank Acq	(291)	-	-	(291)
Reasonable value adjustment lxe Bank Acq	(291)	-	-	(291)
Total	278,092	4,343	-	282,435

REPURCHASE AGREEMENT OPERATIONS 1Q22
(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	85,170	285,807	-	-	156,203,781
Banking securities	1,200	7,041	-	-	7,745,798
Private Securities	2,222	2,981	-	-	5,768,404
Total	88,593	295,829	-	-	169,717,984

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 1Q22**
(Million Pesos)

Creditor Balance	
Instrument	Fair Value
Futures	
TIIE 28 Futures	-
Forward	
Fx Forward	467
Options	
Rate options	549
Fx options	216
Warrants	20
Swaps	
Rate swap	22,851
Fx swap	5,253
Credit swap	97
Negotiable Total	29,453
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	-
Fx swap	1,096
Credit swap	-
Hedging total	1,096
Position total	30,550

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 1Q22
(Million Pesos)**

Debtor Balance	
Instrument	Fair Value
Futures	
TIE 28 Futures	-
Forward	
Fx Forward	66
Options	
Rate options	641
Fx options	195
Warrants	13
Swaps	
Rate swap	15,650
Fx swap	6,284
Credit swap	7
Negotiable Total	22,855
Options	
Rate Options	-
Fx options	-
Swaps	
Rate swap	1,640
Fx swap	3,909
Credit swap	-
Hedging total	5,549
Position total	28,404

**NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 1Q22 - Banorte
(Million Pesos)**

PRODUCT	TYPE	UNDERLYING	NOTIONAL	OPERATIONS
FX Forwards	Purchases	Exchange Rate (USD/MXN).	2,305	239
FX Forwards	Sales	Exchange Rate (USD/MXN).	3,765	275
FX Forwards	Purchases	Exchange Rate (CAD/MXN).	0	0
FX Forwards	Sales	Exchange Rate (SEK/MXN).	0	0
FX Forwards	Purchases	Exchange Rate (EUR/MXN).	20	3
FX Forwards	Sales	Exchange Rate (EUR/MXN).	20	3
FX Options	Purchases	Exchange Rate (Dollar)	15,835	11
FX Options	Sales	Exchange Rate (Dollar)	14,080	8
Interest Rate Options	Purchases	TIE	22,086	64
Interest Rate Options	Sales	TIE	24,395	278
Interest Rate Options	Purchases	LIBOR	8,197	23
Interest Rate Options	Sales	LIBOR	10,217	28
Interest Rate Swaps	USD LIBOR	LIBOR	281,505	3,514
Interest Rate Swaps	MXN TIE	TIE	1,013,255	3,408
Interest Rate Swaps	USD SOFR	TIE	19,684	251
Interest Rate Swaps	MXN TIE M M	TIE	9,612	8
Interest Rate Swaps	USD LIBOR	TIE	2,215	2
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	128	2
Interest Rate and FX Swaps	CS USDMXN	VARIABLE/VARIABLE	118,081	125
Interest Rate and FX Swaps	CS USDMXN	FIX/FIX	22,736	40
Interest Rate and FX Swaps	CS CHF MXN	FIX/FIX	9,185	3
Interest Rate and FX Swaps	CS CHF MXN	FIX/VARIABLE	3,113	1
Interest Rate and FX Swaps	CS EUR MXN	FIX/FIX	17,392	75
Interest Rate and FX Swaps	CS UDIMXN	FIX/FIX	700	1
Interest Rate and FX Swaps	CS GBP MXN	FIX/FIX	2,900	12
Credit Derivatives	CDS USD	FALSO	1,105	5
Credit Derivatives	CDS USD	FALSO	1,095	5
Equity Options	Compras	*I_MEXBOL_IND	139	1
Equity Options	Ventas	*I_MEXBOL_IND	146	1

