

Grupo Financiero Banorte

<p><i>Remuneration System</i></p>	<p>The Remuneration System promotes the management philosophy and culture of the organization.</p> <p>Based on the position profile, our Remuneration System compensates the effort, capacity, responsibility and management of risk taking, causing a boost in their productivity.</p> <p>The Remuneration System, through a set of policies and procedures, manages and supervises the remuneration granted to workers.</p>
<p><i>Ordinary Remuneration.</i></p>	<p>It is the fixed compensation that includes salary and guaranteed benefits, such as the Christmas bonus, savings fund and vacation prime. This compensation is established according to the existing tabulator that is defined considering the compensation of the financial sector market.</p>
<p><i>Extraordinary Remuneration.</i></p>	<p>The variable compensation schemes (not guaranteed) are a motivational tool to achieve the results, allowing to have a method that leads the staff to the commitment they have with the Institution, the schemes being competitive with the practice of the financial sector.</p> <p>Variable compensation includes deferral components and is adjusted based on the risk indicators considered for each job profile.</p>
<p>2023 Qualitative Information.</p>	
<p><i>a. Remuneration policies and procedures by job profile of employees or persons belonging to the Remuneration System.</i></p>	<p>The Grupo Financiero Banorte Remuneration System considers the functions, policies and procedures established within the Institution, so that fixed and variable remunerations of employees are determined based on their performance and the achievement of institutional objectives.</p>
<p><i>b. Information regarding the Remuneration Committee.</i></p>	<p>I. Composition and Functions:</p> <p>Composition:</p> <ol style="list-style-type: none"> 1. Independent Proprietary Director (Chairman) 2. Independent Alternate Director 3. Responsible for Comprehensive Risk Management 4. Human Resources Representative 5. Financial Planning Representative 6. Internal Auditor <p>Functions:</p> <ul style="list-style-type: none"> - Propose for the approval of the Board of Directors the remuneration policies and procedures, the employees or positions that will be subject to the Remuneration System and the special cases or circumstances. - Implement and maintain the Remuneration System related to risk taking. - Inform all relevant personnel, remuneration policies and procedures. - Report the results of the evaluation exercise to the General Management of Grupo Financiero Banorte and to the Chairman of the Board of Directors. - Hire, when deemed necessary, external consultants in remuneration and risk management schemes. - Define and update the guidelines that regulate the stock retention plan. - Inform the Board of Directors, at least every six months, about the functioning of the Remuneration System. <p>II. External consultants who have advised, the body by which they were commissioned, and in which areas of the remuneration process they participated.</p> <ul style="list-style-type: none"> - No external consultants have participated. <p>III. Scope of Grupo Financiero Banorte remuneration policy, either by region or business line, including the extent applicable to affiliates and subsidiaries.</p> <ul style="list-style-type: none"> - The policy is of general application for all the companies that make up Grupo Financiero Banorte. <p>IV. Types of employees considered as risk takers and their directors, including the number of employees in each group.</p> <ul style="list-style-type: none"> - The Remuneration System includes the CEO of Grupo Financiero Banorte, 5 General Directors in charge of the business areas, 17 Deputy General Directors of risk-taking areas and 8 Territorial Directors.
<p><i>c. Information regarding the structure of the remuneration process:</i></p>	<ol style="list-style-type: none"> 1. General description of the main characteristics and objectives of the remuneration policy. <ul style="list-style-type: none"> - The Remuneration System promotes the management philosophy and the culture of the organization. - Based on the profile of the position, our Remuneration System compensates the effort, capacity, responsibility and the management of risk taking, causing a boost in their productivity - The Remuneration System through a set of policies and procedures, administers and supervises the remuneration granted to workers 2. Last date of review in the remuneration policy by the Remuneration Committee and general description of the changes made to said policy during the last year. <ul style="list-style-type: none"> - In May 2023 the last revision was made. - The percentage of the risk weighting of the positions to which Credit Risk and Market Risk assessment applies. 3. How Grupo Financiero Banorte guarantees that the remuneration of employees in the risk management areas and the control and audit areas are determined independently of the areas they supervise? <ul style="list-style-type: none"> - The fixed remuneration of the risk management, comptroller and audit areas, which are part of the structure of the internal control system of Grupo Financiero Banorte, are determined, as for the rest of the areas, based on an analysis of job valuation, market comparisons and internal equity validation. - Regarding variable remuneration, the evaluation of each employee is made directly by their respective supervisor without the intervention of the areas that they monitor.