LOAN PORTFOLIO								
<i>(Million Pesos)</i>								
	Local Currency		UDIS		Foreign Currency		Total	
	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22	1Q21	1Q22
Performing Loans Stage 1 and 2								
Commercial Loans	261,311	259,769	0	0	63,218	70,732	324,529	330,501
Financial Intermediaries' Loans	8,445	10,810	0	0	0	5,828	8,445	16,638
Consumer Loans	116,850	124,935	0	0	0	0	116,850	124,935
Mortgage Loans	191,203	202,576	78	66	0	0	191,281	202,642
Government Entities' Loans	149,126	144,347	0	0	10,916	15,684	160,042	160,031
Total	726,934	742,437	78	66	74,134	92,244	801,147	834,748
Past Due Loans Stage 3								
Commercial Loans	3,432	3,029	0	0	217	858	3,649	3,886
Financial Intermediaries' Loans	0	101	0	0	0	0	0	101
Consumer Loans	3,936	2,530	0	0	0	0	3,936	2,530
Mortgage Loans	2,001	1,758	10	5	0	0	2,011	1,763
Government Entities' Loans	192	159	-	-	-	-	192	159
Deferred Items	1,344	1,593	-	-	(17)	(12)	1,327	1,580
Total Credit Portfolio (Net)	737,839	751,607	88	71	74,335	93,090	812,262	844,768
Net Loan Portfolio from Insur. Subs.	2,495	2,927	-	-	-	-	2,495	2,927
Total Proprietary Loans with Insur. and Subs.	740,334	754,534	88	71	74,335	93,090	814,756	847,695

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 1Q22- GFNorte**

	<i>(Million Pesos)</i>	
	PERIOD COST	TOTAL BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	-6.5	0.0
Mortgage FOVI	-	-
	-6.5	0.0

DEFERRED TAXES 1Q22

(Million Pesos)

ASSETS	INCOME TAX	PROFIT SHARING	NET
Global Loss Reserves Loan Portfolio	4,883	-	4,883
Non deductible provisions and cumulative income	1,153	-	1,153
Excess of accounting value over fiscal value on Repossessed Assets	324	-	324
Diminishable profit sharing	534	-	534
Fees received in advance	1,021	-	1,021
Effects from valuation of instruments	-	-	-
Tax losses pending amortization	420	-	420
Provisions for possible loss in loans	406	-	406
Loss on sale of foreclosed assets and credits	-	-	-
State Tax on Assets Deferred	-	-	-
Loss on sale of foreclosed assets and credits	-	-	-
Loss on sale of foreclosed assets and credits	31	-	31
Total Assets	8,773	-	8,773
LIABILITIES			
Pension Funds Contribution	27	-	27
Loan Portfolio Acquisitions	(175)	-	(175)
Projects to be capitalized	(6,613)	-	(6,613)
Intangibles' amortizations	-	-	-
Effects from valuation of instruments	(3,533)	-	(3,533)
Intangibles' amortizations	(330)	-	(330)
Unrealized Loss on Securities held for Sale	(77)	-	(77)
Total Liabilities	(10,701)	-	(10,701)
Assets (Liabilities) Accumulated Net	(1,928)	-	(1,928)

LONG TERM DEBT AS OF MARCH 31, 2022 - 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	2,006	20 years	4.950%	25-feb-23	15-feb-28	182 days
Non Convertible Subordinated Bonds 2016 (D2_BANOC36_311004)	USD	04-oct-16	500	9,607	5,852	15 years	5.750%	04-oct-26	04-oct-31	180 days
Non Convertible Subordinated Bonds 2017 (D2_BANOD19_999999)	USD	06-jul-17	350	6,413	6,962	Perpetual	6.875%	06-jul-22	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2017 (D2_BANOE91_999999)	USD	06-jul-17	550	10,077	10,940	Perpetual	7.625%	10-ene-28	Perpetual	Quarterly
Stock certificates 2016 (94_BINTER_16U)	UDIS	13-oct-16	365	2,000	2,645	10 years	4.970%	-	01-oct-26	182 days
Stock certificates 2019 (94_BANORTE_19)	MXN	17-may-19	5,400	5,400	5,400	3 years	TIE +0.13%	-	13-may-22	28 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
Eurbond (Swiss francs) 2019 (D2_BANO397_221011)	CHF	11-apr-19	250	4,694	5,410	3.5 years	1.550%	-	11-oct-22	Annual
Non Convertible Subordinated Bonds 2019 (D2_BANO64_999999)	USD	27-jun-19	600	11,501	11,935	Perpetual	6.750%	27-sep-24	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2019 (D2_BANO48_999999)	USD	27-jun-19	500	9,584	9,946	Perpetual	7.500%	27-jun-29	Perpetual	Quarterly
Eurbond (Swiss francs) 2019 (D2_BANO343_231218)	CHF	18-sep-19	160	3,112	3,462	4.3 years	0.450%	-	18-dec-23	Annual
Eurbond (Swiss francs) 2020 (D2_BANO664_241206)	CHF	06-mar-20	225	4,826	4,869	4.8 years	0.500%	-	06-dec-24	Annual
Non Convertible Subordinated Bonds 2020 (D2_BANOC21_999999)	USD	14-jul-20	500	11,309	9,946	Perpetual	8.375%	14-oct-30	Perpetual	Quarterly
Stock certificates 2020 (94_BANORTE_20U)	UDIS	30-sep-20	107	700	774	10 years	2.760%	-	18-sep-30	182 days
Non Convertible Subordinated Bonds 2021 (D2_BANO499_999999)	USD	24-nov-21	500	10,718	9,946	Perpetual	5.875%	24-ene-27	Perpetual	Quarterly
Non Convertible Subordinated Bonds 2021 (D2_BANOB72_999999)	USD	24-nov-21	550	11,790	10,940	Perpetual	6.625%	24-ene-32	Perpetual	Quarterly

BANK AND OTHER ENTITIES LOANS' AS OF 1Q22
(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Foreign Banks generated from foreign country	-	0	0
Loans from Development Banks	16,859	1,883	18,742
Loans from Public Funds	8,374	941	9,315
Call Money & Loans from Banks	18,068	-	18,068
Loans from Fiduciary Funds	46	-	46
Provisions for Interest	169	-	169
	43,516	2,824	46,340
Eliminations			(13,503)
Total			32,837

CORE DEPOSITS (BANORTE)
Demand Deposits

Local Currency and UDIs	1.07%
Foreign Currency	0.04%

Time Deposits - Retail

Local Currency and UDIs	4.06%
Foreign Currency	0.25%

Time Deposits - Money Market

Local Currency and UDIs	0.00%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)
Immediate Redemption Loans

Local Currency and UDIs	5.71%
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Public Funds and Development Banks

Local Currency and UDIs	7.03%
Foreign Currency	1.46%

MAIN CREDIT LINES RECEIVED 1Q22 (BANORTE)
Million pesos

	1T21			4T21			1T22		
	Line	Used	% used	Line	Used	% used	Line	Used	% used
Bank Counterparty Lines (Call Money)	219,907	2,700	1.2%	219,970	10,109	4.6%	268,417	2,290	0.9%
Banxico (Repos for liquidity with the System of Payments) RSP*	77,350	7,789	10.1%	80,824	7,989	9.9%	86,216	7,796	9.0%
Banxico MXN & USD Credit Auction*	54,458	-	0.0%	61,292	-	0.0%	62,611	-	0.0%
Banxico Credit line with Government and Banking securities as collateral (Ordinary Facility)*	54,458	-	0.0%	61,292	-	0.0%	62,611	-	0.0%
Banxico Credit line with State and Municipal Government securities as collateral (Extraordinary Facility)	87,127	-	0.0%	86,810	-	0.0%	90,334	-	0.0%
TOTAL	493,300	10,489	2.1%	510,188	18,098	3.5%	570,188	10,086	1.8%

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

TRADING INCOME 1 Q22
Million Pesos

Trading income	Consolidated
Securities - Unrealized gains	1,388
Negotiable instruments	34
Derivative instruments - Negotiation	1,388
Impairment loss or revaluation increase	2
Result from foreign exchange valuation	(545)
Result from valuation of precious metals	2
Result from purchase/sale of securities and derivatives	(699)
Negotiable instruments	4
Securities held for sale	21
Financial instruments to collect principal and interest (securities)	(6)
Derivative instruments - Hedging	(719)
Result from purchase/sale of foreign exchange	1,318
Result from purchase/sale of precious metals	1
Total	1,466