<p>d. <i>Description of the ways in which current and future risks are related to remuneration processes:</i></p>	<ol style="list-style-type: none"> 1. Main risks that are considered when applying remuneration measures: <ul style="list-style-type: none"> - Credit, market and operational risks. 2. Measures to consider the risks indicated in the previous point, as well as those not considered. <ul style="list-style-type: none"> - The measurements used are based on the evolution of credit quality, risk-adjusted returns, the absolute and relative returns of the portfolios, compliance with regulations, as well as the results of audits. 3. Ways in which these measures affect remuneration: <ul style="list-style-type: none"> - The affectation on remuneration is based on the current and historical levels of each indicator. The more deteriorated the current levels are compared to history and the greater the regulatory or regulatory shortcomings, the greater the effect on remuneration. 4. Ways in which risk measures have changed in the last year and their reasons, as well as the impact of said changes on remuneration: <ul style="list-style-type: none"> - No changes in the last year. 								
<p>e. <i>Linking the performance of Grupo Financiero Banorte with the remuneration levels during the period:</i></p>	<ol style="list-style-type: none"> 1. Main performance parameters of Grupo Financiero Banorte, the business lines and the individual personnel. <ul style="list-style-type: none"> - Profits of Grupo Financiero Banorte, profits of each business unit and performance evaluation. 2. Linkage of individual remunerations with the performance of Grupo Financiero Banorte and with the particular performance. <ul style="list-style-type: none"> - The granting of the annual bonus is subject to the minimum fulfillment of 80% of the profit goal of Grupo Financiero Banorte. In addition, this bonus considers within the calculation the budgetary scope of each business unit, as well as the performance evaluation of each collaborator. 3. Measures put in place to adapt remuneration in case the results of performance measurements indicate weaknesses. <ul style="list-style-type: none"> - The adjustment of the amount of the deferred portion of the bonus is based on the evaluation made by the Remuneration Committee. 								
<p>f. <i>Remuneration adjustment considering long-term performance:</i></p>	<ol style="list-style-type: none"> 1. Policy to transfer the accrued variable remuneration and factors that determine the variable fraction of the remuneration. <ul style="list-style-type: none"> - The Remuneration System differs over time the payment of a percentage of the variable remuneration. - The payment of the deferred percentage is subject to achieving a certain score in the corresponding evaluation of credit and market risks, which are those with the highest weighting, as well as in regulatory compliance. - In case of not achieving the minimum required score, only a fraction of the deferred payment is released. The evaluation is made individually for each manager subject to the Remuneration System. 2. Criterion to adjust the remuneration transferred before accruing and after accruing through reintegration agreements. <ul style="list-style-type: none"> - Variable remuneration before accruing is adjusted and paid according to the criteria described in the previous point. Once the variable remuneration is accrued, there are no reinstatement agreements. 								
<p>g. <i>Description of the different forms of variable remuneration offered by Grupo Financiero Banorte:</i></p>	<ol style="list-style-type: none"> 1. Forms of variable remuneration. <ul style="list-style-type: none"> - Cash and shares 2. Criteria for applying the different forms of variable remuneration. <ul style="list-style-type: none"> - Short-term variable compensation is paid in cash, while long-term compensation is granted in shares of Grupo Financiero Banorte, the latter item being used mainly at management levels. 								