Internal Control

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

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

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

ICS is structured around three defense lines:

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

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

During the first quarter of 2022, there was a continuous development of activities related to strengthening control, risk evaluation and management, establishment and monitoring of controls, and quality of information assurance; highlighting the following:

- A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
- B. The manuals containing policies and procedures have been updated for changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls.
- C. The requests from different internal areas regarding the internal control matters were addressed, both in support of the development of new institutional projects, as well as with those that derive from regulatory changes.
- D. GFNORTE's business and operating support processes were constantly monitored through the Business Process and Management Controllers. They issue periodic compliance reports and identify areas of opportunity so that they can be remediated appropriately.
- E. Various activities regarding internal accounting control were carried out and were concluded with the work plan established at the beginning of the year.
- F. Effectiveness tests related to the Business Continuity Plan were carried out in accordance with the calendar dates and scope, approved by the corresponding Corporate Governance Committee; in this matter, regarding the global contingency represented by COVID- 19 amid the evolution of the Omicron variant, the Continuity Plan remained activated in January and February. Given the decrease in the number of new infections for three consecutive weeks, the new scheme of collaborative work began on March 7th.
- G. We continued to monitor the improvement initiatives derived from the observations made by the different members of the SCI.
- H. The Information Security Officer (CISO) presented the Master Plan for approval to the Management Team of GFNorte, and it carried out its functions according to it. It also kept reporting the findings and the details of the activities carried out, to the General Director of GFNorte and to the Corresponding Corporate Governance Committees, while maintaining a matrix coordination with the Comptroller, as part of the SCI.
- I. The requirements of the Supervisory Authorities were answered, and the information requirements required by the external regulation were fulfilled. In addition, ordinary inspector visits were attended by Authorities and follow-ups in remediation from the resulting recommendations have been fulfilled.

Financial Situation and Liquidity

Main sources of liquidity

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

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

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

Important initiatives of Banorte's liquidity during 1Q22.

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 addition, it should be noted that Banorte has not used the Central Bank of México's Ordinary Facilities or Extraordinary Facilities during 1Q22.

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

Related Parties Loans

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

In the case of GFNorte as of March 31, 2021 and December 31, 2021, the amount of loans granted to third parties is as follows (billion pesos):

Lender	Mar-2022	% Basic Equity	Dec-2021	% Basic Equity
Banorte	Ps 14.35	7.0%	Ps 13.35	7.5%
	Ps 14.35		Ps 13.35	

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

Banorte

As of **March 31, 2022**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 14.35 billion (including Ps 1.84 billion in Letters of Credit "CC", which are registered in memorandum accounts), representing 1.7% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 13.70 billion were loans granted to clients linked to members of the Board of Directors, and Ps 681 million were linked to companies related to GFNORTE. At the end of March 2022, there are no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE's related party loan portfolio for individuals and corporations at the end of March 2022 was 7.0% of Core Equity.

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

As of **December 31, 2021**, total loans granted to related parties, under the Article 73 of the Law of Credit Institutions, was Ps 13.35 billion (including Ps 1.62 billion in — Letters of Credit "CC", which are registered in memorandum accounts), representing 1.6% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans balance, Ps 12.71 billion were loans granted to clients linked to members of the Board of Directors, and Ps 647 million were linked to companies related to GFNORTE. At the end of December 2021, there were no loans granted to clients related to shareholders.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNORTE' s related party loan portfolio for individuals and corporations at the end of December 2021 was 7.5% of Core Equity.

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

Loan or tax liabilities

The tax credits listed below are currently in litigation:

	As of March 31, 2022
AFORE BANORTE	\$2
Loan No. 4429309391 Payroll Tax in the State of Coahuila	2
PENSIONES BANORTE	\$364
Financial year 2014	364
SEGUROS BANORTE	\$1,092
Financial year 2014	1,092
SEGUROS BANORTE	\$1,862
Financial year 2017	1,862

Million pesos

People in Charge

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

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

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

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

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

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

Basis for submitting and presenting Financial Statements

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

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