<p>2023 Quantitative Information</p>									
<p>a. <i>The Remuneration Committee number of meetings during the year:</i></p>	<ul style="list-style-type: none"> - 4 meetings 								
<p>b. <i>Number of employees who received extraordinary remuneration during the year.</i></p>	<ul style="list-style-type: none"> - 31 employees <table border="1" data-bbox="787 1554 1533 1848"> <tr> <td data-bbox="787 1554 1144 1617"> <ol style="list-style-type: none"> 1. Total number and amount of guaranteed bonds granted during the year. </td> <td data-bbox="1144 1554 1533 1617"> <ul style="list-style-type: none"> - 2 guaranteed bonus representing 0.18774% on the amount of the account "Direct Short-Term Benefits". </td> </tr> <tr> <td data-bbox="787 1617 1144 1659"> <ol style="list-style-type: none"> 2. Total number and amount of prizes awarded during the financial year. </td> <td data-bbox="1144 1617 1533 1659"> <ul style="list-style-type: none"> - No prizes apply. </td> </tr> <tr> <td data-bbox="787 1659 1144 1722"> <ol style="list-style-type: none"> 3. Total number and amount of indemnities or settlements paid during the year. </td> <td data-bbox="1144 1659 1533 1722"> <ul style="list-style-type: none"> - No severance pay. </td> </tr> <tr> <td data-bbox="787 1722 1144 1848"> <ol style="list-style-type: none"> 4. Total amount of extraordinary remuneration pending granting, broken down in cash, shares and instruments related to the shares and other forms. </td> <td data-bbox="1144 1722 1533 1848"> <ul style="list-style-type: none"> - The total amount of extraordinary remuneration pending to be granted represents 0.51564% of the amount of the "Direct Short-Term Benefits" account. The total outstanding payment is granted in shares. </td> </tr> </table>	<ol style="list-style-type: none"> 1. Total number and amount of guaranteed bonds granted during the year. 	<ul style="list-style-type: none"> - 2 guaranteed bonus representing 0.18774% on the amount of the account "Direct Short-Term Benefits". 	<ol style="list-style-type: none"> 2. Total number and amount of prizes awarded during the financial year. 	<ul style="list-style-type: none"> - No prizes apply. 	<ol style="list-style-type: none"> 3. Total number and amount of indemnities or settlements paid during the year. 	<ul style="list-style-type: none"> - No severance pay. 	<ol style="list-style-type: none"> 4. Total amount of extraordinary remuneration pending granting, broken down in cash, shares and instruments related to the shares and other forms. 	<ul style="list-style-type: none"> - The total amount of extraordinary remuneration pending to be granted represents 0.51564% of the amount of the "Direct Short-Term Benefits" account. The total outstanding payment is granted in shares.
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	5. Total amount of remuneration granted and paid in the year.	- The amount represents 4.78309% on the amount of the account of "Direct Short-Term Benefits".
c. Breakdown of the remuneration amount granted in the year according with the following:	1. Fixed and variable remuneration.	- The fixed remuneration represents 1.02485% and the variable remuneration represents 3.75824% on the amount of the "Direct Short-Term Benefits".
	2. Transferred and not transferred.	- The transferred remuneration represents 0.51564% and the non-transferred represents 3.24260% on the amount of the "Direct Short-Term Benefits".
	3. Amounts and forms of extraordinary remuneration, divided into pecuniary benefits, shares, related instruments and other types.	- The amount of extraordinary remuneration in pecuniary benefits represents 0.96121% and in shares represents 2.79703% on the amount of the account of "Direct Short-Term Benefits".
d. Information on implicit and explicit adjustments of transferred remuneration and withheld remuneration:	1. Total amount of remuneration transferred pending and withheld exposed to subsequent explicit and / or implicit adjustments.	- No adjustments applied
	2. Total amount of reductions during the year due to explicit ex post adjustments.	- No adjustments applied.
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***The amount of the account "Direct Short-Term Benefits" represents 43.27761% of the account of "Non-interest expense".**